



OKLAHOMA

Water Resources Board

1986 GENERAL BOND RESOLUTION STATE LOAN PROGRAM

**ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022
AND INDEPENDENT AUDITOR'S REPORTS**

**OKLAHOMA WATER RESOURCES BOARD
1986 GENERAL BOND RESOLUTION STATE LOAN PROGRAM
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2023 and 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Members of the
Oklahoma Water Resources Board

Opinion

We have audited the accompanying financial statements of the Oklahoma Water Resources Board 1986 General Bond Resolution State Loan Program Revenue Bonds (“The Program”) as of and for the years ended June 30, 2023 and 2022 and the related notes to the financial statements, which collectively comprise the Program’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Program as of June 30, 2023 and 2022, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Program, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Program’s basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2023 on our consideration of the Program’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program’s internal control over financial reporting and compliance.

The logo for Arledge & Associates PC is written in a cursive, handwritten-style font. The letters are dark blue or black, and the overall appearance is that of a signature or a stylized brand name.

Edmond, Oklahoma
September 15, 2023



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MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Oklahoma Water Resources Board 1986 General Bond Resolution State Loan Program (the "Program") financial performance provides an overview of the financial activities for the fiscal years ended June 30, 2023 and June 30, 2022. Please read it in conjunction with the financial statements, which begin on page 11. This report covers the Bond Programs administered by the Oklahoma Water Resources Board (the "Board") for the Series 2012A, 2012B, 2012C, 2013A, 2013B, 2014A, 2014B, 2014C, and 2015A Bond Programs and the reserve fund related to the bond accounts.

Financial Highlights

- Total assets decreased 15.22% from \$95,826,836 to \$81,240,300 between FY 2022 and FY 2023. Total assets decreased 9.25% from \$105,589,733 to \$95,826,836 between FY 2021 and FY 2022.
- Total net position decreased 6.04% from \$3,596,547 to \$3,379,345 between FY 2022 and FY 2023. Total net position decreased 34.0% from \$5,449,638 to \$3,596,547 between FY 2021 and FY 2022.
- Total liabilities decreased 15.58% from \$92,230,289 to \$77,860,955 between FY 2022 and FY 2023. Total liabilities decreased 7.90% from \$100,140,095 to \$92,230,289 between FY 2021 and FY 2022.

Using This Annual Report

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The Program is accounted for and presented similar to a special-purpose government engaged solely in business-type activities.

The financial statements for the Program are presented after the Management’s Discussion and Analysis in this annual report and then followed by the footnotes in this order:

- Management’s Discussion and Analysis – that provides useful analysis that facilitates a better understanding of the Program’s financial condition and changes therein.
- Basic Financial Statements
 - Statements of Net Position
 - Statements of Revenues, Expenses and Changes in Net Position
 - Statements of Cash Flows

(Unaudited. See accompanying auditor’s report.)

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Footnotes – that elaborate on the accounting principles used in the preparation of the financial statements and further explain financial statement elements.

- Supplemental Information – Combining Financial Statements of all Program Bond Issues of the 1986 General Bond Resolution for the year ended June 30, 2023
 - Statements of Net Position
 - Statements of Revenues, Expenses and Changes in Net Position
 - Statements of Cash Flows

A Financial Analysis of the Program

One of the most frequently asked questions about the Program’s finances is, “Has the overall financial condition improved, declined or remained steady over the past year?” The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Program as a whole and about its activities in a way that helps answer this question. The following tables present a condensed comparative presentation of net position and changes therein.

Oklahoma Water Resources Board
1986 General Bond Resolution State Loan Program
Net Position

	June 30,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current assets	\$ 6,703,056	\$ 13,756,748	\$ 8,915,849
Non-current assets	<u>74,537,244</u>	<u>82,070,088</u>	<u>96,673,884</u>
Total assets	<u>81,240,300</u>	<u>95,826,836</u>	<u>105,589,733</u>
Current liabilities	6,665,955	13,660,289	8,870,095
Non-current liabilities	<u>71,195,000</u>	<u>78,570,000</u>	<u>91,270,000</u>
Total liabilities	<u>77,860,955</u>	<u>92,230,289</u>	<u>100,140,095</u>
Net position			
Restricted for debt service	3,328,958	3,501,150	5,403,924
Unrestricted	<u>50,387</u>	<u>95,397</u>	<u>45,714</u>
Total net position	<u>\$ 3,379,345</u>	<u>\$ 3,596,547</u>	<u>\$ 5,449,638</u>

The decrease in total assets and total liabilities in 2023 is due to the normal retirement of bonds and collection of notes receivable. During FY 2023 the notes receivable and bonds of the 2012B and 2012C matured.

The decrease in total assets and liabilities in FY 2022 is due to the normal retirement of bonds and collection of notes receivable. In addition, reserve account assets decreased by 50.9% due to a transfer of reserve funds to the 2016 General Bond Resolution State Loan Program.

(Unaudited. See accompanying auditor’s report.)

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Oklahoma Water Resources Board
1986 General Bond Resolution Revenue Bonds Program
Statement of Revenues, Expenses, and Changes in Net Position

	Years Ended June 30,		
	2023	2022	2021
Revenues			
Loan program income	\$ 3,354,171	\$ 3,949,807	\$ 4,976,744
Investment interest income	142,231	6,216	5,416
Total revenues	3,496,402	3,956,023	4,982,160
Expenses			
Trustee fees	12,491	15,117	20,742
Administration expenses	179,706	206,221	259,811
Interest expense	3,219,360	3,680,585	4,728,306
Standby bond purchase agreement fees	-	-	13,002
Remarketing fees	-	-	1,317
Total expenses	3,411,557	3,901,923	5,023,178
Net Income (loss) before transfers	84,845	54,100	(41,018)
Transfers to other programs	(302,047)	(1,907,191)	(6,726,863)
Change in net position	(217,202)	(1,853,091)	(6,767,881)
Total net position- beginning	3,596,547	5,449,638	12,217,519
Total net position - ending	\$ 3,379,345	\$ 3,596,547	\$ 5,449,638

Long-Term Debt

At June 30, 2023, the long-term debt outstanding had decreased by \$14,225,000 or 15.6%. At June 30, 2022, the Program had \$91,270,000 in long-term debt outstanding which represents a \$7,830,000 or 7.9% decrease from the prior year. The Program's long-term debt by bond issue are as follows:

Series:	2023		2022	
2012A	\$	11,365,000	\$	12,640,000
2012B		-		5,635,000
2012C		-		1,485,000
2013A		20,305,000		22,965,000
2013B		2,150,000		2,590,000
2014A		6,405,000		6,885,000
2014B		7,510,000		7,870,000
2014C		14,055,000		14,895,000
2015A		15,255,000		16,305,000
Total Bonds	\$	77,045,000	\$	91,270,000

See Note 7 to the financial statements for more detailed information on the Program's long-term debt and changes therein.

(Unaudited. See accompanying auditor's report.)

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Economic Factors and Next Year's Outlook

Due to the nature of the Bond Program, the Board expects a decrease in net position and liabilities as the loans continue to make principal repayments and bonds are redeemed. As the net position and liabilities decrease, so will the revenues and operating expenses. However, the Board expects to have sufficient income to sustain the Bond Program throughout the life of the bonds.

Contacting the Program's Financial Management

This financial report is designed to provide the Board's accountability of the Program. If you have questions about this report or need additional financial information, contact the Financial Assistance Division of the Oklahoma Water Resources Board at 3800 N. Classen Blvd, Oklahoma City, OK 73118.

(Unaudited. See accompanying auditor's report.)

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BASIC FINANCIAL STATEMENTS

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Statements of Net Position – June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$46,591	\$5,521,552
Current portion of notes receivable	5,830,000	7,325,000
Interest receivable:		
Notes receivable	819,574	909,134
Other	6,891	1,062
Total current assets	<u>6,703,056</u>	<u>13,756,748</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	2,322,184	2,498,387
Restricted investment	1,000,060	1,001,701
Notes receivable net of current portion	<u>71,215,000</u>	<u>78,570,000</u>
Total noncurrent assets	<u>74,537,244</u>	<u>82,070,088</u>
Total assets	<u>81,240,300</u>	<u>95,826,836</u>
LIABILITIES:		
Current Liabilities:		
Accrued interest payable	773,523	906,156
Current maturities of long-term debt	5,850,000	12,700,000
Other accrued liabilities	42,432	54,133
Total current liabilities	<u>6,665,955</u>	<u>13,660,289</u>
Noncurrent liabilities:		
Long-term debt	71,195,000	78,570,000
Total noncurrent liabilities	<u>71,195,000</u>	<u>78,570,000</u>
Total liabilities	<u>77,860,955</u>	<u>92,230,289</u>
NET POSITION:		
Restricted for debt service	3,328,958	3,501,150
Unrestricted	50,387	95,397
Total net position	<u>\$3,379,345</u>	<u>\$3,596,547</u>

See accompanying notes to the basic financial statements.

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Statements of Revenues, Expenses, and Changes in Net Position – Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues:		
Loan program income	\$3,354,171	\$3,949,807
Total operating revenues	<u>3,354,171</u>	<u>3,949,807</u>
Operating Expenses:		
Trustee fees	12,491	15,117
Administration fees	179,706	206,221
Interest expense	3,219,360	3,680,585
Total operating expenses	<u>3,411,557</u>	<u>3,901,923</u>
Operating income (loss)	(57,386)	47,884
Non-Operating Revenues (Expenses):		
Interest income	<u>142,231</u>	<u>6,216</u>
Total non-operating revenues	<u>142,231</u>	<u>6,216</u>
Net income before transfers	84,845	54,100
Transfers out - Oklahoma Water Resources Board	<u>(302,047)</u>	<u>(1,907,191)</u>
Change in net position	(217,202)	(1,853,091)
Total net position - beginning	3,596,547	5,449,638
Total net position - ending	<u><u>\$3,379,345</u></u>	<u><u>\$3,596,547</u></u>

See accompanying notes to the basic financial statements.

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Statements of Cash Flows – Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Collections of interest on loans to local governments	\$ 3,443,731	\$ 4,080,352
Payments to providers	(203,898)	(227,273)
Interest paid on debt	(3,351,993)	(3,754,456)
Net Cash Provided by (Used in) Operating Activities	<u>(112,160)</u>	<u>98,623</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out - Oklahoma Water Resources Board	(302,047)	(1,907,191)
Repayments of Long-term Debt	(14,225,000)	(7,830,000)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(14,527,047)</u>	<u>(9,737,191)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Collections of principal on loans to local governmental units	8,850,000	13,150,000
Sale of investments	1,641	992,592
Interest income	136,402	5,204
Net Cash Provided by Investing Activities	<u>8,988,043</u>	<u>14,147,796</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,651,164)	4,509,228
Balances - beginning of the year	<u>8,019,939</u>	<u>3,510,711</u>
Balances - end of the year	<u><u>\$2,368,775</u></u>	<u><u>\$8,019,939</u></u>
Reconciliation of Statement of Net Position:		
Cash and Cash Equivalents	\$46,591	\$5,521,552
Restricted Cash and cash equivalents	2,322,184	2,498,387
Total Cash and cash equivalents	<u>\$ 2,368,775</u>	<u>\$ 8,019,939</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (57,386)	\$ 47,884
Change in assets and liabilities:		
Decrease (Increase) in interest receivable	89,560	130,545
Increase (Decrease) in accrued interest payable	(132,633)	(73,871)
Increase (Decrease) in other accrued liabilities	(11,701)	(5,935)
Net Cash Provided by (Used in) Operating Activities	<u>(\$112,160)</u>	<u>\$98,623</u>

See accompanying notes to the basic financial statements.

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Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

Reporting Entity

The Oklahoma Water Resources Board (the "Board") 1986 General Bond Resolution State Loan Program Revenue Bonds (the "Program") was established to provide statewide financial assistance to local governments by making loans to be utilized to provide for the acquisition, development, and utilization of storage and control facilities for water and sewage systems and to be used to refund a portion of the Board's outstanding State Loan Program Revenue Bonds originally issued by the Board. The Program has been reported in prior years as the "Oklahoma Water Resources Board State Loan Program Revenue Bond Program". The name was changed in order to provide distinction from the Board's newly created 2016 General Bond Resolution State Loan Program. As part of the Program, the following bonds were issued:

- Series 1999 Bonds commenced operations in March 1999. The bonds were issued to provide loans to local government units. The bonds were paid in full in FY 2020.
- Series 2001 Bonds commenced operations in September 2001. The bonds were issued to provide loans to local government units. The bonds were paid in full in FY 2021.
- Series 2003A Bonds commenced operations in July 2003. The bonds were issued to provide loans to local government units or to refinance debt. The bonds were paid in full in FY 2021.
- Series 2007 Bonds commenced operations in March 2007. The bonds were issued to provide loans to a local government unit and to refund a portion of the Boards' outstanding State Loan Program Revenue Bonds. The bonds were paid in full in FY 2021.
- Series 2009 Bonds commenced operations in November 2009. The bonds were issued to fund two new loans to local governments for use in acquisition, development and utilization of storage and control facilities for water and sewer systems. The bonds were paid in full in FY 2021.
- Series 2010A Bonds commenced operations in June 2010. The bonds were issued to fund two new loans to local governments for use in acquisition, development and utilization of storage and control facilities for water and sewer systems. The bonds were paid in full in FY 2021.
- Series 2010B Bonds commenced operations in November 2010. The bonds were issued to fund one new loan to a local entity to purchase water storage rights and make water system improvements. The bonds were paid in full in FY 2021.
- Series 2011 Bonds commenced operations in June 2011. The bonds were issued to fund one new loan to a local entity for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements. The bonds were paid in full in FY 2021.

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1. Summary of Significant Accounting Policies, (cont'd)

- Series 2012 Bonds commenced operations in January 2012. The bonds were issued to fund two new loans to local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements. The bonds were paid in full in FY 2021.
- Series 2012A Bonds commenced operations in March 2012. The bonds were issued to fund twelve new loans to local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.
- Series 2012B Bonds commenced operations in July 2012. The bonds were issued to fund two new loans to local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements. The bonds were paid in full in FY 2023.
- Series 2012C Bonds commenced operations in August 2012. The bonds were issued to fund five new loans to local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements. The bonds were paid in full in FY 2023.
- Series 2013A Bonds commenced operations in April 2013. The bonds were issued to fund four new loans to a local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.
- Series 2013B Bonds commenced operations in July 2013. The bonds were issued to fund two new loans to a local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.
- Series 2014A Bonds commenced operations in March 2014. The bonds were issued to fund one new loan to a local entity for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.
- Series 2014B Bonds commenced operations in August 2014. The bonds were issued to fund two new loans to a local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.
- Series 2014C Bonds commenced operations in December 2014. The bonds were issued to fund two new loans to a local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.
- Series 2015A Bonds commenced operations July 2015. The bonds were issued to fund three new loans to local entities for their use in acquisition, development and utilization of storage and control facilities for water and sewer improvements.
- The General Debt Service Reserve Fund accounts for the debt service reserve required to be held on all outstanding bonds.

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1. Summary of Significant Accounting Policies, (cont'd)

Administrative, accounting, and other technical support services are provided by employees of the Board. Payroll and other costs incurred by the Board on behalf of the Program are not billed by the Board, but are recovered from the administration fees paid by the Program (see Note 4).

Basis of Accounting and Measurement Focus

The Programs are accounted for and presented similar to a special-purpose government engaged solely in business type activities.

The Program uses the accrual basis of accounting whereby expenses are recognized when the liability is incurred and revenues are recognized when earned.

The Program uses the economic resources measurement focus where all assets, liabilities, net position, revenues, expenses and transfers relating to the Program and net income and capital maintenance are measured.

Pursuant to its bond indentures, the Programs are required to maintain various separate accounts for principal payments, interest payments and various other purposes. To assist in fulfilling these responsibilities, the Board has engaged BancFirst to act as trustee and maintain appropriate fiduciary records. All activities and monies in the various accounts required by the bond indenture are considered to be applicable to the conduct of the Program's ongoing operations. Accordingly, all such activities and monies are combined for purposes of preparing the Program's financial statements.

Bond Issue Discount and Premium

Some of the Program's bonds were initially sold at a discount or premium. The bond discount/premium is being amortized over the remaining life of the bonds and is included in interest expense in the accompanying Statement of Revenues, Expenses and Changes in Net Position. At June 30, 2023 and 2022 there were no bonds discounts or premiums outstanding.

The net premium/discount and underwriter discount of the Series 2007, 2009, 2010A, 2010B, 2011, 2012, 2012A, 2012B, 2012C, 2013A, 2013B, 2014A, 2014B, 2014C and 2015A bonds were applied to the benefit of the borrower.

Cash and Cash Equivalents

The Program considers all highly liquid debt instruments purchased with an original maturity of three months or less and money market funds to be cash equivalents.

Investments

Investments are reported at fair value using selected bases. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

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1. Summary of Significant Accounting Policies, (cont'd)

Operating Revenues and Expenses

The Program considers income earned on outstanding loans receivable to be operating revenue. Similarly, the Program considers expenses incurred in administering the loan program, such as trustee fees, administration expenses, and interest expense, to be operating expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through September 15, 2023, the date the financial statements were available to be issued, and determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.

2. Cash Deposits and Investment Risk

Cash and cash equivalents of \$2,368,775 and \$8,019,939 at June 30, 2023 and 2022, respectively, were on deposit with the Program's trustee.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Program discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments.

Investment Credit Risk – the bond indenture provides for restrictions on the investment choices of the Program as follows:

- a. Obligations of the United States Government, its agencies and instrumentalities.
- b. Collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations or credit unions located in the State of Oklahoma.
- c. Money market funds regulated by the Securities and Exchange Commission and which investments consist of those items specified in (a) and (b) above.
- d. Investment agreements with entities maintaining a rating in the top two categories by a nationally recognized municipal bond rating agency.

The Program categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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2. Cash Deposits and Investment Risk, (cont'd)

At June 30, 2023, the Program's investments in obligations not directly guaranteed by the U.S. Government and investments in money market mutual funds were rated as follows:

<u>Type</u>	<u>Average Maturities</u>	<u>Credit Rating</u>	<u>Fair Value Measurement</u>	<u>Carrying Value</u>
Federated Hermes Government Obligations Tax Managed Fund	16 days	AAAm	Level I	\$ 2,368,775
US Treasury Bill	1 mo. To 10 mo.	AAA	Level I	1,000,060
Total				<u>\$ 3,368,835</u>

Concentration of Investment Credit Risk – the bond indenture places no limit on the amount the Program may invest in any one issuer. The Program has the following concentration of credit risk 70.3% in Federated Hermes Government Obligations Tax Managed Fund, and 29.7% in US Treasury Bills.

At June 30, 2022, the Program's investments in obligations not directly guaranteed by the U.S. Government and investments in money market mutual funds were rated as follows:

<u>Type</u>	<u>Average Maturities</u>	<u>Credit Rating</u>	<u>Fair Value Measurement</u>	<u>Carrying Value</u>
Federated Hermes Treasury Obligations Fund	16 days	AAAm	Level I	\$ 4,908,848
Federated Hermes Government Obligations Tax Managed	16 days	AAAm	Level I	2,543,140
Goldman Sachs Treasury Obligation Admin. Fund	16 days	AAAm	Level I	567,951
US Treasury Bill	1 mo. To 10 mo.	AAA	Level I	1,001,701
Total				<u>\$ 9,021,640</u>

Concentration of Investment Credit Risk – the bond indenture places no limit on the amount the Program may invest in any one issuer. The Program has the following concentration of credit risk 54.4% is invested in Federated Hermes Treasury Obligations Fund, 28.2% in Federated Hermes Government Obligations Tax Managed Fund, 6.3% in Goldman Sachs Treasury Obligations Admin. Fund, and 11.1% in US Treasury Bills.

3. Notes Receivable

Notes receivable represents loans made by the Program which were made to local governmental entities for the purposes of acquisition, development, and utilization of storage and control facilities for water and sewage systems. Payments on the notes are due in semiannual installments with various maturity dates based upon the bond issue; however, the local entities have the option to pay the notes earlier than the scheduled maturities. The current portion of notes receivable contains scheduled maturities and any prepayments made subsequent to year-end through September 30, 2023. The notes are collateralized by various revenue sources including, but not limited to user charges and sales taxes of the borrowers and mortgages on the water and/or sewer systems. Outstanding notes receivable at June 30, 2023 and 2022 and maturity dates are as follows:

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Issue	Maturity Date	Note Receivable		June 30, 2023
		2023	2022	Current Maturities
2012A	2032	\$ 11,365,000	\$ 12,640,000	\$ 1,335,000
2012B	2035	-	820,000	-
2012C	2042	-	925,000	-
2013A	2038	20,305,000	22,965,000	1,405,000
2013B	2033	2,150,000	2,590,000	455,000
2014A	2033	6,405,000	6,885,000	495,000
2014B	2039	7,510,000	7,870,000	360,000
2014C	2036	14,055,000	14,895,000	875,000
2015A	2040	15,255,000	16,305,000	905,000
		<u>\$ 77,045,000</u>	<u>\$ 85,895,000</u>	<u>\$ 5,830,000</u>

4. Program Funding and Fees

In order to develop a financial assistance program to provide water and wastewater infrastructure financing for Oklahoma communities, approximately \$40 million has been contributed to the Statewide Water Development Revolving Fund (SWDRF) that was established during the 1982 legislative session. A portion of those funds were used to create reserves to provide security for OWRB bond issues to enhance the Financial Assistance Program. Interest income earned on these reserve funds are transferred to the Emergency Grant Account at the discretion of the Program to be utilized by the Board to make emergency grants in amounts up to \$100,000 per local entity for approved purposes. Any portion of the Debt Service Reserve Fund that is not expended to cover defaults on principal and interest will be returned to the Revolving Fund at the termination of the Program.

On May 10, 2011, the Board approved a resolution authorizing an amendment to the General Bond Resolution creating a General Debt Service Reserve Fund for the purpose of further securing the Board's State Loan Program Bonds. In January of 2014, the Board received approval from the bondholders to move reserve funds from the 1989 and 1994A Series to the General Reserve account that will hold all reserve monies. In addition, State appropriated gross production tax revenues have been deposited into the General Reserve as additional security. The General Reserve is held by the Board's trustee bank.

For the years ended June 30, 2023 and 2022, \$60,347 and \$1,267 respectively, were transferred to the Emergency Grant Account.

The bond indenture agreement provides for various fees to be paid in connection with the administration of the Program. These fees include the following:

- During the year, an annual program administration fee of 0.1328%, 0.1316%, 0.1866% or 0.3866% of fixed rate notes receivable outstanding during the period was charged to operations of the Bond Programs. An annual program administration fee of 0.4000% of variable rate notes receivable outstanding was charged to operations for the year for the variable Bond Programs. These fees are payable to the Oklahoma Water Resources Board for providing clerical, management and administrative services.

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- Standby purchase agreement fees are to be paid to a bank that has guaranteed, under certain conditions, to purchase outstanding bonds that cannot otherwise be sold.
- Remarketing fees are payable to an investment banker for services related to determining the interest rate adjustment and attempting to remarket bonds when necessary.
- A trustee fee of 0.0134% of bonds outstanding was charged to operations of the 2012A, 2012B, 2012C, 2013A, 2013B, 2014A, 2014B, 2014C and 2015A. Fees are calculated twice a year using the balance of bonds outstanding at February 28 and August 31, or March 31 and September 30.

5. Restricted Cash and Investments

A description of the restricted cash and investments as of June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents - Federated Hermes Treasury Obligations	\$ 2,368,775	\$ 2,498,387
Investment - US Treasury Bill principal amount \$515,000 maturing June 2023	-	501,277
Investment - US Treasury Bill principal amount \$506,000 maturing December 2022	-	500,424
Investment - US Treasury Bill principal amount \$1,026,0000 maturing September 2023	1,000,060	-
	\$ 3,368,835	\$ 3,500,088

The use of the investments are restricted for debt service. The restricted cash and investments are held in the Reserve Account.

6. Arbitrage Rebate Due Federal Government

In order for the interest on the Program's bonds to be tax exempt, the Board must comply with certain provisions of the Internal Revenue Code, as amended. One provision requires that arbitrage earnings (defined as the excess of the amount earned on all nonpurpose investments over the amount which would have been earned if the nonpurpose investments were invested at a rate equal to the bond yield) be rebated to the Internal Revenue Service. This rebate is payable at the end of each five years during the term of the issue. Management has estimated the arbitrage rebate liability to be zero at June 30, 2023 and 2022.

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7. Long-term Debt

<u>Type of Bonds</u>	<u>Beginning July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending June 30, 2023</u>	<u>Due Within One Year</u>
Fixed Rate Bonds	\$ 91,270,000	\$ -	\$ 14,225,000	\$ 77,045,000	\$ 5,850,000
Total Bonds Outstanding	<u>\$ 91,270,000</u>	<u>\$ -</u>	<u>\$ 14,225,000</u>	<u>\$ 77,045,000</u>	<u>\$ 5,850,000</u>

<u>Type of Bonds</u>	<u>Beginning July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending June 30, 2022</u>	<u>Due Within One Year</u>
Fixed Rate Bonds	\$ 99,100,000	\$ -	\$ 7,830,000	\$ 91,270,000	\$ 12,700,000
Total Bonds Outstanding	<u>\$ 99,100,000</u>	<u>\$ -</u>	<u>\$ 7,830,000</u>	<u>\$ 91,270,000</u>	<u>\$ 12,700,000</u>

Outstanding Bonds at June 30, 2023:

Series 2012A serial and term bonds due in annual installments of \$740,000 to \$2,380,000 interest from 2.75% to 3.25%, final maturity October 1, 2032	\$ 11,365,000
Series 2013A serial and term bonds due in annual installments of \$165,000 to \$2,660,000 interest from 2.00% to 5.00%, final maturity October 1, 2038	20,305,000
Series 2013B serial and term bonds due in annual installments of \$80,000 to \$475,000 interest from 2.00% to 4.375%, final maturity October 1, 2033	2,150,000
Series 2014A serial and term bonds due in annual installments of \$430,000 to \$690,000 interest from 2.00% to 4.00%, final maturity October 1, 2033	6,405,000
Series 2014B serial and term bonds due in annual installments of \$120,000 to \$645,000 interest from 2.00% to 4.00%, final maturity October 1, 2039	7,510,000
Series 2014C serial and term bonds due in annual installments of \$160,000 to \$1,475,000 interest from 2.00% to 5.00%, final maturity October 1, 2036	14,055,000
Series 2015A serial and term bonds due in annual installments of \$160,000 to \$1,365,000 interest from 2.00% to 5.00%, final maturity October 1, 2040	15,255,000
Total Bonds Outstanding	<u>\$ 77,045,000</u>
Current portion	\$ 5,850,000
Long-term portion	<u>71,195,000</u>
Gross amount	<u>\$ 77,045,000</u>

Future debt service payments required by the serial and term bonds as of June 30, 2023, were developed using the loan repayment amortization schedules maintained in the IFS system for variable rate bonds and scheduled maturities for fixed rate bonds. Future debt service payments required by the Program's serial and term bonds as of June 30, 2023 are as follows:

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7. Long-term Debt, (cont'd)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,850,000	\$ 2,992,583	\$ 8,842,583
2025	6,110,000	2,779,132	8,889,132
2026	6,310,000	2,546,751	8,856,751
2027	6,030,000	2,310,875	8,340,875
2028	6,225,000	2,074,191	8,299,191
2029-2033	31,840,000	6,516,964	38,356,964
2034-2038	13,700,000	984,168	14,684,168
2039-2043	980,000	43,757	1,023,757
Total	<u>\$ 77,045,000</u>	<u>\$ 20,248,421</u>	<u>\$ 97,293,421</u>

Interest on the bonds is payable semiannually for fixed rate bonds.

In addition to their normal scheduled maturity dates as shown above, the bonds may be redeemed at the option of the Board, in whole or in part, on any interest payment date prior to conversion to a term interest rate, for their principal amount plus accrued interest to the date of redemption. Following any conversion to a term rate, the bonds may also be redeemed at the option of the Board, in whole or in part, at such dates and for such prices, plus accrued interest as are set forth in the bond indenture.

The Bonds share in an aggregate debt service reserve. At June 30, 2023, the aggregate debt service reserves totaled \$3,322,244 which is reflected in the General Debt Service Reserve Fund.

8. Transfers

Interest income earned on the 1986 General Debt Service Reserve Fund's investments are to be transferred to the Water Resources Emergency Grant Account at the discretion of the Board. Pursuant to this provision, \$60,347 was transferred to the OWRB Emergency Grant Account. The 1986 General Debt Service Reserve Fund transferred \$213,362 to the 2016 General Bond Resolution State Loan Program to satisfy the Aggregate Debt Service Requirement. The 1986 Program transferred \$28,338 of accounts receivable on matured bond programs to the FAP Administrative Account.

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SUPPLEMENTAL INFORMATION

**OKLAHOMA WATER RESOURCES BOARD 1986 GENERAL BOND RESOLUTION STATE LOAN
PROGRAM REVENUE BONDS**

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF NET POSITION
All Program Bond Issues
June 30, 2023**

<u>ASSETS</u>	<u>2012A Series</u>	<u>2012B Series</u>	<u>2012C Series</u>	<u>2013A Series</u>	<u>2013B Series</u>
Current Assets:					
Cash and cash equivalents	\$ 21,623	\$ -	\$ -	\$ 7,360	\$ 19
Current portion of notes receivable	1,335,000	-	-	1,405,000	455,000
Interest receivable:					
Notes receivable	94,595	-	-	256,288	23,084
Other	83	-	-	28	-
Total current assets	<u>1,451,301</u>	<u>-</u>	<u>-</u>	<u>1,668,676</u>	<u>478,103</u>
Noncurrent Assets:					
Notes receivable, net of current portion	10,030,000	-	-	18,900,000	1,695,000
Cash and cash equivalents, restricted	-	-	-	-	-
Restricted investments	-	-	-	-	-
Total noncurrent assets	<u>10,030,000</u>	<u>-</u>	<u>-</u>	<u>18,900,000</u>	<u>1,695,000</u>
Total assets	<u>11,481,301</u>	<u>-</u>	<u>-</u>	<u>20,568,676</u>	<u>2,173,103</u>
<u>LIABILITIES</u>					
Current Liabilities:					
Accrued interest payable	87,278	-	-	247,302	20,934
Current maturities of long-term debt	1,335,000	-	-	1,405,000	455,000
Other accrued liabilities	7,305	-	-	8,969	2,390
Total current liabilities	<u>1,429,583</u>	<u>-</u>	<u>-</u>	<u>1,661,271</u>	<u>478,324</u>
Noncurrent Liabilities:					
Long-term debt, less current maturities and unamortized discount or plus unamortized premium	10,030,000	-	-	18,900,000	1,695,000
Total noncurrent liabilities	<u>10,030,000</u>	<u>-</u>	<u>-</u>	<u>18,900,000</u>	<u>1,695,000</u>
Total liabilities	<u>11,459,583</u>	<u>-</u>	<u>-</u>	<u>20,561,271</u>	<u>2,173,324</u>
<u>NET POSITION</u>					
Restricted for debt service	-	-	-	-	-
Unrestricted (deficit)	21,718	-	-	7,405	(221)
Total net position	<u>\$ 21,718</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,405</u>	<u>\$ (221)</u>

**OKLAHOMA WATER RESOURCES BOARD 1986 GENERAL BOND RESOLUTION STATE LOAN
PROGRAM REVENUE BONDS**

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF NET POSITION**

**All Program Bond Issues
June 30, 2023**

<u>ASSETS</u>	2014A Series	2014B Series	2014C Series	2015A Series	General Debt Service Reserve Fund	Totals
Current Assets:						
Cash and cash equivalents	\$ 2,410	\$ 9,200	\$ 3,029	\$ 2,950	\$ -	\$ 46,591
Current portion of notes receivable	495,000	360,000	875,000	905,000	-	5,830,000
Interest receivable:						
Notes receivable	58,737	72,908	176,185	137,777	-	819,574
Other	9	34	12	11	6,714	6,891
Total current assets	556,156	442,142	1,054,226	1,045,738	6,714	6,703,056
Noncurrent Assets:						
Notes receivable, net of current portion	5,910,000	7,150,000	13,180,000	14,350,000	-	71,215,000
Cash and cash equivalents, restricted	-	-	-	-	2,322,184	2,322,184
Restricted investments	-	-	-	-	1,000,060	1,000,060
Total noncurrent assets	5,910,000	7,150,000	13,180,000	14,350,000	3,322,244	74,537,244
Total assets	6,466,156	7,592,142	14,234,226	15,395,738	3,328,958	81,240,300
<u>LIABILITIES</u>						
Current Liabilities:						
Accrued interest payable	56,416	61,437	170,006	130,150	-	773,523
Current maturities of long-term debt	495,000	380,000	875,000	905,000	-	5,850,000
Other accrued liabilities	2,420	7,571	6,165	7,612	-	42,432
Total current liabilities	553,836	449,008	1,051,171	1,042,762	-	6,665,955
Noncurrent Liabilities:						
Long-term debt, less current maturities and unamortized discount or plus unamortized premium	5,910,000	7,130,000	13,180,000	14,350,000	-	71,195,000
Total noncurrent liabilities	5,910,000	7,130,000	13,180,000	14,350,000	-	71,195,000
Total liabilities	6,463,836	7,579,008	14,231,171	15,392,762	-	77,860,955
<u>NET POSITION</u>						
Restricted for debt service	-	-	-	-	3,328,958	3,328,958
Unrestricted (deficit)	2,320	13,134	3,055	2,976	-	50,387
Total net position	\$ 2,320	\$ 13,134	\$ 3,055	\$ 2,976	\$ 3,328,958	\$ 3,379,345

**OKLAHOMA WATER RESOURCES BOARD 1986 GENERAL BOND RESOLUTION STATE LOAN
PROGRAM REVENUE BONDS**

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**All Program Bond Issues
For the Year Ended June 30, 2023**

	<u>2012A Series</u>	<u>2012B Series</u>	<u>2012C Series</u>	<u>2013A Series</u>	<u>2013B Series</u>
REVENUES					
Operating revenues:					
Loan program income	\$ 388,076	\$ 7,417	\$ 5,767	\$ 1,060,297	\$ 97,178
Total operating revenues	<u>388,076</u>	<u>7,417</u>	<u>5,767</u>	<u>1,060,297</u>	<u>97,178</u>
EXPENSES					
Operating Expenses:					
Trustee fees	1,519	417	208	2,726	1,250
Administration fees	30,512	5,446	894	39,360	8,445
Interest expense	357,878	48,008	7,367	1,022,456	88,138
Standby bond purchase agreement fees	-	-	-	-	-
Remarketing fees	-	-	-	-	-
Total operating expenses	<u>389,909</u>	<u>53,871</u>	<u>8,469</u>	<u>1,064,542</u>	<u>97,833</u>
Operating income (loss)	<u>(1,833)</u>	<u>(46,454)</u>	<u>(2,702)</u>	<u>(4,245)</u>	<u>(655)</u>
NONOPERATING REVENUES (EXPENSES)					
Other interest income	2,613	24,475	2,081	4,635	660
Net nonoperating revenues	<u>2,613</u>	<u>24,475</u>	<u>2,081</u>	<u>4,635</u>	<u>660</u>
Income (loss) before transfers	<u>780</u>	<u>(21,979)</u>	<u>(621)</u>	<u>390</u>	<u>5</u>
Transfers (to) from Oklahoma Water Resources Board	<u>-</u>	<u>(25,519)</u>	<u>(2,819)</u>	<u>-</u>	<u>-</u>
Change in net position	780	(47,498)	(3,440)	390	5
NET POSITION					
Net position, beginning of year	<u>20,938</u>	<u>47,498</u>	<u>3,440</u>	<u>7,015</u>	<u>(226)</u>
Net position, end of year	<u>\$ 21,718</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,405</u>	<u>\$ (221)</u>

**OKLAHOMA WATER RESOURCES BOARD 1986 GENERAL BOND RESOLUTION STATE LOAN
PROGRAM REVENUE BONDS**

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
All Program Bond Issues
For the Year Ended June 30, 2023**

	<u>2014A Series</u>	<u>2014B Series</u>	<u>2014C Series</u>	<u>2015A Series</u>	<u>General Debt Service Reserve Fund</u>	<u>Totals</u>
REVENUES						
Operating revenues:						
Loan program income	\$ 238,723	\$ 283,710	\$ 713,495	\$ 559,508	\$ -	\$ 3,354,171
Total operating revenues	<u>238,723</u>	<u>283,710</u>	<u>713,495</u>	<u>559,508</u>	<u>-</u>	<u>3,354,171</u>
EXPENSES						
Operating Expenses:						
Trustee fees	1,250	1,250	1,854	2,017	-	12,491
Administration fees	9,059	29,974	25,115	30,901	-	179,706
Interest expense	229,263	249,350	688,425	528,475	-	3,219,360
Standby bond purchase agreement fees	-	-	-	-	-	-
Remarketing fees	-	-	-	-	-	-
Total operating expenses	<u>239,572</u>	<u>280,574</u>	<u>715,394</u>	<u>561,393</u>	<u>-</u>	<u>3,411,557</u>
Operating income (loss)	<u>(849)</u>	<u>3,136</u>	<u>(1,899)</u>	<u>(1,885)</u>	<u>-</u>	<u>(57,386)</u>
NONOPERATING REVENUES (EXPENSES)						
Other interest income	947	1,144	2,090	2,069	101,517	142,231
Net nonoperating revenues	<u>947</u>	<u>1,144</u>	<u>2,090</u>	<u>2,069</u>	<u>101,517</u>	<u>142,231</u>
Income (loss) before transfers	<u>98</u>	<u>4,280</u>	<u>191</u>	<u>184</u>	<u>101,517</u>	<u>84,845</u>
Transfers (to) from Oklahoma Water Resources Board	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(273,709)</u>	<u>(302,047)</u>
Change in net position	<u>98</u>	<u>4,280</u>	<u>191</u>	<u>184</u>	<u>(172,192)</u>	<u>(217,202)</u>
NET POSITION						
Net position, beginning of year	<u>2,222</u>	<u>8,854</u>	<u>2,864</u>	<u>2,792</u>	<u>3,501,150</u>	<u>3,596,547</u>
Net position, end of year	<u>\$ 2,320</u>	<u>\$ 13,134</u>	<u>\$ 3,055</u>	<u>\$ 2,976</u>	<u>\$ 3,328,958</u>	<u>\$ 3,379,345</u>

**OKLAHOMA WATER RESOURCES BOARD 1986 GENERAL BOND RESOLUTION STATE LOAN
PROGRAM REVENUE BONDS**

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF CASH FLOWS
All Program Bond Issues
For the Year Ended June 30, 2023**

	<u>2012A Series</u>	<u>2012B Series</u>	<u>2012C Series</u>	<u>2013A Series</u>	<u>2013B Series</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Collections of interest on loans to local governmental units	\$ 397,772	\$ 14,834	\$ 17,300	\$ 1,095,442	\$ 102,018
Payments to other suppliers	(32,961)	(11,621)	(2,413)	(43,978)	(10,121)
Interest paid on debt	(366,644)	(96,016)	(22,100)	(1,055,706)	(92,538)
Net cash provided by (used in) operating activities	<u>(1,833)</u>	<u>(92,803)</u>	<u>(7,213)</u>	<u>(4,242)</u>	<u>(641)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfer from (to) Oklahoma Water Resources Board	-	(25,519)	(2,819)	-	-
Repayments of long-term debt	(1,275,000)	(5,635,000)	(1,485,000)	(2,660,000)	(440,000)
Net cash provided by (used in) noncapital financing activities	<u>(1,275,000)</u>	<u>(5,660,519)</u>	<u>(1,487,819)</u>	<u>(2,660,000)</u>	<u>(440,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Collections of principal on loans to local governmental units	1,275,000	820,000	925,000	2,660,000	440,000
Sales of investments	-	-	-	-	-
Interest income	2,530	24,475	2,081	4,607	660
Net cash provided by (used in) investing activities	<u>1,277,530</u>	<u>844,475</u>	<u>927,081</u>	<u>2,664,607</u>	<u>440,660</u>
Net increase (decrease) in cash and cash equivalents	697	(4,908,847)	(567,951)	365	19
Cash and cash equivalents, beginning of year	20,926	4,908,847	567,951	6,995	-
Cash and cash equivalents, end of year	<u>\$ 21,623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,360</u>	<u>\$ 19</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ (1,833)	\$ (46,454)	\$ (2,702)	\$ (4,245)	\$ (655)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in operating assets and liabilities-					
Decrease (Increase) Interest receivable	9,696	7,417	11,533	35,145	4,840
Increase (Decrease) Accrued interest payable	(8,766)	(48,008)	(14,733)	(33,250)	(4,400)
Increase (Decrease) Other accrued liabilities	(930)	(5,758)	(1,311)	(1,892)	(426)
Net cash provided by (used in) operating activities	<u>\$ (1,833)</u>	<u>\$ (92,803)</u>	<u>\$ (7,213)</u>	<u>\$ (4,242)</u>	<u>\$ (641)</u>

(continued)

**OKLAHOMA WATER RESOURCES BOARD 1986 GENERAL BOND RESOLUTION STATE LOAN
PROGRAM REVENUE BONDS**

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF CASH FLOWS
All Program Bond Issues
For the Year Ended June 30, 2023**

	2014A Series	2014B Series	2014C Series	2015A Series	General Debt Service Reserve Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:						
Collections of interest on loans to local governmental units	\$ 242,497	\$ 283,710	\$ 722,250	\$ 567,908	\$ -	\$ 3,443,731
Payments to other suppliers	(10,467)	(31,572)	(27,323)	(33,442)	-	(203,898)
Interest paid on debt	(232,863)	(252,951)	(696,825)	(536,350)	-	(3,351,993)
Net cash provided by (used in) operating activities	(833)	(813)	(1,898)	(1,884)	-	(112,160)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfer from (to) Oklahoma Water Resources Board	-	-	-	-	(273,709)	(302,047)
Repayments of long-term debt	(480,000)	(360,000)	(840,000)	(1,050,000)	-	(14,225,000)
Net cash provided by (used in) noncapital financing activities	(480,000)	(360,000)	(840,000)	(1,050,000)	(273,709)	(14,527,047)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Collections of principal on loans to local governmental units	480,000	360,000	840,000	1,050,000	-	8,850,000
Sales of investments	-	-	-	-	1,641	1,641
Interest income	938	1,110	2,078	2,058	95,865	136,402
Net cash provided by (used in) investing activities	480,938	361,110	842,078	1,052,058	97,506	8,988,043
Net increase (decrease) in cash and cash equivalents	105	297	180	174	(176,203)	(5,651,164)
Cash and cash equivalents, beginning of year	2,305	8,903	2,849	2,776	2,498,387	8,019,939
Cash and cash equivalents, end of year	\$ 2,410	\$ 9,200	\$ 3,029	\$ 2,950	\$ 2,322,184	\$ 2,368,775
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:						
Operating income (loss)	\$ (849)	\$ 3,136	\$ (1,899)	\$ (1,885)	\$ -	\$ (57,386)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Changes in operating assets and liabilities-						
Decrease (Increase) Interest receivable	3,774	-	8,755	8,400	-	89,560
Increase (Decrease) Accrued interest payable	(3,600)	(3,601)	(8,400)	(7,875)	-	(132,633)
Increase (Decrease) Other accrued liabilities	(158)	(348)	(354)	(524)	-	(11,701)
Net cash provided by (used in) operating activities	\$ (833)	\$ (813)	\$ (1,898)	\$ (1,884)	\$ -	\$ (112,160)

**OKLAHOMA WATER RESOURCES BOARD
STATE LOAN PROGRAM REVENUE BONDS
ANNUAL FINANCIAL REPORT
As of and for the Years Ended June 30, 2023 and 2022**

INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of the
Oklahoma Water Resources Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Oklahoma Water Resources Board 1986 General Bond Resolution State Loan Program Revenue Bonds (“the Program”) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Program’s basic financial statements, and have issued our report thereon dated September 15, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Program’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Program’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Arledge & Associates PC

Edmond, Oklahoma
September 15, 2023

