



OKLAHOMA

Water Resources Board

2016 GENERAL BOND RESOLUTION STATE LOAN PROGRAM

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

**OKLAHOMA WATER RESOURCES BOARD
2016 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 2016 General Bond Resolution State Loan Program (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

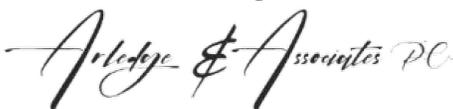
Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is 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 an 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.



Edmond, Oklahoma
September 15, 2023



**OKLAHOMA WATER RESOURCES BOARD
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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 2016 General Bond Resolution State Loan Program Revenue Bonds (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 2016A, 2017A, 2017B, 2017C, 2018A, 2018B, 2018C, 2018D, 2019A, 2019B, 2019C, 2020A, 2020B, 2020C, 2020D, 2020E, 2020F, 2021A, 2021B, 2021C, 2021D, 2022A, 2022B and 2023A Bond Programs and the reserve fund related to the bond accounts.

Financial Highlights

- Total assets increased 5.67% from \$607,112,372 to \$641,562,489 between FY 2022 and 2023. Total assets increased 30.70% from \$464,501,311 to \$607,112,372 between FY 2021 and FY 2022.
- Total liabilities increased 5.83% from \$581,443,801 to \$615,362,119 between FY 2022 and FY 2023. Total liabilities increased 32.02% from \$440,430,039 to \$581,443,801 between FY 2021 and FY 2022.
- Total Net Position at June 30, 2023 totaled \$26,200,370. Of this amount \$26,186,918 was restricted for debt service reserve account.
- During fiscal year 2023, the program issued the 2023A bonds totaling \$46,370,000.

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
 - Statement of Net Position
 - Statement of Revenues, Expenses and Changes in Net Position
 - Statement of Cash Flows

(Unaudited. See accompanying auditor’s report.)

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

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- Supplemental Information – Combining Financial Statements of all Program Bond Issues for the year ended June 30, 2023:
 - Statement of Net Position
 - Statement of Revenues, Expenses and Changes in Net Position
 - Statement 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 presentation of net position and changes therein.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current assets	\$ 20,502,020	\$ 18,001,378	\$ 15,395,103
Non-current assets	621,060,469	589,110,994	449,106,208
Total assets	<u>641,562,489</u>	<u>607,112,372</u>	<u>464,501,311</u>
Current liabilities	20,442,119	17,983,801	15,385,039
Non-current liabilities	594,920,000	563,460,000	425,045,000
Total liabilities	<u>615,362,119</u>	<u>581,443,801</u>	<u>440,430,039</u>
Net position			
Restricted for debt service	26,186,918	25,653,608	24,061,241
Unrestricted	13,452	14,963	10,031
Total net position	<u>\$ 26,200,370</u>	<u>\$ 25,668,571</u>	<u>\$ 24,071,272</u>

During fiscal year 2023, the assets and liabilities increased due to the issuance of the 2023A bonds and the related notes receivable totaling \$46,370,000. Cash and investments of \$26,140,469 were restricted for the bond debt service reserve account.

During fiscal year 2022, assets and liabilities increased due to the issuance of the 2021C, 2021D, 2022A and 2022B bonds and the related notes receivable totaling \$151,375,000. The increase in current liabilities relates to the increase in current bonds payable. Cash and investments of \$25,650,994 were restricted for the bond debt service reserve account.

(Unaudited. See accompanying auditor’s report.)

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	Business-Type Activities		
	Period Ended June 30,		
	2023	2022	2021
Revenues			
Loan program income	\$ 21,808,641	\$ 17,345,843	\$ 14,088,037
Other income	-	-	-
Investment interest income	658,363	(297,312)	269,655
Total revenues	<u>22,467,004</u>	<u>17,048,531</u>	<u>14,357,692</u>
Expenses			
Trustee fees	75,683	63,106	49,505
Administration expenses	1,055,700	822,689	640,618
Interest expense	20,727,682	16,455,358	13,397,755
Total expenses	<u>21,859,065</u>	<u>17,341,153</u>	<u>14,087,878</u>
Net Income (Loss) before transfers	607,939	(292,622)	269,814
Transfers from (to) other programs	(76,140)	1,889,921	5,568,798
Change in net position	531,799	1,597,299	5,838,612
Total net position- beginning	25,668,571	24,071,272	18,232,660
Total net position - ending	<u>\$ 26,200,370</u>	<u>\$ 25,668,571</u>	<u>\$ 24,071,272</u>

The significant increase in loan program income from FY 2022 to 2023 and FY 2021 to FY 2022 is due to the collection of interest on notes receivable. The increase in interest expense is related to debt service on the outstanding bonds and the continual issuance of new bonds for the program.

Long-Term Debt

At year-end, the Program had \$609,830,000 in long-term debt outstanding. The Program's long-term debt by bond issue are as follows:

Series:	2023	2022
2016A	\$ 14,230,000	\$ 14,640,000
2017A	25,465,000	26,215,000
2017B	6,990,000	7,270,000
2017C	19,485,000	20,720,000
2018A	4,905,000	5,325,000
2018B	24,015,000	24,640,000
2018C	39,845,000	40,675,000
2018D	19,570,000	19,670,000
2019A	44,990,000	45,895,000
2019B	13,010,000	13,280,000
2019C	23,830,000	24,720,000
2020A	38,670,000	41,175,000
2020B	25,450,000	25,900,000
2020C	7,585,000	7,585,000
2020D	48,270,000	50,605,000
2020E	17,810,000	17,995,000
2020F	6,930,000	7,170,000
2021A	15,555,000	15,770,000
2021B	15,605,000	15,795,000
2021C	21,205,000	21,330,000
2021D	26,320,000	26,320,000
2022A	29,260,000	29,260,000
2022B	74,465,000	74,465,000
2023A	46,370,000	-
Total Bonds	<u>\$ 609,830,000</u>	<u>\$ 576,420,000</u>

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

The Board anticipates additional bond issues to be closed during FY 2024 under the 2016 General Bond Resolution. As with the nature of the Bond Program, the Board expects an increase in net position and liabilities as new bond issues close and new loans are funded.

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	\$14,654	\$11,997
Current portion of notes receivable	14,910,000	12,960,000
Interest receivable:		
Notes receivable	5,530,873	5,026,767
Other	46,493	2,614
Total current assets	<u>20,502,020</u>	<u>18,001,378</u>
Noncurrent Assets:		
Cash and cash equivalents, restricted	7,192,910	7,461,751
Restricted investment	18,947,559	18,189,243
Notes receivable net of current portion	594,920,000	563,460,000
Total noncurrent assets	<u>621,060,469</u>	<u>589,110,994</u>
Total assets	<u>641,562,489</u>	<u>607,112,372</u>
 LIABILITIES:		
Current Liabilities:		
Accrued interest payable	5,257,666	4,771,500
Current maturities of long-term debt	14,910,000	12,960,000
Other accrued liabilities	274,453	252,301
Total current liabilities	<u>20,442,119</u>	<u>17,983,801</u>
Noncurrent liabilities:		
Long-term debt, less current maturities	594,920,000	563,460,000
Total noncurrent liabilities	<u>594,920,000</u>	<u>563,460,000</u>
Total liabilities	<u>615,362,119</u>	<u>581,443,801</u>
 NET POSITION:		
Restricted for debt service	26,186,918	25,653,608
Unrestricted	13,452	14,963
Total net position	<u>\$26,200,370</u>	<u>\$25,668,571</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	\$21,808,641	\$17,345,843
Total operating revenues	<u>21,808,641</u>	<u>17,345,843</u>
Operating Expenses:		
Trustee fees	75,683	63,106
Administration fees	1,055,700	822,689
Interest expense	20,727,682	16,455,358
Total operating expenses	<u>21,859,065</u>	<u>17,341,153</u>
Operating income (loss)	(50,424)	4,690
Non-Operating Revenues (Expenses):		
Investment and interest income	658,363	(297,312)
Total non-operating revenues	<u>658,363</u>	<u>(297,312)</u>
Net income (loss) before transfers	607,939	(292,622)
Transfers In - Oklahoma Water Resources Board	213,362	1,905,924
Transfers out - Oklahoma Water Resources Board	<u>(289,502)</u>	<u>(16,003)</u>
Change in net position	531,799	1,597,299
Total net position - beginning	25,668,571	24,071,272
Total net position - ending	<u><u>\$26,200,370</u></u>	<u><u>\$25,668,571</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	\$ 21,304,535	\$ 16,171,920
Payments to other suppliers	(1,109,231)	(830,176)
Interest paid on debt	(20,241,516)	(15,342,215)
Net Cash Provided by (Used in) Operating Activities	<u>(46,212)</u>	<u>(471)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in - Oklahoma Water Resources Board	213,362	1,889,921
Transfers out - Oklahoma Water Resources Board	(289,502)	-
Issuance of long-term debt	46,370,000	151,375,000
Repayments of Long-term Debt	(12,960,000)	(11,530,000)
Net Cash Provided by Noncapital Financing Activities	<u>33,333,860</u>	<u>141,734,921</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales (purchase) of investments	(721,999)	(6,508,067)
Collections of principal on loans to local governmental units	12,835,000	11,530,000
Loans to local governments	(46,245,000)	(151,375,000)
Interest income	578,167	14,609
Net Cash Provided by (Used in) Investing Activities	<u>(33,553,832)</u>	<u>(146,338,458)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(266,184)	(4,604,008)
Balances - beginning of the year	<u>7,473,748</u>	<u>12,077,756</u>
Balances - end of the year	<u>\$7,207,564</u>	<u>\$7,473,748</u>
Reconciliation of Statement of Net Position:		
Cash and Cash Equivalents	\$14,654	\$11,997
Restricted Cash and cash equivalents	7,192,910	7,461,751
Total Cash and cash equivalents	<u>\$7,207,564</u>	<u>\$7,473,748</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	(\$50,424)	\$4,690
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Change in assets and liabilities:		
Decrease (Increase) in interest receivable	(504,106)	(1,173,923)
Increase (Decrease) in accrued interest payable	486,166	1,113,143
Increase (Decrease) in other accrued liabilities	22,152	55,619
Net Cash Provided by (Used in) Operating Activities	<u>(\$46,212)</u>	<u>(\$471)</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") 2016 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. As part of the program, the following bonds were issued:

- Series 2016A Bonds commenced operations in December 2016. The bonds were issued to provide loans to local government units.
- Series 2017A Bonds commenced operations in February 2017. The bonds were issued to provide loans to local government units.
- Series 2017B Bonds commenced operations in June 2017. The bonds were issued to provide loans to local government units.
- Series 2017C Bonds commenced operations in November 2017. The bonds were issued to provide loans to local government units.
- Series 2018A Bonds commenced operations in April 2018. The bonds were issued to provide loans to local government units.
- Series 2018B Bonds commenced operations in July 2018. The bonds were issued to provide loans to local government units.
- Series 2018C Bonds commenced operations in September 2018. The bonds were issued to provide loans to local government units.
- Series 2018D Bonds commenced operations in October 2018. The bonds were issued to provide loans to local government units.
- Series 2019A Bonds commenced operations in February 2019. The bonds were issued to provide loans to local government units.
- Series 2019B Bonds commenced operations in April 2019. The bonds were issued to provide loans to local government units.
- Series 2019C Bonds commenced operations in July 2019. The bonds were issued to provide loans to local government units.
- Series 2020A Bonds commenced operations in July 2020. The bonds were issued to provide loans to local government units.

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- Series 2020B Bonds commenced operations in October 2020. The bonds were issued to provide loans to local government units.
- Series 2020C Bonds commenced operations in October 2020. The bonds were issued to provide loans to local government units.
- Series 2020D Bonds commenced operations in November 2020. The bonds were issued to provide loans to local government units.
- Series 2020E Bonds commenced operations in December 2020. The bonds were issued to provide loans to local government units.
- Series 2020F Bonds commenced operations in December 2020. The bonds were issued to provide loans to local government units.
- Series 2021A Bonds commenced operations in April 2021. The bonds were issued to provide loans to local government units.
- Series 2021B Bonds commenced operations in June 2021. The bonds were issued to provide loans to local government units.
- Series 2021C Bonds commenced operations in September 2021. The bonds were issued to provide loans to local government units.
- Series 2021D Bonds commenced operations in December 2021. The bonds were issued to provide loans to local government units.
- Series 2022A Bonds commenced operations in March 2022. The bonds were issued to provide loans to local government units.
- Series 2022B Bonds commenced operations in May 2022. The bonds were issued to provide loans to local government units.
- Series 2023A Bonds commenced operations in June 2023. The bonds were issued to provide loans to local government units.
- The 2016 Debt Service Reserve Fund accounts for the debt service reserve required to be held on all outstanding bonds.

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.

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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.

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.

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 a subsequent event is disclosed in Note 10.

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2. Cash Deposits and Investment Risk

Cash and cash equivalents of \$7,207,564 and \$7,473,748 at June 30, 2023 and June 30, 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 evidence 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.

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 Obligation Tax Managed Income	16 days	AAAM	Level I	\$ 7,206,002
Federated Hermes Government Obligation Money Market Fund	16 days	AAAM	Level I	1,562
Long-term certificates of deposit	1 yr.	N/A	Level I	4,967,156
U.S. Treasury Bill	6 mo.	AA+	Level I	13,980,403
Total				<u>\$ 26,155,123</u>

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:

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<u>Type</u>	<u>Average Maturities</u>	<u>Credit Rating</u>	<u>Fair Value Measurement</u>	<u>Carrying Value</u>
Federated Hermes Government Obligation Tax Managed Income	16 days	AAAM	Level I	\$ 7,473,739
Federated US Treasury Cash Reserves	16 days	AAAM	Level I	9
Long-term certificates of deposit	1 yr.	N/A	Level I	496,023
U.S. Treasury Bill	6 mo.	AA+	Level I	17,693,220
Total				<u>\$ 25,662,991</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 at June 30, 2023: 27.6% is invested in Federated Hermes Government obligation Tax Managed Fund, 53.5% in US Treasury Bills, and 19% in long-term certificates of deposit.

The Program has the following concentration of credit risk at June 30, 2022: 29.1% is invested in Federated Hermes Government obligation Tax Managed Fund, 68.9% in US Treasury Bills, and 1.9% in long-term certificates of deposit.

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 are as follows:

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Issue	Maturity Date	Note Receivable		FY 2023
		2023	2022	Current Maturities
2016A	2046	\$ 14,230,000	\$ 14,640,000	\$ 425,000
2017A	2046	25,465,000	26,215,000	900,000
2017B	2047	6,990,000	7,270,000	285,000
2017C	2038	19,485,000	20,720,000	1,225,000
2018A	2032	4,905,000	5,325,000	425,000
2018B	2039	24,015,000	24,640,000	660,000
2018C	2049	39,845,000	40,675,000	870,000
2018D	2049	19,570,000	19,670,000	100,000
2019A	2049	44,990,000	45,895,000	940,000
2019B	2049	13,010,000	13,280,000	285,000
2019C	2049	23,830,000	24,720,000	920,000
2020A	2049	38,670,000	41,175,000	3,355,000
2020B	2040	25,450,000	25,900,000	455,000
2020C	2050	7,585,000	7,585,000	145,000
2020D	2040	48,270,000	50,605,000	2,350,000
2020E	2050	17,810,000	17,995,000	190,000
2020F	2045	6,930,000	7,170,000	245,000
2021A	2050	15,555,000	15,770,000	220,000
2021B	2015	15,605,000	15,795,000	200,000
2021C	2051	21,205,000	21,330,000	345,000
2021D	2051	26,320,000	26,320,000	70,000
2022A	2051	29,260,000	29,260,000	300,000
2022B	2051	74,465,000	74,465,000	-
2023A	2053	46,370,000	-	-
		<u>\$ 609,830,000</u>	<u>\$ 576,420,000</u>	<u>\$ 14,910,000</u>

4. Program Funding and Fees

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.

At closing of the Series 2016A Bonds, \$4 million was transferred from the 1986 General Bond Resolution Debt Service Reserve Fund to the 2016 Debt Service Reserve Fund to satisfy the Aggregate Debt Service Requirement as defined in the 2016 General Bond Resolution. An additional \$1 million was transferred into the 2016 Debt Service Reserve at closing of the Series 2017A Bonds. An additional \$7,050,000, \$750,000, \$5,582,929, and \$1,905,924 was transferred in FY 2019, 2020, 2021, and 2022 respectively. In FY 2023, \$213,362 was transferred into the 2016 Debt Service Reserve. The 2016 Debt Service Reserve is held by the Board's trustee bank.

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For the year ended June 30, 2023 and 2022 \$289,502 and \$16,003, 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 0.1866% or 0.13160% of fixed rate notes receivable outstanding during the period was charged to operations of the Bond Programs. These fees are payable to the Oklahoma Water Resources Board for providing clerical, management and administrative services.
- During the year, a trustee fee 0.0134% of bonds outstanding was charged to operations of the 2016A, 2017A, 2017B, 2017C, 2018A, 2018B, 2018C, 2018D, 2019A, 2019B, 2019C, 2020A, 2020B, 2020C, 2020D, 2020E, 2020F, 2021A, 2021B, 2021C, 2021D, 2022A, 2022B and 2023A bonds. Fees are calculated twice a year using the balance of bonds outstanding at March 31 and September 30.

5. Restricted Cash and Investments

A description of the restricted cash and investment as of June 30, 2023 and June 30, 2022 are as follows:

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	<u>2023</u>	<u>2022</u>
Cash and cash equivalents - Federated Hermes Government Obligation Tax Manged Income	\$ 7,192,910	\$ 7,461,751
Investments - Long-term certificates of deposit with principal amounts for \$249,000, maturing in July 2022 and December 2022, with interest rates at .050% and .25%	-	496,023
Investments - Long-term certificates of deposit with principal amounts for \$237,000 and \$238,000, maturing in May 2024, with interest rates at 5.00% and 5.15%	4,967,156	-
Investment -U.S. Treasury Bill principal amount of \$1,025,000 maturing in July 2023	995,528	-
Investment -U.S. Treasury Bill principal amount of \$8,208,000 maturing in September 2023	8,000,479	-
Investments - U.S. Treasury Bill principal of \$2,086,000, maturing October 2023	1,995,031	-
Investments - U.S. Treasury Bill principal of \$3,130,000, maturing November 2023	2,989,365	-
Investment -U.S. Treasury Bill principal amount of \$4,765,000 maturing in December 2022	-	4,713,582
Investment -U.S. Treasury Bill principal amount of \$2,015,000 maturing in January 2023	-	1,980,399
Investment -U.S. Treasury Bill principal amount of \$4,010,000 maturing in July 2022	-	3,999,770
Investment -U.S. Treasury Bill principal amount of \$2,008,000 maturing in July 2022	-	1,996,714
Investment -U.S. Treasury Bill principal amount of \$2,057,000 maturing in July 2022	-	2,002,190
Investment -U.S. Treasury Bill principal amount of \$23,034,000 maturing in December 2022	-	3,000,565
	<u>\$ 26,140,469</u>	<u>\$ 25,650,994</u>

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

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

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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.

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	\$ 576,420,000	\$ 46,370,000	\$ 12,960,000	\$ 609,830,000	\$ 14,910,000
Total Bonds Outstanding	<u>\$ 576,420,000</u>	<u>\$ 46,370,000</u>	<u>\$ 12,960,000</u>	<u>\$ 609,830,000</u>	<u>\$ 14,910,000</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	\$ 436,575,000	\$ 151,375,000	\$ 11,530,000	\$ 576,420,000	\$ 12,960,000
Total Bonds Outstanding	<u>\$ 436,575,000</u>	<u>\$ 151,375,000</u>	<u>\$ 11,530,000</u>	<u>\$ 576,420,000</u>	<u>\$ 12,960,000</u>

Outstanding Bonds at June 30:

	<u>2023</u>	<u>2022</u>
Series 2016A serial and term bonds due in annual installments of \$260,000 to \$790,000, interest from 2.0% to 5.0%, final maturity October 1, 2046	\$ 14,230,000	\$ 14,640,000
Series 2017A serial and term bonds due in annual installments of \$25,000 to \$1,635,000 interest from 2.00% to 5.00%, final maturity October 1, 2046	25,465,000	26,215,000
Series 2017B serial and term bonds due in annual installments of \$40,000 to \$415,000, interest from 2.00% to 4.00%, final maturity October 1, 2047	6,990,000	7,270,000
Series 2017C serial and term bonds due in annual installments of \$125,000 to \$1,770,000, interest from 2.00% to 4.00%, final maturity October 1, 2038	19,485,000	20,720,000
Series 2018A serial and term bonds due in annual installments of \$200,000 to \$555,000, interest from 2.00% to 5.00%, final maturity October 1, 2032	4,905,000	5,325,000
Series 2018B serial and term bonds due in annual installments of \$400,000 to \$2,515,000, interest from 3.00% to 5.00%, final maturity October 1, 2038	24,015,000	24,640,000
Series 2018C serial and term bonds due in annual installments of \$445,000 to \$1,860,000, interest from 3.00% to 5.00%, final maturity September 1, 2048	39,845,000	40,675,000
Series 2018D serial and term bonds due in annual installments of \$100,000 to \$860,000, interest from 3.125% to 5.00%, final maturity October 1, 2048	19,570,000	19,670,000
Series 2019A serial and term bonds due in annual installments of \$350,000 to \$1,810,000, interest from 3.25% to 5.00%, final maturity October 1, 2048	44,990,000	45,895,000
Series 2019B serial and term bonds due in annual installments of \$125,000 to \$630,000, interest from 3.25% to 5.00%, final maturity October 1, 2048	13,010,000	13,280,000
Series 2019C serial and term bonds due in annual installments of \$70,000 to \$1,150,000, interest from 3.00% to 5.00%, final maturity October 1, 2049	23,830,000	24,720,000

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Outstanding Bonds at June 30, (continued):	<u>2023</u>	<u>2022</u>
Series 2020A serial and term bonds due in annual installments of 835,000 to \$3,520,000, interest from 2.125% to 4.00%, final maturity October 1, 2049	38,670,000	41,175,000
Series 2020B serial and term bonds due in annual installments of \$435,000 to \$3,370,000, interest from 0.309% to 2.425%, final maturity October 1, 2040	25,450,000	25,900,000
Series 2020C serial and term bonds due in annual installments of \$145,000 to \$445,000, interest at 4.000%, final maturity October 1, 2050	7,585,000	7,585,000
Series 2020D serial and term bonds due in annual installments of \$2,330,000 to \$3,230,000, interest from 0.270% to 2.750%, final maturity October 1, 2040	48,270,000	50,605,000
Series 2020E serial and term bonds due in annual installments of \$150,000 to \$925,000, interest from 2.125% to 4.000%, final maturity October 1, 2050	17,810,000	17,995,000
Series 2020F serial and term bonds due in annual installments of \$2000,000 to \$400,000, interest from 0.280% to 2.910%, final maturity October 1, 2045	6,930,000	7,170,000
Series 2021A serial and term bonds due in annual installments of \$75,000 to \$900,000, interest from 2.250% to 5.000%, final maturity October 1, 2050	15,555,000	15,770,000
Series 2021B serial and term bonds due in annual installments of \$190,000 to \$805,000, interest from 2.000% to 4.000%, final maturity October 1, 2051	15,605,000	15,795,000
Series 2021C serial and term bonds due in annual installments of \$125,000 to \$1,540,000 interest from 1.000% to 3.000% final maturity October 1, 2051	21,205,000	21,330,000
Series 2021D serial and term bonds due in annual installments of \$70,000 to \$1,050,000 interest from 1.500% to 5.000% final maturity October 1, 2051	26,320,000	26,320,000
Series 2022A serial and term bonds due in annual installments of \$150,000 to \$1,565,000 interest from 3.000% to 4.000% final maturity October 1, 2051	29,260,000	29,260,000
Series 2022B serial and term bonds due in annual installments of \$1,140,000 to \$4,780,000 interest from 4.000% to 5.000% final maturity October 1, 2051	74,465,000	74,465,000
Series 2023A serial and term bonds due in annual installments of \$340,000 to \$2,025,000 interest from 4.000% to 5.000% final maturity October 1, 2053	46,370,000	-
Total Bonds Outstanding	<u>\$ 609,830,000</u>	<u>\$ 576,420,000</u>
Current portion	\$ 14,910,000	\$ 12,960,000
Long-term portion	594,920,000	563,460,000
Gross amount	<u>\$ 609,830,000</u>	<u>\$ 576,420,000</u>

Future debt service payments required by the serial and term bonds as of June 30, 2023, were developed using 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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<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 14,910,000	\$ 21,986,685	\$ 36,896,685
2025	16,935,000	21,863,885	38,798,885
2026	16,225,000	21,282,155	37,507,155
2027	17,815,000	20,664,086	38,479,086
2028	18,930,000	20,005,340	38,935,340
2029-2033	104,695,000	89,149,159	193,844,159
2034-2038	126,010,000	68,199,968	194,209,968
2039-2042	120,975,000	45,829,345	166,804,345
2043-2048	108,315,000	24,143,273	132,458,273
2049-2053	62,995,000	5,107,770	68,102,770
2054	2,025,000	44,297	2,069,297
Total	<u>\$ 609,830,000</u>	<u>\$ 338,275,963</u>	<u>\$ 948,105,963</u>

Interest on the bonds is payable semiannually.

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 for their principal amount plus accrued interest to the date of redemption.

The Bonds share in an aggregate debt service reserve. At June 30, 2023 and 2022, the aggregate debt service reserves totaled \$26,140,469 and \$25,650,994, respectively, which is reflected in the 2016 Debt Service Reserve Fund.

8. Transfers

In FY 2023, the Program received transfers of \$213,362 from the 1986 General Bond Resolution Program for funding the reserve account. The Program transferred \$289,502 for emergency grants.

In FY 2022, the Program received transfers of \$1,905,924 from the 1986 General Bond Resolution Program for funding the reserve account. The Program transferred \$16,003 for emergency grants.

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SUPPLEMENTAL INFORMATION

SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF NET POSITION
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June 30, 2023

<u>ASSETS</u>	2016A Series	2017A Series	2017B Series	2017C Series	2018A Series	2018B Series	2018C Series	2018D Series	2019A Series	2019B Series	2019C Series
Current Assets:											
Cash and cash equivalents	\$ 1,984	\$ 2,848	\$ 214	\$ 235	\$ 28	\$ 1,637	\$ 2,579	\$ 1,004	\$ 1,508	\$ 298	\$ 366
Current portion of notes receivable	425,000	900,000	285,000	1,225,000	425,000	660,000	870,000	100,000	940,000	285,000	920,000
Interest receivable:											
Notes receivable	142,028	299,340	63,659	191,190	40,481	255,143	409,338	229,401	483,702	139,510	254,938
Other	7	11	-	-	-	6	10	4	6	-	-
Total current assets	<u>569,019</u>	<u>1,202,199</u>	<u>348,873</u>	<u>1,416,425</u>	<u>465,509</u>	<u>916,786</u>	<u>1,281,927</u>	<u>330,409</u>	<u>1,425,216</u>	<u>424,808</u>	<u>1,175,304</u>
Noncurrent Assets:											
Notes receivable, net of current portion	13,805,000	24,565,000	6,705,000	18,260,000	4,480,000	23,355,000	38,975,000	19,470,000	44,050,000	12,725,000	22,910,000
Cash and cash equivalents, restricted	-	-	-	-	-	-	-	-	-	-	-
Restricted investments	-	-	-	-	-	-	-	-	-	-	-
Total noncurrent assets	<u>13,805,000</u>	<u>24,565,000</u>	<u>6,705,000</u>	<u>18,260,000</u>	<u>4,480,000</u>	<u>23,355,000</u>	<u>38,975,000</u>	<u>19,470,000</u>	<u>44,050,000</u>	<u>12,725,000</u>	<u>22,910,000</u>
Total assets	<u>14,374,019</u>	<u>25,767,199</u>	<u>7,053,873</u>	<u>19,676,425</u>	<u>4,945,509</u>	<u>24,271,786</u>	<u>40,256,927</u>	<u>19,800,409</u>	<u>45,475,216</u>	<u>13,149,808</u>	<u>24,085,304</u>
<u>LIABILITIES</u>											
Current Liabilities:											
Accrued interest payable	134,913	286,608	60,164	183,908	38,028	243,156	389,416	219,619	461,213	133,006	243,025
Current maturities of long-term debt	425,000	900,000	285,000	1,225,000	425,000	660,000	870,000	100,000	940,000	285,000	920,000
Other accrued liabilities	7,292	12,707	3,573	7,264	2,601	11,983	19,883	9,765	23,912	6,492	11,633
Total current liabilities	<u>567,205</u>	<u>1,199,315</u>	<u>348,737</u>	<u>1,416,172</u>	<u>465,629</u>	<u>915,139</u>	<u>1,279,299</u>	<u>329,384</u>	<u>1,425,125</u>	<u>424,498</u>	<u>1,174,658</u>
Noncurrent Liabilities:											
Long-term debt, less current maturities	13,805,000	24,565,000	6,705,000	18,260,000	4,480,000	23,355,000	38,975,000	19,470,000	44,050,000	12,725,000	22,910,000
Total noncurrent liabilities	<u>13,805,000</u>	<u>24,565,000</u>	<u>6,705,000</u>	<u>18,260,000</u>	<u>4,480,000</u>	<u>23,355,000</u>	<u>38,975,000</u>	<u>19,470,000</u>	<u>44,050,000</u>	<u>12,725,000</u>	<u>22,910,000</u>
Total liabilities	<u>14,372,205</u>	<u>25,764,315</u>	<u>7,053,737</u>	<u>19,676,172</u>	<u>4,945,629</u>	<u>24,270,139</u>	<u>40,254,299</u>	<u>19,799,384</u>	<u>45,475,125</u>	<u>13,149,498</u>	<u>24,084,658</u>
<u>NET POSITION</u>											
Restricted for debt service	-	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,814	2,884	136	253	(120)	1,647	2,628	1,025	91	310	646
Total net position	<u>\$ 1,814</u>	<u>\$ 2,884</u>	<u>\$ 136</u>	<u>\$ 253</u>	<u>\$ (120)</u>	<u>\$ 1,647</u>	<u>\$ 2,628</u>	<u>\$ 1,025</u>	<u>\$ 91</u>	<u>\$ 310</u>	<u>\$ 646</u>

(continued)

**OKLAHOMA WATER RESOURCES BOARD STATE LOAN
PROGRAM REVENUE BONDS**

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF NET POSITION
2016 GENERAL BOND RESOLUTION STATE LOAN PROGRAM
June 30, 2023**

<u>ASSETS</u>	2020A Series	2020B Series	2020C Series	2020D Series	2020E Series	2020F Series	2021A Series	2021B Series
Current Assets:								
Cash and cash equivalents	\$ 226	\$ 114	\$ 51	\$ 186	\$ 98	\$ 33	\$ 104	\$ 86
Current portion of notes receivable	3,355,000	455,000	145,000	2,350,000	190,000	245,000	220,000	200,000
Interest receivable:								
Notes receivable	368,341	143,982	79,643	249,649	132,708	41,997	154,628	118,376
Other	-	-	-	-	-	-	-	-
Total current assets	<u>3,723,567</u>	<u>599,096</u>	<u>224,694</u>	<u>2,599,835</u>	<u>322,806</u>	<u>287,030</u>	<u>374,732</u>	<u>318,462</u>
Noncurrent Assets:								
Notes receivable, net of current portion	35,315,000	24,995,000	7,440,000	45,920,000	17,620,000	6,685,000	15,335,000	15,405,000
Cash and cash equivalents, restricted	-	-	-	-	-	-	-	-
Restricted investments	-	-	-	-	-	-	-	-
Total noncurrent assets	<u>35,315,000</u>	<u>24,995,000</u>	<u>7,440,000</u>	<u>45,920,000</u>	<u>17,620,000</u>	<u>6,685,000</u>	<u>15,335,000</u>	<u>15,405,000</u>
Total assets	<u>39,038,567</u>	<u>25,594,096</u>	<u>7,664,694</u>	<u>48,519,835</u>	<u>17,942,806</u>	<u>6,972,030</u>	<u>15,709,732</u>	<u>15,723,462</u>
<u>LIABILITIES</u>								
Current Liabilities:								
Accrued interest payable	354,323	131,257	75,850	232,151	123,803	38,533	146,850	110,573
Current maturities of long-term debt	3,355,000	455,000	145,000	2,350,000	190,000	245,000	220,000	200,000
Other accrued liabilities	13,979	12,700	3,851	17,450	8,887	3,545	7,762	7,787
Total current liabilities	<u>3,723,302</u>	<u>598,957</u>	<u>224,701</u>	<u>2,599,601</u>	<u>322,690</u>	<u>287,078</u>	<u>374,612</u>	<u>318,360</u>
Noncurrent Liabilities:								
Long-term debt, less current maturities	35,315,000	24,995,000	7,440,000	45,920,000	17,620,000	6,685,000	15,335,000	15,405,000
Total noncurrent liabilities	<u>35,315,000</u>	<u>24,995,000</u>	<u>7,440,000</u>	<u>45,920,000</u>	<u>17,620,000</u>	<u>6,685,000</u>	<u>15,335,000</u>	<u>15,405,000</u>
Total liabilities	<u>39,038,302</u>	<u>25,593,957</u>	<u>7,664,701</u>	<u>48,519,601</u>	<u>17,942,690</u>	<u>6,972,078</u>	<u>15,709,612</u>	<u>15,723,360</u>
<u>NET POSITION</u>								
Restricted for debt service	-	-	-	-	-	-	-	-
Unrestricted	265	139	(7)	234	116	(48)	120	102
Total net position	<u>\$ 265</u>	<u>\$ 139</u>	<u>\$ (7)</u>	<u>\$ 234</u>	<u>\$ 116</u>	<u>\$ (48)</u>	<u>\$ 120</u>	<u>\$ 102</u>

(continued)

**OKLAHOMA WATER RESOURCES BOARD STATE LOAN
PROGRAM REVENUE BONDS**

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF NET POSITION
2016 GENERAL BOND RESOLUTION STATE LOAN PROGRAM
June 30, 2023**

<u>ASSETS</u>	2021C Series	2021D Series	2022A Series	2022B Series	2023ASeries	2016 Debt Service Reserve Fund	Totals
Current Assets:							
Cash and cash equivalents	\$ 101	\$ 160	\$ 195	\$ 599	\$ -	\$ -	\$ 14,654
Current portion of notes receivable	345,000	70,000	300,000	-	-	-	14,910,000
Interest receivable:							
Notes receivable	132,849	229,159	288,430	942,456	139,925	-	5,530,873
Other	-	-	-	-	-	46,449	46,493
Total current assets	<u>477,950</u>	<u>299,319</u>	<u>588,625</u>	<u>943,055</u>	<u>139,925</u>	<u>46,449</u>	<u>20,502,020</u>
Noncurrent Assets:							
Notes receivable, net of current portion	20,860,000	26,250,000	28,960,000	74,465,000	46,370,000	-	594,920,000
Cash and cash equivalents, restricted	-	-	-	-	-	7,192,910	7,192,910
Restricted investments	-	-	-	-	-	18,947,559	18,947,559
Total noncurrent assets	<u>20,860,000</u>	<u>26,250,000</u>	<u>28,960,000</u>	<u>74,465,000</u>	<u>46,370,000</u>	<u>26,140,469</u>	<u>621,060,469</u>
Total assets	<u>21,337,950</u>	<u>26,549,319</u>	<u>29,548,625</u>	<u>75,408,055</u>	<u>46,509,925</u>	<u>26,186,918</u>	<u>641,562,489</u>
<u>LIABILITIES</u>							
Current Liabilities:							
Accrued interest payable	122,247	215,999	273,800	905,225	133,999	-	5,257,666
Current maturities of long-term debt	345,000	70,000	300,000	-	-	-	14,910,000
Other accrued liabilities	10,581	13,134	14,601	37,158	5,913	-	274,453
Total current liabilities	<u>477,828</u>	<u>299,133</u>	<u>588,401</u>	<u>942,383</u>	<u>139,912</u>	<u>-</u>	<u>20,442,119</u>
Noncurrent Liabilities:							
Long-term debt, less current maturities	<u>20,860,000</u>	<u>26,250,000</u>	<u>28,960,000</u>	<u>74,465,000</u>	<u>46,370,000</u>	<u>-</u>	<u>594,920,000</u>
Total noncurrent liabilities	<u>20,860,000</u>	<u>26,250,000</u>	<u>28,960,000</u>	<u>74,465,000</u>	<u>46,370,000</u>	<u>-</u>	<u>594,920,000</u>
Total liabilities	<u>21,337,828</u>	<u>26,549,133</u>	<u>29,548,401</u>	<u>75,407,383</u>	<u>46,509,912</u>	<u>-</u>	<u>615,362,119</u>
<u>NET POSITION</u>							
Restricted for debt service	-	-	-	-	-	26,186,918	26,186,918
Unrestricted	122	186	224	672	13	-	13,452
Total net position	<u>\$ 122</u>	<u>\$ 186</u>	<u>\$ 224</u>	<u>\$ 672</u>	<u>\$ 13</u>	<u>\$ 26,186,918</u>	<u>\$ 26,200,370</u>

SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
2016 General Bond Resolution State Loan Program
For the Year Ended June 30, 2023

	2016A Series	2017A Series	2017B Series	2017C Series	2018A Series	2018B Series	2018C Series	2018D Series	2019A Series	2019B Series	2019C Series
REVENUES											
Operating revenues:											
Loan program income	\$ 571,390	\$ 1,201,486	\$ 257,576	\$ 771,393	\$ 164,233	\$ 1,028,697	\$ 1,648,142	\$ 918,654	\$ 1,944,309	\$ 560,877	\$ 1,029,097
Total operating revenues	571,390	1,201,486	257,576	771,393	164,233	1,028,697	1,648,142	918,654	1,944,309	560,877	1,029,097
EXPENSES											
Operating Expenses:											
Trustee fees	1,863	3,335	1,250	2,573	1,250	3,142	5,207	2,547	5,849	1,700	3,137
Administration fees	28,243	50,479	13,498	28,987	9,449	47,253	78,148	38,072	88,285	25,544	47,374
Interest expense	542,725	1,150,181	243,456	741,806	154,213	980,438	1,568,037	879,475	1,853,900	534,725	981,000
Total operating expenses	572,831	1,203,995	258,204	773,366	164,912	1,030,833	1,651,392	920,094	1,948,034	561,969	1,031,511
Operating income (loss)	(1,441)	(2,509)	(628)	(1,973)	(679)	(2,136)	(3,250)	(1,440)	(3,725)	(1,092)	(2,414)
NONOPERATING REVENUES (EXPENSES)											
Other interest income	1,404	2,785	666	2,490	693	2,349	3,592	1,613	4,105	1,188	2,573
Net nonoperating revenues	1,404	2,785	666	2,490	693	2,349	3,592	1,613	4,105	1,188	2,573
Income (loss) before transfers	(37)	276	38	517	14	213	342	173	380	96	159
Transfers from Oklahoma Water Resources Board	-	-	-	-	-	-	-	-	-	-	-
Transfers (to) from Oklahoma Water Resources Board	-	-	-	-	-	-	-	-	-	-	-
Change in net position	(37)	276	38	517	14	213	342	173	380	96	159
NET POSITION											
Net position, beginning of year	1,851	2,608	98	(264)	(134)	1,434	2,286	852	(289)	214	487
Net position, end of year	\$ 1,814	\$ 2,884	\$ 136	\$ 253	\$ (120)	\$ 1,647	\$ 2,628	\$ 1,025	\$ 91	\$ 310	\$ 646

(continued)

**OKLAHOMA WATER RESOURCES BOARD STATE LOAN
PROGRAM REVENUE BONDS**

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
2016 General Bond Resolution State Loan Program
For the Year Ended June 30, 2023**

	<u>2020A Series</u>	<u>2020B Series</u>	<u>2020C Series</u>	<u>2020D Series</u>	<u>2020E Series</u>	<u>2020F Series</u>	<u>2021A Series</u>	<u>2021B Series</u>
REVENUES								
Operating revenues:								
Loan program income	\$ 1,499,321	\$ 576,547	\$ 318,570	\$ 1,001,717	\$ 532,775	\$ 168,356	\$ 620,230	\$ 475,499
Total operating revenues	<u>1,499,321</u>	<u>576,547</u>	<u>318,570</u>	<u>1,001,717</u>	<u>532,775</u>	<u>168,356</u>	<u>620,230</u>	<u>475,499</u>
EXPENSES								
Operating Expenses:								
Trustee fees	5,109	3,323	1,250	6,351	2,321	1,250	2,029	2,035
Administration fees	56,592	49,110	14,385	68,620	34,418	13,265	30,376	30,214
Interest expense	1,442,341	525,422	303,400	930,879	497,063	154,376	589,013	444,194
Total operating expenses	<u>1,504,042</u>	<u>577,855</u>	<u>319,035</u>	<u>1,005,850</u>	<u>533,802</u>	<u>168,891</u>	<u>621,418</u>	<u>476,443</u>
Operating income (loss)	<u>(4,721)</u>	<u>(1,308)</u>	<u>(465)</u>	<u>(4,133)</u>	<u>(1,027)</u>	<u>(535)</u>	<u>(1,188)</u>	<u>(944)</u>
NONOPERATING REVENUES (EXPENSES)								
Other interest income	4,945	1,421	516	4,313	1,123	559	1,291	1,029
Net nonoperating revenues	<u>4,945</u>	<u>1,421</u>	<u>516</u>	<u>4,313</u>	<u>1,123</u>	<u>559</u>	<u>1,291</u>	<u>1,029</u>
Income (loss) before transfers	<u>224</u>	<u>113</u>	<u>51</u>	<u>180</u>	<u>96</u>	<u>24</u>	<u>103</u>	<u>85</u>
Transfers from Oklahoma Water Resources Board	-	-	-	-	-	-	-	-
Transfers (to) from Oklahoma Water Resources Board	<u>-</u>							
Change in net position	<u>224</u>	<u>113</u>	<u>51</u>	<u>180</u>	<u>96</u>	<u>24</u>	<u>103</u>	<u>85</u>
NET POSITION								
Net position, beginning of year	<u>41</u>	<u>26</u>	<u>(58)</u>	<u>54</u>	<u>20</u>	<u>(72)</u>	<u>17</u>	<u>17</u>
Net position, end of year	<u>\$ 265</u>	<u>\$ 139</u>	<u>\$ (7)</u>	<u>\$ 234</u>	<u>\$ 116</u>	<u>\$ (48)</u>	<u>\$ 120</u>	<u>\$ 102</u>

(continued)

**OKLAHOMA WATER RESOURCES BOARD STATE LOAN
PROGRAM REVENUE BONDS**

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
2016 General Bond Resolution State Loan Program
For the Year Ended June 30, 2023**

	<u>2021C Series</u>	<u>2021D Series</u>	<u>2022A Series</u>	<u>2022B Series</u>	<u>2023A Series</u>	<u>2016 Debt Service Reserve Fund</u>	<u>Totals</u>
REVENUES							
Operating revenues:							
Loan program income	\$ 532,398	\$ 916,637	\$ 1,150,515	\$ 3,780,297	\$ 139,925	\$ -	\$ 21,808,641
Total operating revenues	<u>532,398</u>	<u>916,637</u>	<u>1,150,515</u>	<u>3,780,297</u>	<u>139,925</u>	<u>-</u>	<u>21,808,641</u>
EXPENSES							
Operating Expenses:							
Trustee fees	2,761	3,422	3,882	9,712	385	-	75,683
Administration fees	41,848	50,636	60,640	144,736	5,528	-	1,055,700
Interest expense	489,925	863,998	1,092,158	3,630,958	133,999	-	20,727,682
Total operating expenses	<u>534,534</u>	<u>918,056</u>	<u>1,156,680</u>	<u>3,785,406</u>	<u>139,912</u>	<u>-</u>	<u>21,859,065</u>
Operating income (loss)	<u>(2,136)</u>	<u>(1,419)</u>	<u>(6,165)</u>	<u>(5,109)</u>	<u>13</u>	<u>-</u>	<u>(50,424)</u>
NONOPERATING REVENUES (EXPENSES)							
Other interest income	<u>1,020</u>	<u>1,579</u>	<u>1,911</u>	<u>5,748</u>	<u>-</u>	<u>609,450</u>	<u>658,363</u>
Net nonoperating revenues	<u>1,020</u>	<u>1,579</u>	<u>1,911</u>	<u>5,748</u>	<u>-</u>	<u>609,450</u>	<u>658,363</u>
Income (loss) before transfers	<u>(1,116)</u>	<u>160</u>	<u>(4,254)</u>	<u>639</u>	<u>13</u>	<u>609,450</u>	<u>607,939</u>
Transfers from Oklahoma Water Resources Board	-	-	-	-	-	213,362	213,362
Transfers (to) from Oklahoma Water Resources Board	-	-	-	-	-	(289,502)	(289,502)
Change in net position	<u>(1,116)</u>	<u>160</u>	<u>(4,254)</u>	<u>639</u>	<u>13</u>	<u>533,310</u>	<u>531,799</u>
NET POSITION							
Net position, beginning of year	<u>1,238</u>	<u>26</u>	<u>4,478</u>	<u>33</u>	<u>-</u>	<u>25,653,608</u>	<u>25,668,571</u>
Net position, end of year	<u>\$ 122</u>	<u>\$ 186</u>	<u>\$ 224</u>	<u>\$ 672</u>	<u>\$ 13</u>	<u>\$ 26,186,918</u>	<u>\$ 26,200,370</u>

SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF CASH FLOWS
2016 General Bond Resolution State Loan Program
For the Year Ended June 30, 2023

	2016A Series	2017A Series	2017B Series	2017C Bond	2018A Bond	2018B Bond	2018C Bond	2018D Bond	2019A Bond	2019B Bond	2019C Bond
CASH FLOWS FROM OPERATING ACTIVITIES:											
Collections of interest on loans to local governmental units	\$ 574,670	\$ 1,205,611	\$ 260,516	\$ 778,026	\$ 166,543	\$ 1,036,822	\$ 1,658,932	\$ 919,704	\$ 1,953,811	\$ 563,712	\$ 1,038,442
Payments from (to) other suppliers	(30,119)	(54,188)	(14,879)	(32,415)	(10,895)	(50,707)	(83,769)	(40,669)	(94,615)	(27,379)	(50,945)
Interest paid on debt	(545,800)	(1,153,931)	(246,256)	(747,981)	(156,313)	(988,251)	(1,578,412)	(880,475)	(1,862,949)	(537,425)	(989,900)
Net cash provided by (Used in) operating activities	(1,249)	(2,508)	(619)	(2,370)	(665)	(2,136)	(3,249)	(1,440)	(3,753)	(1,092)	(2,403)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:											
Transfer from Oklahoma Water Resources Board	-	-	-	-	-	-	-	-	-	-	-
Transfer to Oklahoma Water Resources Board	-	-	-	-	-	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Repayments of long-term debt	(410,000)	(750,000)	(280,000)	(1,235,000)	(420,000)	(625,000)	(830,000)	(100,000)	(905,000)	(270,000)	(890,000)
Net cash provided by (Used in) noncapital financing activities	(410,000)	(750,000)	(280,000)	(1,235,000)	(420,000)	(625,000)	(830,000)	(100,000)	(905,000)	(270,000)	(890,000)
CASH FLOWS FROM INVESTING ACTIVITIES:											
Sales (purchase) of investments	-	-	-	-	-	-	-	-	-	-	-
Collection of principal on loans to local governmental units	410,000	750,000	280,000	1,235,000	420,000	625,000	830,000	100,000	905,000	270,000	890,000
Loans to local governments	-	-	-	-	-	-	-	-	-	-	-
Interest income	1,397	2,774	666	2,490	693	2,343	3,582	1,609	4,099	1,188	2,573
Net cash provided by (used in) investing activities	411,397	752,774	280,666	1,237,490	420,693	627,343	833,582	101,609	909,099	271,188	892,573
Net increase (decrease) in cash and cash equivalents	148	266	47	120	28	207	333	169	346	96	170
Cash and cash equivalents, beginning of year	1,836	2,582	167	115	-	1,430	2,246	835	1,162	202	196
Cash and cash equivalents, end of year	\$ 1,984	\$ 2,848	\$ 214	235	28	1,637	2,579	1,004	1,508	298	366
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:											
Operating income (loss)	\$ (1,441)	\$ (2,509)	\$ (628)	\$ (1,973)	\$ (679)	\$ (2,136)	\$ (3,250)	\$ (1,440)	\$ (3,725)	\$ (1,092)	\$ (2,414)
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	3,280	4,125	2,940	6,633	2,310	8,125	10,790	1,050	9,502	2,835	9,345
Increase (Decrease) Accrued interest payable	(3,075)	(3,750)	(2,800)	(6,175)	(2,100)	(7,813)	(10,375)	(1,000)	(9,049)	(2,700)	(8,900)
Increase (Decrease) Other accrued liabilities	(13)	(374)	(131)	(855)	(196)	(312)	(414)	(50)	(481)	(135)	(434)
Net cash provided by (used in) operating activities	\$ (1,249)	\$ (2,508)	\$ (619)	(2,370)	(665)	(2,136)	(3,249)	(1,440)	(3,753)	(1,092)	(2,403)

(continued)

**OKLAHOMA WATER RESOURCES BOARD STATE LOAN
PROGRAM REVENUE BONDS**

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF CASH FLOWS
2016 General Bond Resolution State Loan Program
For the Year Ended June 30, 2023**

	2020A Bond	2020B Bond	2020C Bond	2020D Bond	2020E Bond	2020F Bond	2021A Bond	2021B Bond
CASH FLOWS FROM OPERATING ACTIVITIES:								
Collections of interest on loans to local governmental units	\$ 1,525,279	\$ 577,165	\$ 318,570	\$ 1,004,840	\$ 534,718	\$ 168,722	\$ 621,949	\$ 477,494
Payments from (to) other suppliers	(62,607)	(52,657)	(15,635)	(75,815)	(36,832)	(14,627)	(32,512)	(32,344)
Interest paid on debt	(1,467,391)	(525,815)	(303,400)	(933,155)	(498,913)	(154,622)	(590,626)	(446,094)
Net cash provided by (Used in) operating activities	<u>(4,719)</u>	<u>(1,307)</u>	<u>(465)</u>	<u>(4,130)</u>	<u>(1,027)</u>	<u>(527)</u>	<u>(1,189)</u>	<u>(944)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Transfer from Oklahoma Water Resources Board	-	-	-	-	-	-	-	-
Transfer (to) from Oklahoma Water Resources Board	-	-	-	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	-	-	-	-
Repayments of long-term debt	(2,505,000)	(450,000)	-	(2,335,000)	(185,000)	(240,000)	(215,000)	(190,000)
Net cash provided by (Used in) noncapital financing activities	<u>(2,505,000)</u>	<u>(450,000)</u>	<u>-</u>	<u>(2,335,000)</u>	<u>(185,000)</u>	<u>(240,000)</u>	<u>(215,000)</u>	<u>(190,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:								
Sales of investments	-	-	-	-	-	-	-	-
Collection of principal on loans to local governmental units	2,505,000	450,000	-	2,335,000	185,000	240,000	215,000	190,000
Loans to local governments	-	-	-	-	-	-	-	-
Interest income	4,945	1,421	516	4,313	1,123	559	1,291	1,029
Net cash provided by (used in) investing activities	<u>2,509,945</u>	<u>451,421</u>	<u>516</u>	<u>2,339,313</u>	<u>186,123</u>	<u>240,559</u>	<u>216,291</u>	<u>191,029</u>
Net increase (decrease) in cash and cash equivalents	226	114	51	183	96	32	102	85
Cash and cash equivalents, beginning of year	-	-	-	3	2	1	2	1
Cash and cash equivalents, end of year	<u>226</u>	<u>114</u>	<u>51</u>	<u>186</u>	<u>98</u>	<u>33</u>	<u>104</u>	<u>86</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:								
Operating income (loss)	\$ (4,721)	\$ (1,308)	\$ (465)	\$ (4,133)	\$ (1,027)	\$ (535)	\$ (1,188)	\$ (944)
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	25,958	618	-	3,123	1,943	366	1,719	1,995
Increase (Decrease) Accrued interest payable	(25,050)	(393)	-	(2,276)	(1,850)	(246)	(1,613)	(1,900)
Increase (Decrease) Other accrued liabilities	(906)	(224)	-	(844)	(93)	(112)	(107)	(95)
Net cash provided by (used in) operating activities	<u>(4,719)</u>	<u>(1,307)</u>	<u>(465)</u>	<u>(4,130)</u>	<u>(1,027)</u>	<u>(527)</u>	<u>(1,189)</u>	<u>(944)</u>

(continued)

**OKLAHOMA WATER RESOURCES BOARD STATE LOAN
PROGRAM REVENUE BONDS**

**SUPPLEMENTAL INFORMATION
COMBINING STATEMENTS OF CASH FLOWS
2016 General Bond Resolution State Loan Program
For the Year Ended June 30, 2023**

	2021C Bond	2021D Bond	2022A Bond	2022B Bond	2023A Bond	2016 Debt Service Reserve Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:							
Collections of interest on loans to local governmental units	\$ 533,398	\$ 916,637	\$ 1,201,792	\$ 3,267,182	\$ -	\$ -	\$ 21,304,535
Payments from (to) other suppliers	(44,672)	(54,058)	(62,674)	(134,218)	-	-	(1,109,231)
Interest paid on debt	(490,862)	(863,998)	(1,140,834)	(3,138,113)	-	-	(20,241,516)
Net cash provided by (Used in) operating activities	(2,136)	(1,419)	(1,716)	(5,149)	-	-	(46,212)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Transfer from Oklahoma Water Resources Board	-	-	-	-	-	213,362	213,362
Transfer (to) from Oklahoma Water Resources Board	-	-	-	-	-	(289,502)	(289,502)
Issuance of long-term debt	-	-	-	-	46,370,000	-	46,370,000
Repayments of long-term debt	(125,000)	-	-	-	-	-	(12,960,000)
Net cash provided by (Used in) noncapital financing activities	(125,000)	-	-	-	46,370,000	(76,140)	33,333,860
CASH FLOWS FROM INVESTING ACTIVITIES:							
Sales of investments	-	-	-	-	-	(721,999)	(721,999)
Collection of principal on loans to local governmental units	-	-	-	-	-	-	12,835,000
Loans to local governments	125,000	-	-	-	(46,370,000)	-	(46,245,000)
Interest income	1,020	1,579	1,911	5,748	-	529,298	578,167
Net cash provided by (used in) investing activities	126,020	1,579	1,911	5,748	(46,370,000)	(192,701)	(33,553,832)
Net increase (decrease) in cash and cash equivalents	(1,116)	160	195	599	-	(268,841)	(266,184)
Cash and cash equivalents, beginning of year	1,217	-	-	-	-	7,461,751	7,473,748
Cash and cash equivalents, end of year	101	160	195	599	-	\$ 7,192,910	\$ 7,207,564
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:							
Operating income (loss)	\$ (2,136)	\$ (1,419)	\$ (6,165)	\$ (5,109)	\$ 13	\$ -	\$ (50,424)
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	1,000	-	51,277	(513,115)	(139,925)	-	(504,106)
Increase (Decrease) Accrued interest payable	(937)	-	(48,676)	492,845	133,999	-	486,166
Increase (Decrease) Other accrued liabilities	(63)	-	1,848	20,230	5,913	-	22,152
Net cash provided by (used in) operating activities	(2,136)	(1,419)	(1,716)	(5,149)	-	\$ -	\$ (46,212)

**OKLAHOMA WATER RESOURCES BOARD
2016 GENERAL BOND RESOLUTION STATE LOAN PROGRAM
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE

**OKLAHOMA WATER RESOURCES BOARD
2016 GENERAL BOND RESOLUTION STAE LOAN PROGRAM
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019**

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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 2016 General Bond Resolution State Loan Program (“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

