

**State of Arkansas Construction Assistance
Revolving Loan Fund Program**

Auditor's Report and Financial Statements

June 30, 2013 and 2012



State of Arkansas Construction Assistance Revolving Loan Fund Program

June 30, 2013 and 2012

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Independent Auditor's Report on Financial Statements and Supplementary Information

The Commissioners of the Arkansas Natural
Resources Commission (ANRC)

The Board of Directors of
Arkansas Development Finance Authority (ADFA)

We have audited the accompanying basic financial statements, which are comprised of a statement of net position as of June 30, 2013 and 2012, and statements of revenues, expenses and changes in net position and of cash flows for the years then ended and the related notes to the financial statements, as listed in the table of contents, of the State of Arkansas Construction Assistance Revolving Loan Fund Program (the Program).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The Commissioners of the Arkansas Natural
Resources Commission (ANRC)

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Arkansas Development Finance Authority (ADFA)
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2013 and 2012, and its changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in *Note 1*, the financial statements of the Program are intended to present the financial position, and the results of its operations and cash flows, where applicable, of only that portion of the business-type activities of the State of Arkansas (the State) that is attributable to the transactions of the Program. They do not purport to, and do not, present fairly the financial position of the State as of June 30, 2013 and 2012, and the changes in its financial position and its cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 basic financial statements as a whole. The supplementary information listed in the table of contents, is presented for purposes of additional analysis and is 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.

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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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Little Rock, Arkansas
October 31, 2013

**State of Arkansas Construction Assistance
Revolving Loan Fund Program
Management's Discussion and Analysis
June 30, 2013 and 2012**

This discussion and analysis is designed to assist the reader in focusing on significant issues and activities and to identify any significant changes in the financial position of the Construction Assistance Revolving Loan Fund Program (the Program). Readers are encouraged to consider the information presented in conjunction with the financial statements and notes as a whole, which follow this section of the report.

Discussion of Financial Statements

The June 30, 2013, basic financial statements include three required statements: The statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows. Comparative totals as of and for the years ended June 30, 2012 and 2011, are also presented. Although not required, these comparative totals are intended to facilitate an enhanced understanding of the Program's financial position and results of operations for the current fiscal year in comparison to the prior fiscal years. Additional information, following the *Notes to Financial Statements*, includes the combining statement of net position; the combining statement of revenues, expenses and changes in net position; as well as the combining statement of cash flows. These combining statements detail the Revolving Loan Fund and the Fees and Expenses Fund, which comprise the Program.

Condensed Financial Information – Statements of Net Position

(In thousands)

| | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|--|-------------------|-------------------|-------------------|
| Total assets | \$ <u>385,519</u> | \$ <u>377,679</u> | \$ <u>332,143</u> |
| Current liabilities | 11,501 | 11,724 | 11,794 |
| Noncurrent liabilities | <u>45,727</u> | <u>56,752</u> | <u>29,228</u> |
| Total liabilities | <u>57,228</u> | <u>68,476</u> | <u>41,022</u> |
| Net position – restricted for program requirements | \$ <u>328,291</u> | \$ <u>309,203</u> | \$ <u>291,121</u> |

The Program's total assets increased to \$385.5 million at June 30, 2013, from \$377.7 million at June 30, 2012, and from \$332.1 million at June 30, 2011. In the current fiscal year, loans receivable increased \$30.9 million and investments, current and restricted, increased \$6.4 million which is offset by decreases of \$29.1 million in cash and cash equivalents and \$385,000 in accounts receivable – Environmental Protection Agency (EPA). In the prior fiscal year, the Program had increases in cash and cash equivalents and investments of \$65.7 million, which were offset by a decline of \$20.3 million in loans receivable. The Program received \$18.0 million in loan prepayments from borrowers in the prior year.

**State of Arkansas Construction Assistance
Revolving Loan Fund Program
Management's Discussion and Analysis
June 30, 2013 and 2012**

The following table reports loan activity for each year (in thousands):

| | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|---|------------------|--------------------|-------------------|
| Loan disbursements | \$ 60,729 | \$ 19,017 | \$ 17,996 |
| Loan repayments | <u>29,838</u> | <u>39,280</u> | <u>21,759</u> |
| Net increase (decrease) in loans receivable | \$ <u>30,891</u> | \$ <u>(20,263)</u> | \$ <u>(3,763)</u> |

The following table reflects the disbursement of funds to new and existing loan borrowers (in thousands):

| | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-------------------------------------|-------------|-------------|-------------|
| New loans | \$ 66,000 | \$ 90,778 | \$ 4,150 |
| Loan disbursements – new loans | 4,171 | 10,830 | 2,376 |
| Existing loans | 130,300 | 79,691 | 79,596 |
| Loan disbursements – existing loans | 56,558 | 8,187 | 15,620 |

The Program continually made loans from federal grant funds from EPA, state matching funds and revolving Program funds. The Program received federal funds in the form of an annual capitalization grant (Base) and a 2010 American Recovery and Reinvestment Act (ARRA) grant. In the current fiscal year, as encouraged by EPA, the Program focused on utilizing federal funds, when available, to fund loans. The Program continued to use 2009 Issue Prepayment funds and revolving program funds. The table below reflects the amounts used from each funding source for fiscal years 2013, 2012 and 2011 (in thousands):

| | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-----------------------------|------------------|------------------|------------------|
| EPA Federal | | | |
| Base | \$ 14,724 | \$ 11,999 | \$ 2,627 |
| ARRA | - | 2,392 | 6,585 |
| State Matching | 4,181 | 1,588 | 2,201 |
| 2009 Issue Prepayment Funds | 2,986 | 1,008 | 936 |
| Revolving Program Funds | 38,838 | 1,250 | 5,647 |
| Administrative Funds | <u>-</u> | <u>780</u> | <u>-</u> |
| | \$ <u>60,729</u> | \$ <u>19,017</u> | \$ <u>17,996</u> |

The Program utilized its cash within the Program as an additional funding source, essentially revolving the assets.

The federal fiscal year 2013 Base grant has been approved by the EPA in the amount of \$8.7 million and will be available in October 2013.

**State of Arkansas Construction Assistance
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Management's Discussion and Analysis
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The Program's total liabilities decreased to \$57.2 million at June 30, 2013, from \$68.5 million at June 30, 2012, and increased from \$41.0 million at June 30, 2011. The decline for fiscal year 2013 was attributable to the scheduled bond redemptions of \$11.3 million. For fiscal year 2012, the Program issued the \$57.0 million Revolving Loan Fund Revenue Bonds, Series 2011 C (Series 2011 C). These bonds were issued by the Program and the Safe Drinking Water Revolving Loan Fund Program. The Program's portion of the Series 2011 C issue was \$32.7 million plus \$5.1 million for bond premiums, which was offset by scheduled bond redemptions paid of \$11.3 million.

Condensed Financial Information – Statements of Revenues, Expenses and Changes in Net Position

(In thousands)

| | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-----------------------------------|-------------------|-------------------|-------------------|
| Total interest income | \$ 5,291 | \$ 5,500 | \$ 5,858 |
| Other income | <u>2,855</u> | <u>2,475</u> | <u>2,502</u> |
| Total operating revenues | <u>8,146</u> | <u>7,975</u> | <u>8,360</u> |
| Total interest on bonds and notes | 3,610 | 4,080 | 2,975 |
| Total amortization expense | (788) | (600) | (264) |
| Federal financial assistance | 612 | 91 | 3,836 |
| Administrative expense | <u>251</u> | <u>252</u> | <u>267</u> |
| Total operating expenses | <u>3,685</u> | <u>3,823</u> | <u>6,814</u> |
| Operating income | 4,461 | 4,152 | 1,546 |
| Base federal grants | 15,706 | 12,528 | 3,017 |
| ARRA federal grants | 1 | 2,482 | 10,421 |
| Transfers (out) in, net | <u>(1,080)</u> | <u>(1,080)</u> | <u>919</u> |
| Change in net position | 19,088 | 18,082 | 15,903 |
| Net position | | | |
| Beginning of year | <u>309,203</u> | <u>291,121</u> | <u>275,218</u> |
| End of year | <u>\$ 328,291</u> | <u>\$ 309,203</u> | <u>\$ 291,121</u> |

**State of Arkansas Construction Assistance
Revolving Loan Fund Program
Management's Discussion and Analysis
June 30, 2013 and 2012**

Total operating revenues has fluctuated over the past three years. Operating revenues increased \$171,000 during fiscal year 2013 and declined \$385,000 during fiscal year 2012. In the current fiscal year, other interest income increased \$427,000 which represented a one-time gain on the sale of an asset. The interest income on loans has declined \$291,000 even though the loans receivable continued to increase. The Program has added new loans at an average interest yield of 1.74% compared to 3.05% for loans that paid off in the current fiscal year. Overall, the Program has a return on loan interest income of 2.12%, 2.30% and 2.31% for fiscal years 2013, 2012 and 2011, respectively. During the prior fiscal year, the Program's loan mortgage interest income declined \$279,000 and investment interest income declined \$79,000. The decline in mortgage interest income was attributable to the decline in loan balances mainly due to receiving approximately \$18.0 million in prepayments during the year. The decline in investment interest income was attributable to investments not being purchased until the last quarter of the fiscal year and funds remaining in cash with extremely low rates.

Base federal grants revenue increased \$3.2 million in the current fiscal year. The ARRA federal grants declined \$2.5 million in the current fiscal year. The ARRA federal grant was fully expended in fiscal year 2013. Information regarding when Base federal grant awards were expended for construction draws and principal forgiveness loans is as follows (in thousands):

| Federal Award Year | Beginning Balance | Amount Expended in | | |
|--------------------|-------------------|--------------------|-----------|-----------|
| | | FY2011 | FY2012 | FY2013 |
| 2010 | \$ 12,795 | \$ 2,627 | \$ 7,557 | \$ 2,611 |
| 2011 | 9,272 | - | 4,442 | 4,468 |
| 2012 | 8,869 | - | - | 8,256 |
| | | \$ 2,627 | \$ 11,999 | \$ 15,335 |

The Program continues to fund loans from other revenue sources including \$46.0 million from the Program funds, state match funds and loan prepayments.

Revenues from investments were \$218,000, \$136,000 and \$215,000 for fiscal years ended June 30, 2013, 2012 and 2011, respectively. The average return on cash, cash equivalents and investments was 0.09%, 0.03% and 0.36% for years ended June 30, 2013, 2012 and 2011, respectively. The Program maintains liquidity to fund projects as needed. During the current fiscal year, the Program invested excess funds in U. S. Treasury and agencies obligations at higher yields than current money market mutual fund rates.

**State of Arkansas Construction Assistance
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Operating expenses decreased by \$138,000 and \$3.0 million during 2013 and 2012, respectively. During fiscal year 2013, the Program expensed \$1,000 in principal forgiveness loans funded by the ARRA federal grant funds as compared to \$91,000 in fiscal year 2012. In the current fiscal year, the program began making principal forgiveness loans from the Base capitalization grants per EPA requirements. The Program forgave \$611,000 in principal. The Program's interest on bonds and notes decreased \$470,000 in fiscal year 2013, which correlated to the decrease in bonds payable. Program administration expenses totaled \$251,000, \$252,000 and \$267,000 for the fiscal years ended June 30, 2013, 2012 and 2011, respectively. These expenses included amounts paid for audit expense, trustee fees and the administrative fee to the Arkansas Development Finance Authority (ADFA).

Transfers in and out are comprised of transfers to or from other state programs or agencies. During fiscal year 2013, the Program funded \$3.7 million for state match from funds within the Program and transferred out \$1.1 million to Arkansas National Resources Commission (ANRC) for administrating the Program. The funding source for the administrative fee is 4% of the EPA capitalization grant along with funds from the Fees and Expenses Fund. During fiscal year 2012, the Program funded state match from funds within the Program. The Program transferred out \$1.1 million to ANRC for administrating the Program.

The net position of the Program increased \$37.2 million in the past two years. The bond resolutions and the Program restrict all of the net position.

The overall financial position and results of operations of the Program have improved.

Contact Regarding the Program

This financial report is designed to provide bondholders, constituents and business partners with a general overview of the Program's finances and to show the Program's accountability for the funds it administers. Questions about this report and requests for additional financial information should be directed to the ADFA Vice President for Finance and Administration by telephoning 501.682.5900 or by contacting the ANRC Water Development Division Chief at 501.682.1611.

State of Arkansas Construction Assistance Revolving Loan Fund Program

Statements of Net Position June 30, 2013 and 2012

(In thousands)

| | 2013 | 2012 |
|--|------------|------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 93,088 | \$ 122,201 |
| Accrued interest receivable | | |
| Investments | 59 | 41 |
| Loans | 479 | 375 |
| Accounts receivable | | |
| Borrowers | 224 | 124 |
| Environmental Protection Agency | 1 | 386 |
| Investments – current portion | 30,000 | 29,310 |
| Total current assets | 123,851 | 152,437 |
| Noncurrent Assets | | |
| Investments – restricted | 8,356 | 2,676 |
| Loans receivable – restricted | | |
| Construction | 252,019 | 221,128 |
| Wetlands mitigation | 933 | 933 |
| Other assets | 360 | 505 |
| Total noncurrent assets | 261,668 | 225,242 |
| Total assets | 385,519 | 377,679 |
| Current Liabilities | | |
| Accounts payable | 203 | 202 |
| Accrued interest payable | 188 | 202 |
| Bonds payable – current portion | 11,110 | 11,320 |
| Total current liabilities | 11,501 | 11,724 |
| Noncurrent Liabilities | | |
| Deferred fees | 183 | 371 |
| Bonds payable, net of unamortized premiums (discounts) | 45,544 | 56,381 |
| Total noncurrent liabilities | 45,727 | 56,752 |
| Total liabilities | 57,228 | 68,476 |
| Net Position | | |
| Restricted for program requirements | \$ 328,291 | \$ 309,203 |

**State of Arkansas Construction Assistance
Revolving Loan Fund Program**
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2013 and 2012

(In thousands)

| | 2013 | 2012 |
|---|-------------------|-------------------|
| Operating Revenues | | |
| Interest on investments | \$ 218 | \$ 136 |
| Interest on loans | 5,073 | 5,364 |
| Financing fees | 2,537 | 2,542 |
| Net depreciation of investments | (117) | (75) |
| Other | 435 | 8 |
| Total operating revenues | 8,146 | 7,975 |
| Operating Expenses | | |
| Program administration | 251 | 252 |
| Federal financial assistance | | |
| American Recovery and Reinvestment Act | 1 | 91 |
| Base | 611 | - |
| Bond interest | 3,610 | 4,080 |
| Amortization of bond issuance costs | 144 | 154 |
| Amortization of bond discounts and premiums | (932) | (754) |
| Total operating expenses | 3,685 | 3,823 |
| Operating Income | 4,461 | 4,152 |
| Nonoperating Revenues | | |
| Base federal grants | 15,706 | 12,528 |
| American Recovery and Reinvestment Act federal grants | 1 | 2,482 |
| Total nonoperating revenues | 15,707 | 15,010 |
| Income Before Transfers Out, Net | 20,168 | 19,162 |
| Transfers Out, Net | (1,080) | (1,080) |
| Change in Net Position | 19,088 | 18,082 |
| Net Position, Beginning of Year | 309,203 | 291,121 |
| Net Position, End of Year | \$ 328,291 | \$ 309,203 |

State of Arkansas Construction Assistance Revolving Loan Fund Program

Statements of Cash Flows Years Ended June 30, 2013 and 2012

(In thousands)

| | 2013 | 2012 |
|---|-----------|------------|
| Operating Activities | | |
| Interest received on investments | \$ 200 | \$ 110 |
| Interest received on loans | 4,969 | 5,359 |
| Financing fee income received | 2,249 | 2,380 |
| Loan disbursements | (60,729) | (19,017) |
| Principal repayments on loans | 29,838 | 39,280 |
| Cash paid for interest | (2,418) | (1,880) |
| Federal grant funds expended | (613) | (91) |
| Cash received (paid) for program administration | 186 | (434) |
| Net cash (used in) provided by operating activities | (26,318) | 25,707 |
| Noncapital Financing Activities | | |
| Repayment of long-term debt | (11,320) | (11,310) |
| Proceeds from bond issuance | - | 37,722 |
| Cash paid for cost of issuance of long-term debt | - | (246) |
| Transfers out | (1,080) | (1,080) |
| Nonoperating grants received | 16,091 | 15,015 |
| Net cash provided by noncapital financing activities | 3,691 | 40,101 |
| Investing Activities | | |
| Proceeds from maturities of investments | 19,312 | 8,729 |
| Purchase of investments | (25,798) | (29,431) |
| Net cash used in investing activities | (6,486) | (20,702) |
| (Decrease) Increase in Cash and Cash Equivalents | (29,113) | 45,106 |
| Cash and Cash Equivalents, Beginning of Year | 122,201 | 77,095 |
| Cash and Cash Equivalents, End of Year | \$ 93,088 | \$ 122,201 |

**State of Arkansas Construction Assistance
Revolving Loan Fund Program
Statements of Cash Flows (Continued)
Years Ended June 30, 2013 and 2012**

(In thousands)

| | 2013 | 2012 |
|---|-------------|-------------|
| Reconciliation of Operating Income to Net Cash (Used In) | | |
| Provided by Operating Activities | | |
| Operating income | \$ 4,461 | \$ 4,152 |
| Items not requiring (providing) operating activities cash flows | | |
| Amortization of bond issuance costs | 144 | 154 |
| Amortization of bond discounts and premiums | 274 | 1,336 |
| Amortization of deferred financing fees | (188) | (216) |
| Net depreciation of investments | 117 | 75 |
| Changes in | | |
| Accrued interest receivable | | |
| Investments | (18) | (25) |
| Loans | (104) | (5) |
| Accounts receivable – borrowers | (100) | 53 |
| Loans receivable | (30,891) | 20,263 |
| Accounts payable | 1 | (189) |
| Accrued interest payable | (14) | 109 |
| Net cash (used in) provided by operating activities | \$ (26,318) | \$ 25,707 |

State of Arkansas Construction Assistance Revolving Loan Fund Program

Notes to Financial Statements

June 30, 2013 and 2012

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

The State of Arkansas Construction Assistance Revolving Loan Fund Program (the Program), an enterprise fund of the State of Arkansas, was created pursuant to the 1987 Amendments (P.L.100-4) to the "Clean Water Act" (P.L.92-500) to provide a perpetual fund for financing the construction of wastewater treatment facilities for municipalities and other public entities. The Program is to be capitalized with federal grants from the U.S. Environmental Protection Agency (EPA) and state matching funds on a ratio of five federal dollars to one state dollar.

As of July 2001, Arkansas Natural Resources Commission (ANRC), formerly known as Arkansas Soil and Water Conservation Commission, became the lead agency for the Program (previously led by Arkansas Department of Environmental Quality). As lead agency, ANRC is responsible for performing technical project reviews, monitoring construction and coordinating the total management of the Program. Act 1243 of 2006 authorized the name change to ANRC, which has not had an impact on the Program. Arkansas Development Finance Authority (ADFA) serves as financial manager for the Program under an interagency agreement. ADFA is responsible for investing and disbursing funds as authorized by the lead agency, servicing loans, preparing and submitting monthly financial reports and annual financial statements and procuring audit services. ADFA is reimbursed for Program administration costs through a calculation based on loans outstanding in accordance with the interagency agreement. The amounts incurred to ADFA for administration costs for the years ended June 30, 2013 and 2012, were \$203,000 and \$185,000, respectively.

The Arkansas Agriculture Water Quality Loan Program (AAWQLP) is accounted for within the Program. Under the AAWQLP, ANRC establishes noninterest-bearing cash accounts with financial institutions. In fiscal year 2007, an agreement was established with AgriBank in which AAWQLP would purchase a noninterest bearing bond in conjunction with loans made by AgriBank under the AAWQLP guidelines. Loans are originated by the financial institution or AgriBank to the farmers or property owners that provide for the installation of water quality, anti-pollution equipment. Interest income normally earned on these balances at the financial institutions or on the bond is used to reduce the interest rates applicable to the loans obtained by the farmers or other property owners. ANRC has established a Program contribution limit to AAWQLP in the amount of \$25 million. As of June 30, 2013 and 2012, the AAWQLP had \$15.4 million and \$18.9 million, respectively, in deposits and investments with various financial institutions.

State of Arkansas Construction Assistance Revolving Loan Fund Program

Notes to Financial Statements

June 30, 2013 and 2012

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Material estimates that are particularly susceptible to significant change relate to the determination of fair values of investments.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Program is accounted for as an enterprise fund for financial reporting purposes and utilizes the economic resource measurement focus and accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred.

Operating revenues and expenses are distinguished from nonoperating items in the Program's statement of revenues, expenses and changes in net position. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating items.

Recently Issued Accounting Pronouncements

In March 2012, the Governmental Accounting Standards Board issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Although the Authority is still determining the impact of this pronouncement, it is expected to affect how the refunding of debt and debt issuance costs are recorded. It is effective for periods beginning after December 15, 2012.

Cash and Cash Equivalents

The Program considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2013 and 2012, cash equivalents of \$93.1 million and \$122.2 million, respectively, consisted primarily of money market mutual funds with variable interest rates.

Included in cash equivalents on the Program's statement of net position is the Fees and Expenses Fund with a balance of approximately \$4.2 million and \$4.1 million at June 30, 2013 and 2012, respectively. This fund contains fees charged on loans of the Program, as allowed by EPA. These funds may be used at the discretion of ANRC to fund expenses of the Program.

State of Arkansas Construction Assistance Revolving Loan Fund Program

Notes to Financial Statements

June 30, 2013 and 2012

Investments

Investments are carried at fair value. Fair value is determined using quoted market prices.

Bond Issuance Costs and Discounts and Premiums

Costs related to issuing bonds and discounts and premiums on sales of bonds are capitalized and are amortized over the term of the bonds using the effective interest method. Early retirement of bonds results in the acceleration of amortization of bond issuance costs and discounts and premiums.

Financing Fees

The Program receives monthly financing fees from borrowers. Prior to 2000, the Program charged closing fees that were deferred and are currently being amortized into income ratably over the terms of the bonds outstanding.

Net Position Restricted by Bond Resolution and Program Requirements

Net position restricted by bond resolution and program requirements represent funds restricted due to the specific provisions of the Program.

State of Arkansas Construction Assistance Revolving Loan Fund Program

Notes to Financial Statements

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Income Taxes

As an essential government function of the State of Arkansas, the Program is exempt from income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law.

Note 2: Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Program's deposits may not be returned to it. The Program's deposit policy for custodial credit risk requires compliance with the provisions of state law and bond indentures. Deposits are collateralized for those amounts exceeding federal depository insurance, typically with obligations of the U.S. Treasury, U.S. agencies or instrumentalities or municipal bonds having an aggregate market value at least equal to the amount of the deposits.

At June 30, 2013 and 2012, \$5.7 million and \$5.7 million of the Program's deposits (and carrying value) of \$9.6 million and \$11.6 million were exposed to custodial credit risk as follows:

| <i>(In thousands)</i> | 2013 | 2012 |
|---|-----------------|-----------------|
| Uninsured and collateral held by pledging financial institution trust department or agent in the Program's name | \$ <u>5,729</u> | \$ <u>5,670</u> |

Investments

Arkansas statutes and the Program's General Resolution authorizes the Program to invest in direct obligations of the U.S. government; obligations on which the principal and interest are fully guaranteed or are fully secured, insured or covered by commitments or agreements to purchase by the U.S. government; obligations of agencies and instrumentalities created by act of the United States Congress and authorized thereby to issue securities or evidence of indebtedness, regardless of guarantee of repayment by the U.S. government; obligations of political subdivisions of the United States; certain obligations issued by the State Board of Education; short-term warrants of political subdivisions of the State of Arkansas and municipalities; the sale of federal funds with a maturity of not more than one business day; demand, savings or time deposits fully insured by a federal deposit insurance agency; repurchase agreements that are fully insured by obligations of the U.S. government, any U.S. state or any political subdivision thereof; securities of, or other interest in, any open-end type investment company or investment trust registered under the Investment Company Act of 1940, and which is considered a money market fund, provided that the portfolio is limited principally to U.S. government obligations and the investment company or trust takes delivery of collateral either directly or through an authorized custodian; guaranteed investment contracts; and bank certificates of deposit.

State of Arkansas Construction Assistance Revolving Loan Fund Program

Notes to Financial Statements June 30, 2013 and 2012

At June 30, 2013 and 2012, the Program had the following investments and maturities:

(In thousands)

| Type | June 30, 2013 | | | | |
|---------------------------|-------------------|---------------------|-------------|-------------|--------------|
| | Fair Value | Maturities in Years | | | |
| | | Less than 1 | 1–5 | 6–10 | More than 10 |
| U.S. Treasury obligations | \$ 12,570 | \$ 12,570 | \$ - | \$ - | \$ - |
| U.S. agencies obligations | 25,786 | 25,786 | - | - | - |
| Money market mutual funds | <u>83,499</u> | <u>83,499</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 121,855</u> | <u>\$ 121,855</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(In thousands)

| Type | June 30, 2012 | | | | |
|---------------------------|-------------------|---------------------|-----------------|-------------|--------------|
| | Fair Value | Maturities in Years | | | |
| | | Less than 1 | 1–5 | 6–10 | More than 10 |
| U.S. Treasury obligations | \$ 12,688 | \$ 10,012 | \$ 2,676 | \$ - | \$ - |
| U.S. agencies obligations | 19,298 | 19,298 | - | - | - |
| Money market mutual funds | <u>110,629</u> | <u>110,629</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 142,615</u> | <u>\$ 139,939</u> | <u>\$ 2,676</u> | <u>\$ -</u> | <u>\$ -</u> |

Interest Rate Risk—As a means of limiting its exposure to fair value losses due to rising interest rates, the Program’s investments typically match the term of the corresponding bonds or limits the maturity to expected cash flow needs of the Program.

Credit Risk—Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Program’s investments in U.S. agencies obligations not directly guaranteed by the U.S. government were rated “AAA” or not rated by Moody’s Investors Service and its investments in money market mutual funds or investments of those funds were rated “AAAm” or “AAA” by Standard & Poor’s and “Aaa-mf” or “Aaa” by Moody’s Investors Service.

Custodial Credit Risk—For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Program will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Program’s investment in mutual funds and guaranteed investment contracts are not classified by custodial credit risk category, as they are not evidenced by securities in physical or book entry form.

State of Arkansas Construction Assistance Revolving Loan Fund Program

Notes to Financial Statements

June 30, 2013 and 2012

Concentration of Credit Risk—The Program places no limit on the amount that may be invested in any one issuer. Investments of the Program (not guaranteed by the U.S. government or considered mutual funds) representing 5% or more of total investments are as follows (in thousands):

| Issuer | Fair Value | Percentage |
|------------------------|------------|------------|
| Federal Home Loan Bank | \$ 20,000 | 16% |

Summary of Carrying Values

The carrying values of deposits and investments are included in the statements of net position as follows:

| <i>(In thousands)</i> | 2013 | 2012 |
|--|-------------------|-------------------|
| Carrying value | | |
| Deposits | \$ 9,589 | \$ 11,572 |
| Investments | <u>121,855</u> | <u>142,615</u> |
| | <u>\$ 131,444</u> | <u>\$ 154,187</u> |
| Included in the following statement of net position captions | | |
| Cash and cash equivalents | \$ 93,088 | \$ 122,201 |
| Investments – current portion | 30,000 | 29,310 |
| Investments – restricted | <u>8,356</u> | <u>2,676</u> |
| | <u>\$ 131,444</u> | <u>\$ 154,187</u> |

Note 3: Loans Receivable

The Program originates loans with Arkansas municipalities, sewer improvement districts, and water facilities boards for financing the construction of wastewater treatment facilities. The loans are payable in semi-annual installments. At June 30, 2013 and 2012, such loans had a carrying value of approximately \$253.0 million and \$222.1 million, respectively, of which approximately \$85.9 million and \$65.0 million, respectively, are for projects still under construction. The loans bear interest ranging from 0.0% to 4.0%, and are collateralized by special assessments, user charges or sales and use tax bonds issued by the municipalities, sewer improvement districts and water facilities board.

State of Arkansas Construction Assistance Revolving Loan Fund Program

Notes to Financial Statements June 30, 2013 and 2012

In fiscal year 2010, the Program began funding loans with American Recovery and Reinvestment Act (ARRA) federal funds. As of June 30, 2013, the Program had cumulatively funded with ARRA and other funding sources \$15.0 million in ARRA loans.

Through the years ended June 30, 2013 and 2012, \$611.3 million and \$545.3 million, respectively, in cumulative loans had been approved for funding. At June 30, 2013 and 2012, \$89.8 million and \$84.6 million, respectively, remained encumbered and awaiting disbursement to loan recipients.

Note 4: Bonds Payable

Bonds payable were as follows at June 30:

(In thousands)

| Series | Interest Rate Range | Final Maturity Dates | 2013 | 2012 |
|--------------------------|---------------------|------------------------------------|------------------|------------------|
| 2009-A Serial | 2.50% – 4.00% | 6/1/2018 | \$ 8,005 | \$ 9,420 |
| 2011-A Serial | 2.00% – 4.00% | 6/1/2015 | 11,360 | 11,825 |
| 2011-B Serial Taxable | .75% – 1.20% | 6/1/2013 | - | 9,440 |
| 2011-C Serial | 3.25% – 5.00% | 6/1/2028 | <u>32,655</u> | <u>32,655</u> |
| | | | 52,020 | 63,340 |
| | | Unamortized premiums and discounts | <u>4,634</u> | <u>4,361</u> |
| | | | <u>\$ 56,654</u> | <u>\$ 67,701</u> |

Activity in bonds payable for 2013 was as follows:

(In thousands)

| | Beginning Balance | Additions | Reductions | Ending Balance | Amount Due within One Year |
|---------------------|-------------------|-------------|--------------------|------------------|----------------------------|
| 2009-A | \$ 9,420 | \$ - | \$ (1,415) | \$ 8,005 | \$ 1,480 |
| 2011-A | 11,825 | - | (465) | 11,360 | 9,630 |
| 2011-B | 9,440 | - | (9,440) | - | - |
| 2011-C | <u>32,655</u> | <u>-</u> | <u>-</u> | <u>32,655</u> | <u>-</u> |
| Total bonds payable | <u>\$ 63,340</u> | <u>\$ -</u> | <u>\$ (11,320)</u> | <u>\$ 52,020</u> | <u>\$ 11,110</u> |

State of Arkansas Construction Assistance Revolving Loan Fund Program

Notes to Financial Statements

June 30, 2013 and 2012

The principal amount shown above differs from the amount on the statement of net position due to unamortized premiums and discounts of approximately \$4.6 million.

Activity in bonds payable for 2012 was as follows:

| <i>(In thousands)</i> | Beginning Balance | Additions | Reductions | Ending Balance | Amount Due within One Year |
|-------------------------|------------------------------|----------------------|------------------------|---------------------------|---|
| 2009-A | \$ 10,770 | \$ - | \$ (1,350) | \$ 9,420 | \$ 1,415 |
| 2011-A | 11,825 | - | - | 11,825 | 465 |
| 2011-B | 19,400 | - | (9,960) | 9,440 | 9,440 |
| 2011-C | <u>-</u> | <u>32,655</u> | <u>-</u> | <u>32,655</u> | <u>-</u> |
| Total bonds payable | \$ <u>41,995</u> | \$ <u>32,655</u> | \$ <u>(11,310)</u> | \$ <u>63,340</u> | \$ <u>11,320</u> |

The principal amount shown above differs from the amount on the statement of net position due to unamortized discounts and premiums of approximately \$4.4 million.

Annual debt service requirements to maturity for bonds payable are as follows:

| <i>(In thousands)</i> | Principal | Interest |
|--|----------------------|----------------------|
| Fiscal year ending June 30, | | |
| 2014 | \$ 11,110 | \$ 2,246 |
| 2015 | 4,805 | 1,824 |
| 2016 | 4,335 | 1,620 |
| 2017 | 4,320 | 1,428 |
| 2018 | 4,185 | 1,245 |
| 2019 – 2023 | 13,440 | 3,860 |
| 2024 – 2028 | <u>9,825</u> | <u>1,097</u> |
| | 52,020 | 13,320 |
| Unamortized discounts and premiums | <u>4,634</u> | <u>-</u> |
| | \$ <u>56,654</u> | \$ <u>13,320</u> |

State of Arkansas Construction Assistance Revolving Loan Fund Program

Notes to Financial Statements

June 30, 2013 and 2012

In the current fiscal year, the Program did not have any new bond issuances.

In the prior fiscal year, ADFA issued \$57.0 million in 2011 Revolving Loan Fund Revenue Bonds, Series C (Series 2011 C). The Series 2011 C bond issue was a combined issue between the Program and the State of Arkansas Safe Drinking Water Revolving Loan Fund Program. This issue offered the two programs the option of the cross collateralization transfers which provides strength and stability in making the debt service payments. The Series 2011 C was rated “AAA” by Standard & Poor’s and Fitch Ratings. The portion of the Series 2011 C bond issue allocated to the Program was \$32.7 million.

Note 5: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Economic Dependency

The Program has been economically dependent upon revenue from EPA. The impact of the revenue varies from year to year, and, for the year ended June 30, 2013 and 2012, the Program received 66% and 65%, respectively, of total revenue in the form of federal grants. In the current year, the Program has disbursed \$1,000 of the ARRA grant funds which concluded the ARRA disbursements and \$15.7 million of the Base grant funds. In the prior fiscal year, the Program has disbursed \$2.5 million of the ARRA grant funds and \$12.5 million of Base grant funds. As of June 30, 2013, \$362 thousand of the \$9.7 million fiscal year 2011 Base grant and \$613 thousand of the \$9.2 million fiscal year 2012 Base grant is still to be disbursed.

Principal forgiveness loans

In the fiscal year 2013, the Program began funding principal forgiveness loans (PF) with Base federal capitalization grant funds. EPA required, as part of the Base capitalization grant requirements, that a percentage of the grant be available as subsidy to eligible borrowers. With the federal fiscal year 2010 and 2011 capitalization grant, at least 30% of the grant would be in the form of forgiveness of principal, negative interest loans or grants. The percentage was changed to be not less than 20%, but not greater than 30% of the federal fiscal year 2012 and 2013 grants. However, the above requirement only applies to the portion of total Base capitalization grant federal appropriation that exceeds \$1 billion. To be eligible to receive subsidy, the borrower must show either:

1. The annual utility rates on 4,000 gallons of water is at least 1.5% of the Medium Household Income for the project area, or
2. At least 51% of the benefiting customers have either Low or Moderate Income as defined by the U. S. Department of Housing and Urban Development Community Development Block Grant Program and the utility rates are at least 1.25% of the Medium Household Income.

State of Arkansas Construction Assistance Revolving Loan Fund Program

Notes to Financial Statements

June 30, 2013 and 2012

The chart below shows the minimum and maximum allowed for principal forgiveness loans:

(In thousands)

| Federal Fiscal Year | Grant Award Amount | PF Minimum Amount | PF Maximum Amount | Cumulative Disbursements | PF Amount Remaining to Fund |
|------------------------|--------------------------|-------------------------|-------------------------|-----------------------------|-----------------------------------|
| 2010 | \$ 13,328 | \$ 1,996 | \$ 6,654 | \$ 611 | \$ 1,385 |
| 2011 | 9,657 | 895 | 2,983 | - | 895 |
| 2012 | 9,239 | 513 | 770 | - | 513 |
| 2013 | 8,722 | 411 | 616 | - | 411 |
| | | | | <u>\$ 611</u> | <u>\$ 3,204</u> |

The Program has allocated the minimum for each Base Capitalization grant.

The Program forgives the loans as the construction draws are disbursed. Currently, \$611,000 in principal forgiveness loans has been expensed.

Contingencies

The Program is capitalized by state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the Program has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the management of the Program, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such a contingency.

In conjunction with the issuance of tax-exempt bonds, the Internal Revenue Code of 1986 establishes rules and regulations for arbitrage rebates. The Program has made provisions for revenues above the rebate limit, which must be remitted to the federal government.

Supplementary Information

**State of Arkansas Construction Assistance
Revolving Loan Fund Program
Combining Statement of Net Position
June 30, 2013**

(In thousands)

| | Revolving Loan Fund | Fees and Expenses | Total |
|---|------------------------|----------------------|-------------------|
| Current Assets | | | |
| Cash and cash equivalents | \$ 88,893 | \$ 4,195 | \$ 93,088 |
| Accrued interest receivable | | | |
| Investments | 45 | 14 | 59 |
| Loans | 479 | - | 479 |
| Accounts receivable | | | |
| Borrowers | - | 224 | 224 |
| Environmental Protection Agency | - | 1 | 1 |
| Investments – current portion | <u>30,000</u> | <u>-</u> | <u>30,000</u> |
| Total current assets | <u>119,417</u> | <u>4,434</u> | <u>123,851</u> |
| Noncurrent Assets | | | |
| Investments – restricted | 5,786 | 2,570 | 8,356 |
| Loans receivable – restricted | | | |
| Construction | 252,019 | - | 252,019 |
| Wetlands mitigation | 153 | 780 | 933 |
| Other assets | <u>360</u> | <u>-</u> | <u>360</u> |
| Total noncurrent assets | <u>258,318</u> | <u>3,350</u> | <u>261,668</u> |
| Total assets | <u>377,735</u> | <u>7,784</u> | <u>385,519</u> |
| Current Liabilities | | | |
| Accounts payable | - | 203 | 203 |
| Accrued interest payable | 188 | - | 188 |
| Bonds payable – current portion | <u>11,110</u> | <u>-</u> | <u>11,110</u> |
| Total current liabilities | <u>11,298</u> | <u>203</u> | <u>11,501</u> |
| Noncurrent Liabilities | | | |
| Deferred fees | - | 183 | 183 |
| Bonds payable, net of unamortized premiums (discounts) | <u>45,544</u> | <u>-</u> | <u>45,544</u> |
| Total noncurrent liabilities | <u>45,544</u> | <u>183</u> | <u>45,727</u> |
| Total liabilities | <u>56,842</u> | <u>386</u> | <u>57,228</u> |
| Net Position | | | |
| Restricted for program requirements | <u>\$ 320,893</u> | <u>\$ 7,398</u> | <u>\$ 328,291</u> |

**State of Arkansas Construction Assistance
Revolving Loan Fund Program**
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2013

| <i>(In thousands)</i> | <u>Revolving Loan Fund</u> | <u>Fees and Expenses</u> | <u>Total</u> |
|---|--------------------------------|------------------------------|-------------------|
| Operating Revenues | | | |
| Interest on investments | \$ 100 | \$ 118 | \$ 218 |
| Interest on loans | 5,073 | - | 5,073 |
| Financing fees | 3 | 2,534 | 2,537 |
| Net depreciation of investments | (12) | (105) | (117) |
| Other | <u>435</u> | <u>-</u> | <u>435</u> |
| Total operating revenues | <u>5,599</u> | <u>2,547</u> | <u>8,146</u> |
| Operating Expenses | | | |
| Program administration | - | 251 | 251 |
| Federal financial assistance | | | |
| American Recovery and Reinvestment Act | 1 | - | 1 |
| Base | 611 | - | 611 |
| Bond interest | 3,610 | - | 3,610 |
| Amortization of bond issuance costs | 144 | - | 144 |
| Amortization of bond discounts and premiums | <u>(932)</u> | <u>-</u> | <u>(932)</u> |
| Total operating expenses | <u>3,434</u> | <u>251</u> | <u>3,685</u> |
| Operating Income | <u>2,165</u> | <u>2,296</u> | <u>4,461</u> |
| Nonoperating Revenue | | | |
| Base federal grants | 15,336 | 370 | 15,706 |
| American Recovery and Reinvestment Act federal grants | <u>1</u> | <u>-</u> | <u>1</u> |
| Total nonoperating revenue | <u>15,337</u> | <u>370</u> | <u>15,707</u> |
| Income Before Transfers In (Out) | 17,502 | 2,666 | 20,168 |
| Transfers In (Out) | <u>3,698</u> | <u>(4,778)</u> | <u>(1,080)</u> |
| Change in Net Position | 21,200 | (2,112) | 19,088 |
| Net Position, Beginning of Year | <u>299,693</u> | <u>9,510</u> | <u>309,203</u> |
| Net Position, End of Year | <u>\$ 320,893</u> | <u>\$ 7,398</u> | <u>\$ 328,291</u> |

**State of Arkansas Construction Assistance
Revolving Loan Fund Program
Combining Statement of Cash Flows
Year Ended June 30, 2013**

| <i>(In thousands)</i> | Revolving Loan Fund | Fees and Expenses | Total |
|---|--------------------------------|------------------------------|------------------|
| Operating Activities | | | |
| Interest received on investments | \$ 77 | \$ 123 | \$ 200 |
| Interest received on loans | 4,969 | - | 4,969 |
| Financing fee income received | - | 2,249 | 2,249 |
| Loan disbursements | (60,729) | - | (60,729) |
| Principal repayments on loans | 29,838 | - | 29,838 |
| Cash paid for interest | (2,418) | - | (2,418) |
| Federal grant funds expended | (613) | - | (613) |
| Cash received (paid) for program administration | <u>421</u> | <u>(235)</u> | <u>186</u> |
| Net cash (used in) provided by operating activities | <u>(28,455)</u> | <u>2,137</u> | <u>(26,318)</u> |
| Noncapital Financing Activities | | | |
| Repayment of long-term debt | (11,320) | - | (11,320) |
| Transfers in (out) | 3,699 | (4,779) | (1,080) |
| Nonoperating grants received | <u>15,336</u> | <u>755</u> | <u>16,091</u> |
| Net cash provided by (used in) noncapital financing activities | <u>7,715</u> | <u>(4,024)</u> | <u>3,691</u> |
| Investing Activities | | | |
| Proceeds from maturities of investments | 17,312 | 2,000 | 19,312 |
| Purchase of investments | <u>(25,798)</u> | <u>-</u> | <u>(25,798)</u> |
| Net cash (used in) provided by investing activities | <u>(8,486)</u> | <u>2,000</u> | <u>(6,486)</u> |
| (Decrease) Increase in Cash and Cash Equivalents | (29,226) | 113 | (29,113) |
| Cash and Cash Equivalents, Beginning of Year | <u>118,119</u> | <u>4,082</u> | <u>122,201</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 88,893</u> | <u>\$ 4,195</u> | <u>\$ 93,088</u> |

State of Arkansas Construction Assistance Revolving Loan Fund Program

Combining Statement of Cash Flows (Continued) Year Ended June 30, 2013

| <i>(In thousands)</i> | <u>Revolving Loan Fund</u> | <u>Fees and Expenses</u> | <u>Total</u> |
|--|--------------------------------|------------------------------|--------------------|
| Reconciliation of Operating Income to Net Cash (Used In) Provided By Operating Activities | | | |
| Operating income | \$ 2,165 | \$ 2,296 | \$ 4,461 |
| Items not requiring (providing) operating activities cash flows | | | |
| Amortization of bond issuance costs | 144 | - | 144 |
| Amortization of bond discounts and premiums | 274 | - | 274 |
| Amortization of deferred financing fees | (3) | (185) | (188) |
| Net depreciation of investments | 12 | 105 | 117 |
| Changes in | | | |
| Accrued interest receivable | | | |
| Investments | (23) | 5 | (18) |
| Loans | (104) | - | (104) |
| Accounts receivable – borrowers | - | (100) | (100) |
| Loans receivable | (30,891) | - | (30,891) |
| Accounts payable | (15) | 16 | 1 |
| Accrued interest payable | (14) | - | (14) |
| Net cash (used in) provided by operating activities | <u>\$ (28,455)</u> | <u>\$ 2,137</u> | <u>\$ (26,318)</u> |