Oklahoma Department of Wildlife Conservation

Financial Statements

June 30, 2014 and 2013
(With Independent Auditors' Report Thereon)

FINLEY & COOK
CERTIFIED PUBLIC ACCOUNTANTS

Table of Contents

(Continued)

Table of Contents, Continued

INDEPENDENT AUDITORS' REPORT

Oklahoma Wildlife Conservation Commission
Oklahoma Department of Wildlife Conservation

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oklahoma Department of Wildlife Conservation (the "Department"), a component unit of the State of Oklahoma, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

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; 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 auditors consider 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(Continued)

1421 East 45th Street • Shawnee, OK 74804
P: 405.878.7300 • www.finley-cook.com • F: 405.395.3300

INDEPENDENT AUDITORS' REPORT, CONTINUED

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Department, as of June 30, 2014 and 2013, and the respective changes in financial position thereof for the years then ended, in accordance with accounting principles generally accepted in the United States.

Emphasis of Matters

Department-Only Financial Statements

As discussed in Note 1, the financial statements of the Department are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Oklahoma that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Oklahoma as of June 30, 2014 and 2013, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States. Our opinion is not modified with respect to this matter.

Adoption of New Accounting Standards

As discussed in Note 2 to the financial statements, in 2014 the Department adopted new accounting guidance of the Governmental Accounting Standards Board as follows: Statement No. 65, *Items Previously Reported as Assets and Liabilities;* Statement No. 66, *Technical Corrections—2012—An Amendment of GASB Statements No. 10 and No. 62*; and Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages I–1 and I–7 and the schedule of funding progress—defined benefit pension plan, the schedule of employer contributions—defined benefit pension plan, the schedule of changes in net pension liability—defined benefit pension plan, the schedule of net pension liability—defined benefit pension plan, the schedule of contributions from employer—defined benefit pension plan, the schedule of investment returns—defined benefit pension plan, and the schedule of funding progress—OPEB on pages 51–60 be presented to supplement the basic financial statements. Such information, 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, 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.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Matters, Continued

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* 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. 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. In our opinion, the schedule of expenditures of federal awards is 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 29, 2014, on our consideration of the Department'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 Department's internal control over financial reporting and compliance.

Finley & Cook, PLLC

Shawnee, Oklahoma
September 29, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Oklahoma Department of Wildlife Conservation (the "Department"), we offer readers of the Department's financial statements this overview and analysis of the financial activities for the fiscal years ended June 30, 2014 and 2013.

Financial Highlights

- During 2014 and 2013, the Department generated revenues of approximately $61 million and $48 million, respectively.

- In 2014 and 2013, the net position of the Department increased by approximately $18 million and $4 million, respectively, from the previous fiscal year, resulting in net position of approximately $196 million at year-end in fiscal year 2014 and approximately $179 million at year-end in fiscal year 2013.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Department's basic financial statements. The Department's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) governmental fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) are designed to provide readers with a broad overview of the Department's finances, in a manner similar to a private-sector business. Taxes and intergovernmental revenues support the governmental activities.

The statement of net position presents information on all of the Department's assets and liabilities, with the difference between the two reported as net position. Increases and decreases in net position serve as useful indicators of whether the financial position of the Department is improving or deteriorating.

The statement of activities presents information demonstrating the degree of change in net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

(Continued)

Overview of the Financial Statements, Continued

Governmental Fund Financial Statements

Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, this information may be useful in evaluating a government's near-term financing requirements. The focus of governmental funds is narrower than that of the government-wide financial statements, thus it allows readers to better understand the long-term impact of the government's near-term decision making processes. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

Fiduciary fund financial statements provide information about the financial relationships—such as the retirement plans for the Department's employees—in which the Department acts solely as a trustee for the benefit of others, to whom the resources belong. The Department is responsible for ensuring the assets reported in these funds are used for their intended purposes. The fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the Department's government-wide financial statements due to the Department not being allowed to use these assets to finance its operations.

The Department for reporting purposes maintains two governmental funds and a fiduciary fund. The two governmental funds are the general fund and permanent fund. The general fund is the primary operating fund for the Department, except those required to be accounted for in another fund. Included in the general fund are the assets and operation of the lifetime licensed investment income account. As the resources of the investment income account may be used to support the Department's activities, they are reported in the general fund. The permanent fund accounts for the sale of lifetime licenses. The Department is required to maintain lifetime license sales in perpetuity by State statute. The pension trust funds account for the activities of the Department's retirement pension plans, which accumulate resources for pension benefit payments to qualified employees. Information is presented separately in the governmental fund balance sheet for the governmental funds and the fiduciary fund. All transactions relating to the general administration of the Department are accounted for in the governmental fund statement of revenues, expenditures, and changes in fund balances, whereas the fiduciary fund is custodial in nature and does not present results of operations or have a measurement focus.

Capital Assets

The Department's investment in capital assets for its governmental activities as of June 30, 2014, 2013, and 2012, amounted to $83,453,083, $74,641,653, and $74,200,123, respectively. As a direct result of Governmental Accounting Standards Board (GASB) 34 implementation, our capital assets are being depreciated on a straight-line method over the asset's useful life and reported net of accumulated depreciation.

(Continued)

Changes in Net Position

Our revenue consists mainly of hunting and fishing license revenue, caviar sales, and federal operating grants. Our agency is a constitutional agency and does not receive state appropriations. Caviar sales and an increase in federal grants accounted primarily for the increase in funds from the prior fiscal year. Additionally, there was a net increase of approximately $8,811,000 in capital assets.

In fiscal year 2014, our cash and cash equivalents (restricted and unrestricted) increased by approximately $542,000, along with general revenue (including investment income) increasing by approximately $7,302,000. In 2014, license sales increased by approximately $736,000 and lifetime licenses increased by approximately $108,000. Overall expenses decreased by approximately $569,000. In fiscal year 2013, our cash and cash equivalents (restricted and unrestricted) decreased by approximately $2,166,000, along with general revenue (including investment income) increasing by approximately $1,413,000. In 2013, license sales increased by approximately $683,000 and lifetime licenses increased by approximately $25,000. Overall expenses increased by approximately $5,405,000.

The fiduciary net position increased by approximately $12.5 million in 2014 due to investment earnings, resulting in net position restricted for pensions of approximately $97 million, $84 million, and $76 million in fiscal years 2014, 2013, and 2012, respectively.

Government-Wide Financial Analysis

The Department's net position is reported as follows:

Oklahoma Department of Wildlife Conservation Net Position

	2014	2013	2012
Current assets	$ 38,020,126	26,229,255	26,180,274
Restricted assets	80,443,278	82,999,092	78,498,640
Capital assets, net	83,453,083	74,641,653	74,200,123
Total assets	201,916,487	183,870,000	178,879,037
Current liabilities	1,432,553	1,253,685	783,649
Long-term liabilities	4,128,569	4,020,357	3,765,340
Total liabilities	5,561,122	5,274,042	4,548,989
Net investment in capital assets	83,453,083	74,641,653	74,200,123
Restricted net position	80,558,853	83,092,768	78,593,990
Unrestricted	32,343,429	20,861,537	21,535,935
Total net position	$ 196,355,365	178,595,958	174,330,048

(Continued)

Government-Wide Financial Analysis, Continued

Oklahoma Department of Wildlife Conservation Changes in Net Position

	2014			
		Program Revenues		
	Expenses	License Fees	Federal Operating Grants	Net (Expense) Revenue/Change in Net Assets
Programs:				
Game	$ (14,640,006)	4,697,097	13,075,678	3,132,769
Fish	(9,800,668)	4,558,062	6,455,843	1,213,237
Law enforcement	(10,845,342)	3,839,925	-	(7,005,417)
Information and education	(3,617,791)	1,164,568	409,287	(2,043,936)
Nongame	-	-	813,479	813,479
Administration and natural resources	(4,650,804)	1,719,349	-	(2,931,455)
Total program activities	$ (43,554,611)	15,979,001	20,754,287	(6,821,323)
General revenues:				
Other wildlife sales				5,198,900
Sales of general fixed assets				295,450
Investment income				9,837,947
Miscellaneous				3,853,577
Agricultural and oil leases				2,680,164
Non-expendable revenues—lifetime licenses				2,714,692
Total general revenues				24,580,730
Changes in net position				17,759,407
Net position, beginning of year				178,595,958
Net position, end of year				$ 196,355,365

(Continued)

Government-Wide Financial Analysis, Continued

Oklahoma Department of Wildlife Conservation Changes in Net Position, Continued

	2013			
		Program Revenues		
	Expenses	License Fees	Federal Operating Grants	Net (Expense) Revenue/Change in Net Assets
Programs:				
Game	$ (13,522,795)	4,940,497	7,367,991	(1,214,307)
Fish	(12,571,843)	4,419,690	7,407,866	(744,287)
Law enforcement	(11,250,294)	3,683,750	-	(7,566,544)
Information and education	(2,708,690)	859,486	404,195	(1,445,009)
Nongame	-	-	688,069	688,069
Administration and natural resources	(4,070,264)	1,339,274	-	(2,730,990)
Total program activities	$ (44,123,886)	15,242,697	15,868,121	(13,013,068)
General revenues:				
Other wildlife sales				3,885,638
Sales of general fixed assets				442,350
Investment income				4,879,659
Miscellaneous				2,920,163
Agricultural and oil leases				2,544,695
Non-expendable revenues—lifetime licenses				2,606,473
Total general revenues				17,278,978
Changes in net position				4,265,910
Net position, beginning of year				174,330,048
Net position, end of year				$ 178,595,958

(Continued)

Government-Wide Financial Analysis, Continued

Oklahoma Department of Wildlife Conservation Changes in Net Position, Continued

	2012			
		Program Revenues		
	Expenses	License Fees	Federal Operating Grants	Net (Expense) Revenue/Change in Net Assets
Programs:				
Game	$ (11,874,556)	4,719,072	6,242,408	(913,076)
Fish	(9,984,339)	4,221,606	6,078,502	315,769
Law enforcement	(10,628,940)	3,518,650	-	(7,110,290)
Information and education	(2,374,117)	820,966	495,557	(1,057,594)
Nongame	-	-	913,987	913,987
Administration and natural resources	(3,856,746)	1,279,249	-	(2,577,497)
Total program activities	$ (38,718,698)	14,559,543	13,730,454	(10,428,701)
General revenues:				
Other wildlife sales				6,852,019
Sales of general fixed assets				216,300
Investment income				1,625,056
Miscellaneous				1,886,139
Agricultural and oil leases				2,704,450
Non-expendable revenues—lifetime licenses				2,581,947
Total general revenues				15,865,911
Change in net position				5,437,210
Net position, beginning of year				168,892,838
Net position, end of year				$ 174,330,048

(Continued)

Overview of the Oklahoma Department of Wildlife Conservation

The Department was created by a constitutional amendment in 1956 under Article 26. The Department has the primary duties of providing management, protection, and enhancement of wildlife resources and habitat for scientific, educational, recreational, and economic benefits to present and future generations of citizens and visitors to Oklahoma as stated in O.S. 29.

The Oklahoma Wildlife Conservation Commission (the "Commission") is an advisory, administrative, and policy-making body for the Department. The eight members of the Commission are appointed to 8-year terms by the Governor and confirmed by the State Senate of Oklahoma.

Our discussion and analysis of the Department's financial performance provides an overview of the Department's financial activities for the fiscal years ended June 30, 2014 and 2013.

Request for Information

This financial report is designed to provide interested parties with a general overview of the Department's finances and to demonstrate the Department's accountability for the money it receives. If you have any questions regarding this report, please contact the Oklahoma Department of Wildlife Conservation, 1801 North Lincoln Boulevard, Oklahoma City, OK 73105.

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

STATEMENTS OF NET POSITION

June 30,	*2014*	*2013*
Assets:		
Cash and cash equivalents	$ 12,298,890	10,201,415
Receivables	5,393,266	1,559,310
Inventory held for sale	575,016	717,776
Investments	19,752,954	13,750,754
Restricted cash and cash equivalents	11,740,591	13,296,027
Restricted investments	68,695,687	69,696,065
Restricted assets	7,000	7,000
Capital assets, net	83,453,083	74,641,653
Total assets	201,916,487	183,870,000
Liabilities:		
Accounts payable	739,424	455,749
Unearned revenue	364,113	400,075
Compensated absences payable—amount due in 1 year or less	329,016	397,861
Compensated absences payable—amount due in more than 1 year	2,465,365	2,420,481
Net pension obligation—amount due in more than 1 year	1,147,348	1,212,084
Net OPEB obligation—amount due in more than 1 year	515,856	387,792
Total liabilities	5,561,122	5,274,042
Net position:		
Investment in capital assets	83,453,083	74,641,653
Restricted for:		
Lifetime licenses	78,544,087	75,829,395
Purchase of land—legacy permits	2,014,766	7,263,373
Unrestricted	32,343,429	20,861,537
Total net position	$ 196,355,365	178,595,958

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2014

	Expenses	Program Revenues: License Fees	Program Revenues: Federal Operating Grants	Net (Expense) Revenue/Change in Net Assets
Programs:				
Game	$ (14,640,006)	4,697,097	13,075,678	3,132,769
Fish	(9,800,668)	4,558,062	6,455,843	1,213,237
Law enforcement	(10,845,342)	3,839,925	-	(7,005,417)
Information and education	(3,617,791)	1,164,568	409,287	(2,043,936)
Nongame	-	-	813,479	813,479
Administration and natural resources	(4,650,804)	1,719,349	-	(2,931,455)
Total program activities	$ (43,554,611)	15,979,001	20,754,287	(6,821,323)
General revenues:				
Other wildlife sales				5,198,900
Sales of general fixed assets				295,450
Investment income				9,837,947
Miscellaneous				3,853,577
Agricultural and oil leases				2,680,164
Non-expendable revenues—lifetime licenses				2,714,692
Total general revenues				24,580,730
Changes in net position				17,759,407
Net position, beginning of year				178,595,958
Net position, end of year				$ 196,355,365

See Independent Auditors’ Report.
See accompanying notes to financial statements.

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

STATEMENTS OF ACTIVITIES, CONTINUED

Year Ended June 30, 2013

		Program Revenues		
	Expenses	License Fees	Federal Operating Grants	Net (Expense) Revenue/Change in Net Assets
Programs:				
Game	$ (13,522,795)	4,940,497	7,367,991	(1,214,307)
Fish	(12,571,843)	4,419,690	7,407,866	(744,287)
Law enforcement	(11,250,294)	3,683,750	-	(7,566,544)
Information and education	(2,708,690)	859,486	404,195	(1,445,009)
Nongame	-	-	688,069	688,069
Administration and natural resources	(4,070,264)	1,339,274	-	(2,730,990)
Total program activities	$ (44,123,886)	15,242,697	15,868,121	(13,013,068)
General revenues:				
Other wildlife sales				3,885,638
Sales of general fixed assets				442,350
Investment income				4,879,659
Miscellaneous				2,920,163
Agricultural and oil leases				2,544,695
Non-expendable revenues—lifetime licenses				2,606,473
Total general revenues				17,278,978
Changes in net position				4,265,910
Net position, beginning of year				174,330,048
Net position, end of year				$ 178,595,958

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

BALANCE SHEETS—GOVERNMENTAL FUNDS

June 30, 2014

	General Fund	Permanent Fund Perpetual Lifetime Licenses	Total Governmental Funds
Assets:			
Cash and cash equivalents	$ 14,313,656	9,725,825	24,039,481
Investments	19,752,954	68,695,687	88,448,641
Receivables	5,393,266	-	5,393,266
Due from other funds	-	115,575	115,575
Inventory held for sale	575,016	-	575,016
Other assets	-	7,000	7,000
Total assets	$ 40,034,892	78,544,087	118,578,979
Liabilities:			
Accounts payable	$ 739,424	-	739,424
Due to other funds	115,575	-	115,575
Unearned revenue	364,113	-	364,113
Total liabilities	1,219,112	-	1,219,112
Fund balances:			
Nonspendable:			
Lifetime licenses	-	78,544,087	78,544,087
Restricted for:			
Purchase of land—legacy permits	2,014,766	-	2,014,766
Unassigned	36,801,014	-	36,801,014
Total fund balances	38,815,780	78,544,087	117,359,867
Total liabilities and fund balances	$ 40,034,892	78,544,087	118,578,979
Reconciliation:			
Fund balances from above	$ 38,815,780	78,544,087	117,359,867
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	83,453,083	-	83,453,083
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds	(4,457,585)	-	(4,457,585)
Net position per statement of net position	$ 117,811,278	78,544,087	196,355,365

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

BALANCE SHEETS—GOVERNMENTAL FUNDS, CONTINUED

June 30, 2013

	General Fund	Permanent Fund: Perpetual Lifetime Licenses	Total Governmental Funds
Assets:			
Cash and cash equivalents	$ 17,464,787	6,032,655	23,497,442
Investments	13,750,754	69,696,065	83,446,819
Receivables	1,559,310	-	1,559,310
Due from other funds	-	93,675	93,675
Inventory held for sale	717,776	-	717,776
Other assets	-	7,000	7,000
Total assets	$ 33,492,627	75,829,395	109,322,022
Liabilities:			
Accounts payable	$ 455,749	-	455,749
Due to other funds	93,675	-	93,675
Unearned revenue	400,075	-	400,075
Total liabilities	949,499	-	949,499
Fund balances:			
Nonspendable:			
Lifetime licenses	-	75,829,395	75,829,395
Restricted for:			
Purchase of land—legacy permits	7,263,372	-	7,263,372
Unassigned	25,279,756	-	25,279,756
Total fund balances	32,543,128	75,829,395	108,372,523
Total liabilities and fund balances	$ 33,492,627	75,829,395	109,322,022
Reconciliation:			
Fund balances from above	$ 32,543,128	75,829,395	108,372,523
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	74,641,653	-	74,641,653
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds	(4,418,218)	-	(4,418,218)
Net position per statement of net position	$ 102,766,563	75,829,395	178,595,958

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS

Year Ended June 30, 2014

	General Fund	Permanent Fund: Perpetual Lifetime Licenses	Total Governmental Funds
Revenues:			
Licenses	$ 15,979,001	2,714,692	18,693,693
Other wildlife sales	3,251,442	-	3,251,442
Legacy permit sales	1,947,457	-	1,947,457
Agricultural and oil leases	2,680,164	-	2,680,164
Federal grant revenue	20,754,287	-	20,754,287
Investment income—lifetime licenses	9,575,933	-	9,575,933
Investment income	262,014	-	262,014
Miscellaneous	3,853,577	-	3,853,577
Total revenues	58,303,875	2,714,692	61,018,567
Expenditures:			
Administration and natural resources	4,631,952	-	4,631,952
Game	14,584,434	-	14,584,434
Fish	9,742,128	-	9,742,128
Law enforcement	10,798,187	-	10,798,187
Information and education	3,601,630	-	3,601,630
Land acquisitions	8,968,342	-	8,968,342
Total expenditures	52,326,673	-	52,326,673
Revenues over expenditures	5,977,202	2,714,692	8,691,894
Other financing sources:			
Sales of other assets	295,450	-	295,450
Total other financing sources	295,450	-	295,450
Net changes in fund balances	6,272,652	2,714,692	8,987,344
Fund balances, beginning of year	32,543,128	75,829,395	108,372,523
Fund balances, end of year	$ 38,815,780	78,544,087	117,359,867

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS, CONTINUED

Year Ended June 30, 2013

	General Fund	Permanent Fund Perpetual Lifetime Licenses	Total Governmental Funds
Revenues:			
Licenses	$ 15,242,697	2,606,473	17,849,170
Other wildlife sales	1,992,298	-	1,992,298
Legacy permit sales	1,893,340	-	1,893,340
Agricultural and oil leases	2,544,695	-	2,544,695
Federal grant revenue	15,868,121	-	15,868,121
Investment income—lifetime licenses	4,632,706	-	4,632,706
Investment income	246,953	-	246,953
Miscellaneous	2,920,163	-	2,920,163
Total revenues	45,340,973	2,606,473	47,947,446
Expenditures:			
Administration and natural resources	4,047,879	-	4,047,879
Game	13,564,933	-	13,564,933
Fish	12,563,790	-	12,563,790
Law enforcement	11,273,546	-	11,273,546
Information and education	2,699,677	-	2,699,677
Land acquisitions	128,001	-	128,001
Total expenditures	44,277,826	-	44,277,826
Revenues over expenditures	1,063,147	2,606,473	3,669,620
Other financing sources:			
Sales of other assets	442,350	-	442,350
Total other financing sources	442,350	-	442,350
Net changes in fund balances	1,505,497	2,606,473	4,111,970
Fund balances, beginning of year	31,037,631	73,222,922	104,260,553
Fund balances, end of year	$ 32,543,128	75,829,395	108,372,523

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

RECONCILIATION OF NET CHANGES IN GOVERNMENTAL FUND BALANCES TO GOVERNMENTAL ACTIVITIES CHANGES IN NET POSITION

Years Ended June 30,		*2014*	*2013*
Net changes in fund balances—total governmental funds	$	8,987,344	4,111,970
Amounts reported for governmental activities in the statements of activities are different because:			
Governmental funds report capital outlays as expenditures; however, in the statements of activities, the cost of those assets is allocated over their estimated useful lives:			
Depreciation expense		(2,048,783)	(2,208,098)
Net capital asset purchases capitalized		10,860,213	2,649,628
Some expenses reported in the statements of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:			
Compensated absences payable		23,961	(40,981)
Net pension obligation		64,736	(110,078)
Net OPEB obligation		(128,064)	(136,531)
Changes in net position of governmental activities	$	17,759,407	4,265,910

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

STATEMENTS OF FIDUCIARY NET POSITION—FIDUCIARY FUND

June 30, 2014 and 2013

2014	Pension Trust Funds: Defined Benefit Pension Plan	Pension Trust Funds: Defined Contribution Plan	Total
Assets:			
Investments at fair value:			
U.S. government securities	$ 11,355,995	-	11,355,995
U.S. Treasury obligations	16,205,214	-	16,205,214
Collateralized mortgage obligations	1,819,528	-	1,819,528
Corporate bonds	2,152,996	-	2,152,996
Municipals	747,513	-	747,513
Yankee bonds	241,599	-	241,599
Domestic equity securities	23,090,355	-	23,090,355
Equity funds	25,909,299	414,704	26,324,003
International equity funds	6,457,584	-	6,457,584
Alternative investments	3,576,632	-	3,576,632
Cash and cash equivalents	4,904,765	-	4,904,765
Total assets	96,461,480	414,704	96,876,184
Net position—restricted for pension benefits	$ 96,461,480	414,704	96,876,184

2013	Pension Trust Funds: Defined Benefit Pension Plan	Pension Trust Funds: Defined Contribution Plan	Total
Assets:			
Investments at fair value:			
U.S. government securities	$ 9,701,702	-	9,701,702
U.S. Treasury obligations	15,687,685	-	15,687,685
Collateralized mortgage obligations	3,390,420	-	3,390,420
Corporate bonds	2,809,421	-	2,809,421
Municipals	446,936	-	446,936
Yankee bonds	786,185	-	786,185
Domestic equity securities	19,865,990	-	19,865,990
Equity funds	19,119,649	206,330	19,325,979
International equity funds	5,246,304	-	5,246,304
Alternative investments	3,171,105	-	3,171,105
Cash and cash equivalents	3,954,690	-	3,954,690
Total assets	84,180,087	206,330	84,386,417
Net position—restricted for pension benefits	$ 84,180,087	206,330	84,386,417

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION—FIDUCIARY FUND

Year Ended June 30, 2014

	Pension Trust Funds		
	Defined Benefit Pension Plan	Defined Contribution Plan	Total
Additions:			
Contributions:			
Employer's	$ 4,300,000	93,727	4,393,727
Employees'	680,742	78,105	758,847
Total contributions	4,980,742	171,832	5,152,574
Investment income:			
Net appreciation in fair value of investments	10,641,047	55,377	10,696,424
Interest	974,323	-	974,323
Dividends	918,307	-	918,307
Other	11,799	-	11,799
Total investment income	12,545,476	55,377	12,600,853
Less investment expenses	(175,052)	-	(175,052)
Net investment income	12,370,424	55,377	12,425,801
Total additions	17,351,166	227,209	17,578,375
Deductions:			
Benefit payments	5,031,867	13,685	5,045,552
Administration	37,906	5,150	43,056
Total deductions	5,069,773	18,835	5,088,608
Changes in net position	12,281,393	208,374	12,489,767
Net position—restricted for pension benefits, beginning of year	84,180,087	206,330	84,386,417
Net position—restricted for pension benefits, end of year	$ 96,461,480	414,704	96,876,184

See Independent Auditors' Report.
See accompanying notes to financial statements.

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION—FIDUCIARY FUND, CONTINUED

Year Ended June 30, 2013

	Pension Trust Funds		
	Defined Benefit Pension Plan	Defined Contribution Plan	Total
Additions:			
Contributions:			
Employer's	$ 4,100,000	61,151	4,161,151
Employees'	697,769	53,722	751,491
Total contributions	4,797,769	114,873	4,912,642
Investment income:			
Net appreciation in fair value of investments	5,708,864	17,907	5,726,771
Interest	1,106,178	-	1,106,178
Dividends	817,513	-	817,513
Other	4,715	-	4,715
Total investment income	7,637,270	17,907	7,655,177
Less investment expenses	(154,763)	-	(154,763)
Net investment income	7,482,507	17,907	7,500,414
Total additions	12,280,276	132,780	12,413,056
Deductions:			
Benefit payments	4,444,913	4,966	4,449,879
Administration	36,993	3,810	40,803
Total deductions	4,481,906	8,776	4,490,682
Changes in net position	7,798,370	124,004	7,922,374
Net position—restricted for pension benefits, beginning of year	76,381,717	82,326	76,464,043
Net position—restricted for pension benefits, end of year	$ 84,180,087	206,330	84,386,417

See Independent Auditors’ Report.
See accompanying notes to financial statements.

(1) NATURE OF THE ORGANIZATION

Reporting Entity

The Oklahoma Department of Wildlife Conservation (the "Department") was created by a constitutional amendment in 1956 under Article 26. The Department is a department of the State of Oklahoma (the "State") and is included within the financial statements of the State. The Department has the primary duties of providing management, protection, and enhancement of wildlife resources and habitat for scientific, educational, recreational, and economic benefits to present and future generations of citizens and visitors to Oklahoma as stated in O.S. 29.

The Oklahoma Wildlife Conservation Commission (the "Commission") is an advisory, administrative, and policy-making body for the Department. The eight members of the Commission are appointed to 8-year terms by the Governor and confirmed by the State Senate of Oklahoma.

The Department's financial statements include the operations of all organizations for which the Department has financial accountability. Based on this criterion, the Department's employee retirement plans have been included in the accompanying financial statements.

The financial statements of the Department are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the Department, and not those of the entire State.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Department have been prepared in accordance with accounting principles generally accepted in the United States as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Department's accounting policies are described below.

Basis of Presentation and Accounting

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. Governmental activities are supported by license fees, federal grants, and other revenues.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation and Accounting, Continued

The statements of activities demonstrate the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds in which major individual governmental funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Department considers receivables collected within 90 days after year-end to be available and recognizes them as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, net pension obligation, and net other post-employment benefit obligation are recorded only when payment is due.

The Department, in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) has the following major governmental funds:

- The general fund is the Department's primary operating fund. It accounts for all financial resources of the Department, except those required to be accounted for in another fund.

- The perpetual lifetime license fund is a permanent fund which accounts for assets in which the principal may not be spent. The Department is required to maintain lifetime license sales in perpetuity by State statute.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation and Accounting, Continued

Additionally, the Department reports the following fund type:

- The pension trust funds account for the activities of the Department's retirement plans, which accumulate resources for pension benefit payments to qualified employees.

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets together with any ordinary income derived therefrom are accounted for in the fund owning such assets, except for gains and losses and ordinary income of the permanent fund, which are accounted for in the general fund.

Fund Balances

GASB 54 defines fund balances for presentation as follows:

- Nonspendable—includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.
- Restricted—consists of fund balances with constraints placed on the use of the resources either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or b) law through constitutional provisions or enabling legislation.
- Unassigned—represents fund balances that have not been assigned to other funds and have not been restricted, committed, or assigned to specific purposes within the general fund.

Based on the above definitions, the components of the Department's fund balances are as follows:

- Nonspendable—represents the fund balance of the permanent fund, which accounts for assets derived from the sale of lifetime licenses. The nonspendable fund balance was $78,544,087 and $75,829,395 at June 30, 2014 and 2013, respectively. While the Department has inventory, the inventory is composed of items held for resale which will be converted into a spendable form. As such, the inventory is not a component of the nonspendable fund balance.
- Restricted—represents assets derived from the sale of $5 hunting and fishing legacy permits. The proceeds from the permits are to be used by the Department for the purchase of land and for the operation of such lands. Legacy permit sales were $1,947,457 and $1,893,340 for the years ended June 30, 2014 and 2013, respectively. The restricted fund balance was $2,014,766 and $7,263,372 at June 30, 2014 and 2013, respectively.
- Unassigned—represents the total fund balance less nonspendable and restricted. The unassigned fund balance totaled $36,801,014 and $25,279,756 at June 30, 2014 and 2013, respectively.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation and Accounting, Continued

Fund Balances, Continued

Investment earnings from the permanent fund can be utilized for any Department purpose and are reflected in the general fund; the fund balance is classified as unassigned. At June 30, the assets were comprised as follows:

	2014	2013
Cash	$ 2,698,944	1,288,201
Investments	19,752,954	13,750,754
	$ 22,451,898	15,038,955

Changes in the fund balance for the years ended June 30 were as follows:

	2014	2013
Beginning fund balance	$ 15,038,955	16,562,527
Investment earnings	9,575,933	4,632,706
Used in general fund operations	(2,162,990)	(6,156,278)
Ending fund balance	$ 22,451,898	15,038,955

As discussed previously, the Department also receives significant amounts of federal grants. Federal grant monies are considered restricted funds. However, the expenditures for federal grants are principally on a reimbursement basis, and at June 30, 2014 and 2013, there were no significant amounts of unspent federal monies; thus, there were no restricted fund balances related to federal grants. The Department chooses to spend federal grant monies first if both federal and nonfederal monies are available and can be spent for the same allowable purposes.

The Department's budgeting process determines what source to use for land acquisitions when both restricted and unrestricted resources are available, except that federal resources are always expended first.

See Independent Auditors' Report.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash, Cash Equivalents, and Investments

Cash includes amounts on deposit with the Office of the State Treasurer, which is responsible for ensuring proper collateralization and insurance on such funds. Cash equivalents include all highly liquid investments with an original maturity of 3 months or less when purchased. Investments are stated at fair value based on the value reported by independent sources.

State statutes authorize the Department to invest the fiduciary fund in any investment permitted by a written investment policy adopted by the Commission, provided all investments shall be made in accordance with the Oklahoma Uniform Prudent Investor Act. The investment policies allow for investments such as publicly traded stocks, convertible bonds and preferred stocks, alternative investments, and fixed-income securities, whether interest-bearing or discount instruments.

The Department participates in a master investment program operated by the Office of the State Treasurer. The Office of the State Treasurer makes investments at its discretion on behalf of the Department. These investments are mainly composed of certificates of deposit, obligations of the U.S. government and its agencies, and money market funds.

Derivatives

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indexes. They include futures contracts, swap contracts, options contracts, and forward foreign currency exchange. The Department's derivative policy only allows the selling of covered call options on currency futures contracts, of which there were none as of June 30, 2014 or 2013.

The Department invests in mortgage-backed securities, which are reported at fair value in the statements of net position, the balance sheets, and the statements of fiduciary net position and are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which are likely in declining interest rate environments, thereby reducing the values of these securities. The Department invests in mortgage-backed securities to diversify the portfolio and increase the return while minimizing the extent of risk. Details regarding interest rate risks for these investments are included under the interest rate risk disclosures.

Inventory Held for Sale and Unearned Revenue

The Department's inventory held for sale is comprised of paddlefish caviar from the 2014 and 2013 harvest. Buyers must make a 30% deposit and apply for a permit to transport the product across Oklahoma state lines. A sale is recognized when the permit is obtained and the balance is paid. The deposit is included in unearned revenue until the sale is recognized.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Lifetime Licenses

The lifetime licenses sold by the Department are recorded as license revenue upon receipt in the permanent fund. The lifetime license revenue is nonrefundable and is not available for use by the Department. Investment income earned on the assets of the permanent fund is available for use by the Department.

Legacy Permit Sales

The legacy permit sales sold by the Department are recorded as revenue upon receipt in the general fund. The legacy permit revenue is restricted for use by the Department for the purchase of land and for the operation for such land.

Capital Assets

All capital assets are stated at cost at the date of acquisition or fair value at the date of donation, net of accumulated depreciation. Capital assets are defined as long-lived assets with initial individual costs greater than $500. Depreciation is computed on the straight-line method over the following estimated useful lives:

Buildings	39 years
Equipment	5–20 years
Furniture and fixtures	5–10 years
Machinery	10 years
Vehicles	5–8 years
Other	5–20 years

Expenses that increase values, change capacities, or extend useful lives are capitalized. Routine maintenance, repairs, and renewals are charged to operations. Upon disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is reflected in the period in which the asset is disposed.

Compensated Absences

In the government-wide statements, vested or accumulated vacation leave is recorded as an expense and a liability as the benefits accrue to employees. There are no accumulated sick leave benefits that vest for which any liability must be recognized.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Taxes

As an integral part of the State, the income of the Department is exempt from federal and state income taxes.

Federal Financial Awards

The federal government provides financial aid to the Department in the form of grants. The funds received are restricted for restoring, conserving, and enhancing wildlife and sport fish populations. The Department primarily receives federal funds through two federal programs—the Wildlife Restoration Act and the Sport Fish Restoration Program—which make-up the Fish and Wildlife Cluster. The Department considers this financial assistance as a significant part of its general operating activities; therefore, the receipts and disbursements of each program are reported within the general fund.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Risks and Uncertainties

Contributions to the defined benefit retirement plan of the Department are actuarially determined based on certain assumptions based on interest rates, inflation rates, and employee compensation and demographics. Due to the changing nature of these assumptions, it is at least a reasonable possibility that changes in these assumptions may occur in the near term and, due to uncertainties inherit in setting assumptions, that the effect on such changes could be material to the financial statements.

In addition, the Department reports investments in the various funds at fair value, and changes in the stock markets, in all probability, will cause investment earnings to react positively or negatively. Such reactions could be material to the overall financial position of the Department.

Advertising Costs

All costs associated with advertising are expensed as incurred.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). The objective of GASB 65 is to establish 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 or liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Department adopted this statement effective July 1, 2013. The adoption had no significant impact on the Department's financial statements. Presently, the Department has no items of deferred outflows of resources or deferred inflows of resources to be reported.

In March 2012, GASB issued Statement No. 66, *Technical Corrections—2012—An Amendment of GASB Statements No. 10 and No. 62* (GASB 66). GASB 66 improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Department adopted this statement effective July 1, 2013. The adoption had no significant impact on the financial statements of the Department.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans—an Amendment of GASB Statement No. 25* (GASB 67). GASB 67 addresses reporting by pension plans that administer benefits for governments and outlines basic framework for the separately issued financial reports of defined benefit pension plans, and details note disclosure requirements for defined benefit and defined contribution pension plans. The Department adopted GASB 67 effective July 1, 2013. The adoption changed various reporting terminology, footnote disclosures, and required additional supplementary information to be disclosed.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). The primary objective of GASB 68 is to improve accounting and financial reporting by state and local governments for pensions. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. For defined benefit pensions, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This statement is effective for financial statements for periods beginning after June 15, 2014. While not required to be implemented as of June 30, 2014, if implemented a pension liability or deferred outflows of approximately $12,835,000 would have been reflected in the statement of net position of the Department. The Department will be required to implement GASB 68 as of July 1, 2014.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Date of Management's Review of Subsequent Events

The Department has evaluated subsequent events through September 29, 2014, the date that the financial statements were available to be issued, and determined that no subsequent events have occurred which require adjustment to or disclosure in the financial statements.

(3) CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents

At June 30, 2014 and 2013, the Department maintained cash and cash equivalent balances of approximately $14,424,000 and $18,777,000, respectively, with the Office of the State Treasurer and approximately $9,623,000 and $4,727,000, respectively, with a financial institution. The Department's deposits with the Office of the State Treasurer are pooled with the funds of other state agencies and then, in accordance with statutory limitations, placed in banks or invested as the Office of the State Treasurer may determine. Deposits are fully insured or collateralized with securities held by an agent of the State, in the State's name.

Investments

At June 30, investments were composed of the following:

	2014	2013
Restricted—permanent fund	$ 68,695,687	69,696,065
Unrestricted—lifetime license investment account	19,752,954	13,750,754
Total permanent fund and lifetime license investment account	88,448,641	83,446,819
Pension trust funds:		
Defined benefit pension plan	96,461,480	84,180,087
Defined contribution plan	414,704	206,330
Total pension trust funds	96,876,184	84,386,417
Total investments	$ 185,324,825	167,833,236

See Independent Auditors' Report.

(3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments, Continued

Permanent Fund and Lifetime License Investment Account

The following table presents the fair value of the permanent fund and the lifetime license investment account by type at June 30:

Investment Type	Fair Value 2014	Fair Value 2013
Fixed income:		
U.S. government securities	$ 33,492,581	41,735,125
U.S. Treasury obligations	8,919,445	3,062,267
Corporate bonds	1,005,737	1,891,779
Total fixed income	43,417,763	46,689,171
Equities:		
Domestic equity securities	30,669,088	25,227,799
Equity funds	9,242,530	6,645,702
Fixed income fund	1,585,115	1,556,347
Total equities	41,496,733	33,429,848
Alternative investments:		
Open-end mutual funds	3,534,145	3,327,800
	$ 88,448,641	83,446,819

See Independent Auditors' Report.

(3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments, Continued

Permanent Fund and Lifetime License Investment Account, Continued

Custodial Credit Risk—Custodial credit risk is the risk that in the event of the failure of a counterparty, the Department will not be able to recover the value of its investments. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Department, or are held by a counterparty or the counterparty's trust department but not in the name of the Department. While the investment policy does not specifically address custodial credit risk, all cash, cash equivalents, and investments are insured and collateralized.

Concentration of Credit Risk—The investment policy limits the concentration on equity investments to no more than 10% in any one issuer. The investment policy does not address concentrations of fixed-income securities. No single investment exceeded 5% of total investments in the permanent fund and lifetime license investment account, except for individual investments in U.S. government agencies (FNMA). At June 30, 2014 and 2013, the permanent fund and lifetime license investment account did have more than 5% invested in U.S. government obligations; however, these obligations are backed by the full faith and credit of the United States.

Foreign Currency Risk—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The investment policy limits foreign equity investments to 10% of total assets. The international equity securities owned by the Department are traded in U.S. dollars with dividends also being paid in U.S. dollars. As such, they are not subject to foreign currency risk.

(3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments, Continued

Permanent Fund and Lifetime License Investment Account, Continued

Credit Risk—Fixed-income securities are subject to credit risk. Credit quality rating is one method of assessing the ability of the issuer to meet its obligation. The investment policy for fixed-income securities requires the portfolio to maintain an average of A or higher. The following tables provide information concerning credit risk as of June 30:

	2014	
Rating	Fair Value	Fair Value as a Percentage of Total Fixed Maturity Fair Value
AAA	$ 42,412,027	97.69%
A	704,400	1.62%
AA	301,336	0.69%
	$ 43,417,763	100.00%

	2013	
Rating	Fair Value	Fair Value as a Percentage of Total Fixed Maturity Fair Value
AAA	$ 44,797,392	95.95%
A	1,714,244	3.67%
BAA	177,535	0.38%
	$ 46,689,171	100.00%

(3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments, Continued

Permanent Fund and Lifetime License Investment Account, Continued

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy states that the weighted-average maturity and effective duration of fixed-income securities should be between 75% and 125% of the Lehman Brothers Aggregate Bond index averages. As of June 30, the permanent fund and lifetime license investment account had the following investments with maturities:

	2014				
	Investments Maturities at Fair Value (in Years)				
Investment Type	Less than 1	1 or More Less than 5	5 or More Less than 10	10 or More	Total Fair Value
U.S. government securities	$ -	2,005,508	7,224,024	24,263,049	33,492,581
U.S. Treasury obligations	8,919,445	-	-	-	8,919,445
Corporate bonds	-	502,339	503,398	-	1,005,737
	$ 8,919,445	2,507,847	7,727,422	24,263,049	43,417,763

	2013				
	Investments Maturities at Fair Value (in Years)				
Investment Type	Less than 1	1 or More Less than 5	5 or More Less than 10	10 or More	Total Fair Value
U.S. government securities	$ -	1,979,967	5,616,179	34,138,979	41,735,125
U.S. Treasury obligations	3,062,267	-	-	-	3,062,267
Corporate bonds	917,005	498,789	475,985	-	1,891,779
	$ 3,979,272	2,478,756	6,092,164	34,138,979	46,689,171

(3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments, Continued

Pension Trust Funds

Defined Benefit Pension Plan

The following table presents the fair value of the defined benefit pension plan's investments by type at June 30:

Investment Type	Fair Value 2014	Fair Value 2013
Cash and cash equivalents	$ 4,904,765	3,954,690
Fixed income:		
U.S. government securities	11,355,995	9,701,702
U.S. Treasury obligations	16,205,214	15,687,685
Collateralized mortgage obligations	1,819,528	3,390,420
Corporate bonds	2,152,996	2,809,421
Municipals	747,513	446,936
Yankee bonds	241,599	786,185
Total fixed income	32,522,845	32,822,349
Equities:		
Domestic equity securities	23,090,355	19,865,990
Equity funds	25,909,299	19,119,649
International equity funds	6,457,584	5,246,304
Total equities	55,457,238	44,231,943
Alternative investments:		
Open-end mutual funds	3,576,632	3,171,105
	$ 96,461,480	84,180,087

See Independent Auditors' Report.

(3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments, Continued

Pension Trust Funds, Continued

Defined Benefit Pension Plan, Continued

Management of the Department is authorized to invest in eligible investments as approved by the Commission as set forth in its investment policy. The Commission reviews and updates the plan investment policy at least annually, making changes as deemed necessary to achieve policy goals. An investment policy change can be made anytime the need should arise at the discretion of the Commission.

Investment Allocation Policy—The Department's asset allocation policy for the defined benefit pension plan will currently maintain approximately 50% of assets in equity instruments; approximately 40% of assets in fixed income; and approximately 10% of assets in alternative investments to include diversified alternative strategies, hedged equities, real assets (commodities and real estate), private equities, and low correlation strategies.

Significant Investment Policy Changes Made During the Year—No significant investment policy changes were made during the year ended June 30, 2014 or 2013.

Rate of Return—For the years ended June 30, 2014 and 2013, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.32% and 10.46%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Method Used to Value Investments—The defined benefit plan investments are reported at fair value. Cash and cash equivalents include an investment fund composed of an investment in units of a money market fund of the defined benefit plan's custodial agent (which is valued at cost, which approximates fair value). Debt, equity, and open-end mutual funds securities are reported at fair value, as determined by the defined benefit plan's custodial agent, using pricing services or prices quoted by independent brokers based on the latest reported sales prices at current exchange rates for securities traded on national or international exchanges.

Net investment income (loss) includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, and investment expenses, which includes investment management and custodial fees and all other significant investment related costs. Foreign currency translation gains and losses are reflected in the net appreciation (depreciation) in the fair value of investments.

(3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments, Continued

Pension Trust Funds, Continued

Defined Benefit Pension Plan, Continued

Custodial Credit Risk—Custodial credit risk is the risk that in the event of the failure of a counterparty, the Department will not be able to recover the value of its investments. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Department, or are held by a counterparty or the counterparty's trust department but not in the name of the Department. While the investment policy does not specifically address custodial credit risk, all cash, cash equivalents, and investments are insured and collateralized.

Concentration of Credit Risk—The investment policy limits the concentration on equity investments to no more than 5% in any one issuer. The investment policy does not address concentrations on fixed-income securities. Except as noted below, no single investment exceeds 5% of the defined benefit pension plan's total investments. The defined benefit pension plan at June 30, 2014 and 2013, did have more than 5% invested in U.S. government obligations; however, these obligations are backed by the full faith and credit of the United States. The following table presents the individual investments exceeding the 5% threshold at June 30, 2014:

Classification of Investment	Name of Investment	Shares Held	Cost	Fair Value
Equity fund	iShares Russell 1000 Value Fund	53,650	$ 3,383,583	5,433,136

See Independent Auditors' Report.

(3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments, Continued

Pension Trust Funds, Continued

Defined Benefit Pension Plan, Continued

Foreign Currency Risk—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The investment policy limits foreign equity investments to 10% of total assets. Yankee bonds are foreign country bonds but are traded in U.S. dollars with interest also being paid in U.S. dollars. As such, they are not subject to foreign currency risk. The international equity securities owned by the Department are also traded in U.S. dollars with dividends also being paid in U.S. dollars. As such, they are not subject to foreign currency risk.

Credit Risk—Fixed-income securities are subject to credit risk. Credit quality rating is one method of assessing the ability of the issuer to meet its obligation. The investment policy for fixed-income securities requires the portfolio to maintain an average of A or higher. The following tables provide information concerning credit risk as of June 30:

	2014	
Rating	Fair Value	Fair Value as a Percentage of Total Fixed Maturity Fair Value
AAA	$ 28,236,110	86.82%
AA	1,266,417	3.89%
A	1,749,433	5.38%
BBB	359,393	1.11%
BB	176,940	0.54%
Not rated	734,552	2.26%
	$ 32,522,845	100.00%

(3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments, Continued

Pension Trust Funds, Continued

Defined Benefit Pension Plan, Continued

Credit Risk, Continued

	2013	
Rating	Fair Value	Fair Value as a Percentage of Total Fixed Maturity Fair Value
AAA	$ 25,775,438	78.53%
AA	552,310	1.68%
A	3,180,529	9.69%
BAA	1,262,728	3.85%
BA	513,507	1.56%
B	91,293	0.28%
CAA	159,118	0.49%
Not rated	1,287,426	3.92%
	$ 32,822,349	100.00%

(3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments, Continued

Pension Trust Funds, Continued

Defined Benefit Pension Plan, Continued

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy states that the weighted-average maturity and effective duration of fixed-income securities should be between 75% and 125% of the Barclays Bond index averages. As of June 30, the defined benefit pension plan had the following investments with maturities:

	2014				
	Investments Maturities at Fair Value (in Years)				
Investment Type	Less than 1	1 or More Less than 5	5 or More Less than 10	10 or More	Total Fair Value
U.S. government securities	$ 511,382	1,184,662	1,500,062	8,159,889	11,355,995
U.S. Treasury obligations	-	12,447,150	1,062,662	2,695,402	16,205,214
Collateralized mortgage obligations	-	88,451	294,900	1,436,177	1,819,528
Corporate bonds	519,605	663,366	970,025	-	2,152,996
Municipals	-	-	-	747,513	747,513
Yankee bonds	-	-	241,599	-	241,599
	$ 1,030,987	14,383,629	4,069,248	13,038,981	32,522,845

	2013				
	Investments Maturities at Fair Value (in Years)				
Investment Type	Less than 1	1 or More Less than 5	5 or More Less than 10	10 or More	Total Fair Value
U.S. government securities	$ -	1,581,754	789,502	7,330,446	9,701,702
U.S. Treasury obligations	600,685	6,102,754	6,370,681	2,613,565	15,687,685
Collateralized mortgage obligations	-	-	508,726	2,881,694	3,390,420
Corporate bonds	674,626	1,330,525	744,031	60,239	2,809,421
Municipals	-	-	-	446,936	446,936
Yankee bonds	513,631	-	272,554	-	786,185
	$ 1,788,942	9,015,033	8,685,494	13,332,880	32,822,349

(3) CASH, CASH EQUIVALENTS, AND INVESTMENTS, CONTINUED

Investments, Continued

Pension Trust Funds, Continued

Defined Contribution Plan

The following table presents the fair value of the defined contribution plan's investments by type at June 30:

Investment Type	Fair Value 2014	Fair Value 2013
Equities:		
Equity funds	$ 414,704	206,330

Custodial Credit Risk—Custodial credit risk is the risk that in the event of the failure of a counterparty, the Department will not be able to recover the value of its investments. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Department, or are held by a counterparty or the counterparty's trust department but not in the name of the Department. While the trust agreement does not specifically address custodial credit risk, all cash, cash equivalents, and investments are insured and collateralized.

Concentration of Credit Risk—Except as noted below, no single investment exceeds 5% of the defined contribution plan's total investments. The following table presents the individual investments exceeding the 5% threshold at June 30, 2014:

Classification of Investment	Name of Investment	Units Held	Cost	Fair Value
Equity fund	MAP Target 2030 Fund	1,486.411	$ 24,676	27,563
Equity fund	MAP Target 2040 Fund	1,102.355	19,124	21,264
Equity fund	MAP Target 2050 Fund	16,736.513	269,339	332,944

(4) RECEIVABLES

Receivables at June 30 consisted of the following:

	2014	2013
License fees	$ 769,029	354,512
Federal grants	4,624,237	1,204,798
	$ 5,393,266	1,559,310

Because of the nature of the receivables, no allowance for uncollectibility was considered necessary as of June 30, 2014 or 2013.

(5) CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30:

	2014			
	Balance at June 30, 2013	Additions	Disposals	Balance at June 30, 2014
Land	$ 60,515,195	8,968,342	-	69,483,537
Depreciable capital assets:				
Equipment	9,825,427	595,959	(74,864)	10,346,522
Furniture and fixtures	112,987	1,851	(1,160)	113,678
Machinery	5,877,815	896,752	(259,722)	6,514,845
Other	442,100	22,422	-	464,522
Vehicles	7,731,309	261,664	(875,605)	7,117,368
Infrastructure	212,915	-	-	212,915
Buildings	8,447,951	178,701	(44,955)	8,581,697
Depreciable capital assets, cost	32,650,504	1,957,349	(1,256,306)	33,351,547
Total capital assets	93,165,699	10,925,691	(1,256,306)	102,835,084
Accumulated depreciation:				
Equipment	(6,786,082)	(582,561)	62,122	(7,306,521)
Furniture and fixtures	(75,965)	(6,978)	1,160	(81,783)
Machinery	(3,884,835)	(423,061)	259,460	(4,048,436)
Other	(301,221)	(19,592)	-	(320,813)
Vehicles	(4,275,168)	(806,587)	823,131	(4,258,624)
Infrastructure	(212,915)	-	-	(212,915)
Buildings	(2,987,860)	(210,004)	44,955	(3,152,909)
Total accumulated depreciation	(18,524,046)	(2,048,783)	1,190,828	(19,382,001)
Net capital assets	$ 74,641,653	8,876,908	(65,478)	83,453,083

See Independent Auditors' Report.

(5) CAPITAL ASSETS, CONTINUED

	2013			
	Balance at June 30, 2012	Additions	Disposals	Balance at June 30, 2013
Land	$ 60,387,194	128,001	-	60,515,195
Depreciable capital assets:				
Equipment	9,402,827	513,947	(91,347)	9,825,427
Furniture and fixtures	103,948	9,039	-	112,987
Machinery	5,253,366	625,148	(699)	5,877,815
Other	432,708	11,367	(1,975)	442,100
Vehicles	7,985,498	1,197,486	(1,451,675)	7,731,309
Infrastructure	212,915	-	-	212,915
Buildings	8,143,907	314,034	(9,990)	8,447,951
Depreciable capital assets, cost	31,535,169	2,671,021	(1,555,686)	32,650,504
Total capital assets	91,922,363	2,799,022	(1,555,686)	93,165,699
Accumulated depreciation:				
Equipment	(6,200,081)	(656,439)	70,438	(6,786,082)
Furniture and fixtures	(68,781)	(7,184)	-	(75,965)
Machinery	(3,513,309)	(372,097)	571	(3,884,835)
Other	(281,234)	(21,962)	1,975	(301,221)
Vehicles	(4,646,938)	(951,548)	1,323,318	(4,275,168)
Infrastructure	(212,915)	-	-	(212,915)
Buildings	(2,798,982)	(198,868)	9,990	(2,987,860)
Total accumulated depreciation	(17,722,240)	(2,208,098)	1,406,292	(18,524,046)
Net capital assets	$ 74,200,123	590,924	(149,394)	74,641,653

Depreciation expense was charged to the following functions as of June 30:

	2014	2013
Game	$ 602,249	681,595
Fish	584,422	611,671
Law enforcement	492,344	548,588
Information and education	149,318	139,064
Administration and natural resources	220,450	227,180
Depreciation expense	$ 2,048,783	2,208,098

See Independent Auditors' Report.

(6) CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity was as follows:

	Balance at July 1, 2013	Additions	Reductions	Balance at June 30, 2014	Amounts due within 1 year
Compensated absences	$ 2,818,342	305,055	(329,016)	2,794,381	329,016
Net pension obligation	1,212,084	-	(64,736)	1,147,348	-
Net OPEB obligation	387,792	128,064	-	515,856	-
	$ 4,418,218	433,119	(393,752)	4,457,585	329,016

	Balance at July 1, 2012	Additions	Reductions	Balance at June 30, 2013	Amounts due within 1 year
Compensated absences	$ 2,777,361	438,842	(397,861)	2,818,342	397,861
Net pension obligation	1,102,006	110,078	-	1,212,084	-
Net OPEB obligation	251,261	136,531	-	387,792	-
	$ 4,130,628	685,451	(397,861)	4,418,218	397,861

(7) DEFINED BENEFIT PENSION PLAN

Description

The Department's defined benefit pension plan (the "Plan") is a single-employer plan that covers the employees of the Department with a hire date prior to July 1, 2010. Employees hired on or after July 1, 2010, are not eligible to participate in the Plan as the Plan was frozen as of that date for new hires. Those employees are eligible for participation in the Department's defined contribution plan. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments are provided at the discretion of the Commission. Title 29 of the Oklahoma Statutes assigns the authority to establish and amend the benefit provisions of the Plan to the Commission.

The Plan's membership consisted of the following as of June 30:

	2014	2013
Retirees, disabled, and beneficiaries currently receiving benefits	200	183
Terminated vested participants	24	25
Active participants	262	288
	486	496

All permanent, full-time employees with a hire date prior to July 1, 2010, are eligible to participate in the Plan on the date of employment. The member must enter service prior to age 60, except law enforcement employees are not eligible if entering service after age 54.

Benefit provisions are determined at 2.5% of the highest 3 years' annual covered compensation received during the last 10 years of participating service multiplied by the number of years of credited service. For employees hired after July 1, 1995, the maximum benefit is 85% of the above-mentioned annual covered compensation and the minimum benefit is $50 per month. A maximum of 5 years' military service may be credited to the years of service calculation. Normal retirement age under the Plan is age 65. However, a participant may elect early retirement at age 55, having at least 15 years of credited service, for a reduced benefit equal to the maximum benefit allowed under normal retirement, reduced 2% for each year the participant receives a benefit prior to age 62. Members are eligible for special retirement upon reaching age 55 and if the sum of the participant's age and years of continuous service equals or exceeds 85. Members become fully vested upon completing 10 years of credited service. Members' contributions are 100% vested immediately and may be withdrawn, plus accrued interest, upon termination of employment.

(7) DEFINED BENEFIT PENSION PLAN, CONTINUED

Description, Continued

The Plan does not issue stand-alone financial statements and related required supplementary information. The information is included within these financial statements, notes to the financial statements, and Schedules I and II following the notes to the financial statements. Additionally, disclosures required by GASB 67 are included within these financial statements, notes to the financial statements, and Schedules III through VI following the notes to the financial statements.

Funding Policy

The contribution requirements of the plan members are established and amended by the Commission. The members' required contribution rates were 5% for 2014 and 2013. The Department is required to contribute at an actuarially determined rate. The actuarially required contributions during fiscal years 2014 and 2013 were approximately $4,307,000 and $4,267,000, respectively.

Annual Pension Cost and Net Pension Obligation

The Plan's annual pension cost and net pension obligation for fiscal years 2014 and 2013 were as follows:

		2014	2013
Annual required contribution	$	4,306,681	4,267,067
Interest on net pension obligation		84,846	77,140
Adjustment to annual required contribution		(156,263)	(134,129)
Annual pension cost		4,235,264	4,210,078
Contributions made		(4,300,000)	(4,100,000)
(Decrease) increase in net pension obligation		(64,736)	110,078
Net pension obligation, beginning of year		1,212,084	1,102,006
Net pension obligation, end of year	$	1,147,348	1,212,084

See Independent Auditors' Report.

(7) DEFINED BENEFIT PENSION PLAN, CONTINUED

Annual Pension Cost and Net Pension Obligation, Continued

The Department's annual pension cost, the percentage of annual pension cost, and the net pension obligation relating to the Plan were as follows:

3-Year Trend Information

Fiscal Year Ended	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
2014	$ 4,235,264	101.53%	1,147,348
2013	4,210,078	97.39%	1,212,084
2012	3,725,610	110.05%	1,102,006

Funded Status and Funding Progress

The schedule of funding progress (Schedule I), presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

2014

The annual required contribution for the current year was determined as part of the July 1, 2014, actuarial valuation using the individual entry age normal method. The actuarial assumptions included a) a 7.0% investment rate of return (net of administrative expenses) and b) projected salary increases of 4.5%–7.0%. The assumptions did not include a cost-of-living allowance for active, disabled, or retired members. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the fair value of investments over a 5-year period. The unfunded actuarial accrued liability (UAAL) is being amortized over the average future working lifetime for active members (10 years for the July 1, 2014, valuation).

As of July 1, 2014, the most recent actuarial valuation date, the Plan was 82.5% funded. The actuarial accrued liability (AAL) for benefits was $109.3 million, and the actuarial value of assets was $90.2 million, resulting in a UAAL of $19.1 million. The covered payroll (annual payroll of active employees covered by the Plan) was $13.6 million, and the ratio of the UAAL to the covered payroll was 140.7%.

See Independent Auditors' Report.

(7) DEFINED BENEFIT PENSION PLAN, CONTINUED

Actuarial Methods and Assumptions, Continued

2013

The annual required contribution for the current year was determined as part of the July 1, 2013, actuarial valuation using the individual entry age normal method. The actuarial assumptions included a) a 7.0% investment rate of return (net of administrative expenses) and b) projected salary increases of 4.5%–7.0%. The assumptions did not include a cost-of-living allowance for active, disabled, or retired members. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the fair value of investments over a 5-year period. The unfunded actuarial accrued liability (UAAL) is being amortized over the average future working lifetime for active members (10 years for the July 1, 2013, valuation).

As of July 1, 2013, the most recent actuarial valuation date, the Plan was 77.6% funded. The actuarial accrued liability (AAL) for benefits was $104.8 million, and the actuarial value of assets was $81.3 million, resulting in a UAAL of $23.5 million. The covered payroll (annual payroll of active employees covered by the Plan) was $14.3 million, and the ratio of the UAAL to the covered payroll was 164.1%.

Additional Disclosures Required by GASB 67

Net Pension Liability

The components of the net pension liability at June 30, 2014, were as follows:

Total pension liability	$ 109,297,271
Plan fiduciary net position	96,461,480
Employers' net pension (asset) liability	$ 12,835,791
Plan fiduciary net position as a percentage of the total pension liability	88.26%

See Independent Auditors' Report.

(7) DEFINED BENEFIT PENSION PLAN, CONTINUED

Additional Disclosures Required by GASB 67, Continued

Net Pension Liability, Continued

Actuarial assumptions—The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3.5%
Salary increases:	4.5% to 7.0%, including inflation
Investment rate of return:	7.0% net of pension plan investment expense
Mortality rates:	Active and retired members: RP-2000 combined Table with Blue Collar Adjustment with projection to 10 years beyond valuation date using Scale AA.
	Disabled members: RP-2000 Disabled Annuitant

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2003, to June 30, 2008.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, (see discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	0.78%
Equity	8.68%
Alternative investments	2.34%

See Independent Auditors' Report.

(7) DEFINED BENEFIT PENSION PLAN, CONTINUED

Additional Disclosures Required by GASB 67, Continued

Net Pension Liability, Continued

Discount rate—The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the Department will be at least 100% of the Department's required contribution. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate—The following presents the net pension liability, calculated using the discount rate of 7.0%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability	$ 25,415,938	12,835,791	2,081,826

(8) DEFINED CONTRIBUTION PLAN

The Department's defined contribution plan (the "DC Plan") is a single-employer plan that covers the employees of the Department with a hire date of July 1, 2010, or later. The DC Plan provides retirement benefits to plan members and their beneficiaries. At June 30, 2014 and 2013, there were 65 and 43 plan members, respectively. Plan members are required to contribute 5% of compensation annually. The Department's annual contribution is based on the employee's number of completed years of credited service with the Department, defined as follows:

Years of Credited Service	Percent of Compensation Contributed by the Employer
Less than 5	6%
At least 5 but less than 10	8%
At least 10 but less than 15	10%
At least 15 or more	12%

See Independent Auditors' Report.

(8) DEFINED CONTRIBUTION PLAN, CONTINUED

Employees vest in 100% of the Department's contributions after 5 years of credited service.

For the years ended June 30, 2014 and 2013, the Department contributed $93,727 and $61,151, respectively, and eligible employees contributed $78,105 and $53,722, respectively, to the DC Plan.

(9) OTHER POST-EMPLOYMENT BENEFITS

Description

The Department provides at its expense a health insurance allowance of up to $150 per month for the payment of health insurance premiums for eligible employees when they retire. The allowance is for retirees who elect post-retirement medical coverage through the umbrella of the State's group plan. The allowance is reduced when the retiree is eligible for Medicare. Providing for the insurance allowance is considered an "other post-employment benefit" (OPEB).

Funding Policy

The health insurance allowance amount is established by the Commission on an annual basis. The required contribution is based on projected pay-as-you-go requirements. There are no monies deposited into a separate account to fund the payments, and the Department can discontinue the policy of providing for the payments at its discretion. The amounts of the retiree insurance cost paid for the years ended June 30, 2014 and 2013, were approximately $203,000 and $187,000, respectively.

(9) OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

Annual OPEB Cost and Net OPEB Obligation

The Department's annual OPEB cost is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table shows the components of the Department's annual OPEB cost, the actual amount of net employer disbursements, and changes in the Department's OPEB obligation for the years ended June 30.

	2014	2013
Normal cost	$ 75,862	75,227
Amortization of AAL	262,052	252,745
ARC	337,914	327,972
Interest on net OPEB obligation	15,512	10,050
ARC adjustment	(21,991)	(14,248)
Annual OPEB cost	331,435	323,774
Actual amount of net employer disbursements	(203,371)	(187,243)
Increase in net OPEB obligation	128,064	136,531
Net OPEB obligation, beginning of year	387,792	251,261
Net OPEB obligation, end of year	$ 515,856	387,792

The Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB plan, and the net OPEB obligation were as follows:

3-Year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	$ 331,435	61.36%	515,856
2013	323,774	57.83%	387,792
2012	212,828	74.79%	251,261

See Independent Auditors' Report.

(9) OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

Funded Status and Funding Progress

The OPEB plan is not funded, and there are no OPEB plan assets as it is a substantive plan. As of July 1, 2014 and 2013, the most recent actuarial valuation date, the AAL for benefits was approximately $4.8 million and $4.6 million, respectively, and the actuarial value of assets was zero, resulting in a UAAL of approximately $4.8 million and $4.6 million, respectively. The covered payroll (annual payroll of active employees covered by the plan) was $15.8 million and $15.6 million, respectively, and the ratio of the UAAL to the covered payroll was 30.2% and 29.7%, respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost and expense trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress—OPEB (Schedule VII), presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in AAL and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 and 2013, actuarial valuation, the individual entry age normal method of funding actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and an annual healthcare cost and expense trend of 9% initially, reduced by decrements to an ultimate rate of 5% in 2013. The UAAL is being amortized over 30 years based on a level dollar open-period basis. As of the date of this valuation, there were no plan assets. Retiree premiums are paid as they come due from general operating assets of the Department.

(10) OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN AND DEFERRED SAVINGS INCENTIVE PLAN

Deferred Compensation Plan

The State offers its employees a Deferred Compensation Plan as authorized by Section 457 of the Internal Revenue Code (IRC), as amended by the Tax Reform Act of 1986, and in accordance with the provisions of Sections 1701 through 1706 of Title 74 of the Oklahoma Statutes.

The supervisory authority for the management and operation of the Deferred Compensation Plan is the Board of Trustees of the Oklahoma Public Employees Retirement System (the "Board").

The Deferred Compensation Plan is available to all State employees, as well as any elected officials receiving a salary from the State. Participants may direct the investment of their contributions in available investment options offered by the Deferred Compensation Plan. The minimum contribution amount is the equivalent of $25 per month, and participants are immediately 100% vested in their respective accounts. All interest, dividends, and investment fees are allocated to participants' accounts.

Participants may defer until future years up to the lesser of 100% of their compensation as defined by plan documents or the maximum amount allowed each year as determined by the Internal Revenue Service.

The Deferred Compensation Plan offers a catch-up program to participants, which allows them to defer annually for the 3 years prior to their year of retirement up to twice that plan year's deferral limit. The amount of additional contributions in excess of the normal maximum contributions to the Deferred Compensation Plan are also limited to contributions for years in which the participant was eligible but did not participate in the Deferred Compensation Plan or the difference between contributions made and the maximum allowable level. To be eligible for the catch-up program, the participant must be within 3 years of retirement with no reduced benefits.

Participants age 50 or older may make additional contributions of up to $5,000 annually subject to certain limits.

Deferred compensation benefits are paid to participants or beneficiaries upon termination, retirement, death, or unforeseeable emergency. Such benefits are based on a participant's account balance and are disbursed in a lump sum or periodic payments at the option of the participant or beneficiaries in accordance with the Deferred Compensation Plan's provisions.

(10) OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN AND DEFERRED SAVINGS INCENTIVE PLAN, CONTINUED

Deferred Compensation Plan, Continued

Effective January 1, 1998, the Board established a trust and a trust fund covering the Deferred Compensation Plan's assets, pursuant to federal legislation enacted in 1996, requiring public employers to establish such trusts for plans meeting the requirements of Section 457 of the IRC no later than January 1, 1999. Under the terms of the trust, the corpus or income of the trust fund may be used only for the exclusive benefit of the Deferred Compensation Plan's participants and their beneficiaries. Prior to the establishment of the trust, the Deferred Compensation Plan's assets were subject to the claims of general creditors of the State. The Board acts as trustee of the trust. The participants' accounts are invested in accordance with the investment elections of the participants. The Board is accountable for all deferred compensation received, but has no duty to require any compensation to be deferred or to determine that the amounts received comply with the Deferred Compensation Plan or to determine that the trust fund is adequate to provide the benefits payable pursuant to the Deferred Compensation Plan.

Further information may be obtained from the Oklahoma State Employees Deferred Compensation Plan's audited financial statements for the years ended June 30, 2014 and 2013. The Department believes that it has no liabilities in respect to the Deferred Compensation Plan.

Deferred Savings Incentive Plan

Effective January 1, 1998, the State established the Oklahoma State Employees Deferred Savings Incentive Plan (the "Savings Incentive Plan") as a money purchase pension plan pursuant to IRC Section 401(a). The Savings Incentive Plan and its related trust are intended to meet the requirements of IRC Sections 401(a) and 501(a).

Any qualified participant who is a State employee who is an active participant in the Deferred Compensation Plan is eligible for a contribution of the amount determined by the State Legislature, currently the equivalent of $25 per month. Participation in the Savings Incentive Plan is automatic in the month of participation in the Deferred Compensation Plan and is not voluntary.

Upon cessation of contributions to the Deferred Compensation Plan, termination of employment with the State, retirement, or death, a participant will no longer be eligible for contributions from the State into the Savings Incentive Plan. Participants are at all times 100% vested in their Savings Incentive Plan account. Participant contributions are not required or permitted. Qualified participants may make rollover contributions to the Savings Incentive Plan, provided such rollover contributions meet applicable requirements of the IRC. Participants may direct the investment of the contributions in available investment options offered by the Savings Incentive Plan. All interest, dividends, and investment fees are allocated to the participants' accounts.

Savings Incentive Plan benefits are paid to participants or beneficiaries upon termination, retirement, or death. Such benefits are based on a participant's account balance and are disbursed in a lump sum or periodic payments or may be rolled over to a qualified plan at the option of the participant or beneficiaries.

(11) FEDERAL AWARDS

Sport Fish Restoration Program

The Sport Fish Restoration Program, more commonly known as "Dingell-Johnson" after its congressional sponsors, created a federal program for fisheries improvement throughout the United States. Applying the "user pay" concept to fish restoration, this program has employed an excise tax. This tax is added by manufacturers onto the purchase price of angling equipment and helps raise the revenue necessary to fund specific restoration projects by state fish and wildlife agencies. Each state's share is 60% on its licensed sport fishermen and 40% on its land and water area. No state may receive more than 5% or less than 1% of each year's total apportionment. Federal funding from the program pays for up to 75% of project costs, with the Department matching approximately 25%.

Wildlife Restoration Act

The Wildlife Restoration Act, better known as the Pittman-Robertson Act, created a 10% tax on ammunition and firearms used for sport hunting. Federal funding from the Act pays up to 75% of project costs, with the Department matching approximately 25%.

As of June 30, 2014 and 2013, the Department had accrued approximately $4,624,000 and $1,205,000, respectively, of accounts receivable from the federal government for the federal government's share of program expenditures.

(12) COMMITMENTS AND CONTINGENCIES

Federal and State Grants and Contracts

The Department conducts certain programs pursuant to grants and contracts funded and is subject to audit by various federal and state agencies. Costs questioned as a result of audits, if any, may result in refunds to these governmental agencies.

Insurance

Certain buildings and other properties of the Department are insured through the risk management program of the State. To the extent destruction or damage to the properties should occur, the Department expects to fund replacement costs from State sources.

The Department participates in the Oklahoma Risk Management Division's (a division of the Department of Central Services) insurance pool, which covers all governmental tort claims against the Department and virtually all other state agencies and authorities. Workers' compensation claims arising from incidents occurring during the year are fully insured through the State Insurance Fund.

These areas of insurance coverage include stop-loss provisions that limit the Department's exposure.

(12) COMMITMENTS AND CONTINGENCIES, CONTINUED

Legal

The Department, in the normal course of business, is occasionally involved in litigation. While there is litigation outstanding at June 30, 2014, management does not believe that the outcome of such litigation will have a material effect on the net position of the Department or on the results of its operations.

SUPPLEMENTARY INFORMATION REQUIRED BY GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 25

Schedule I

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

SCHEDULE OF FUNDING PROGRESS— DEFINED BENEFIT PENSION PLAN

June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Annual Covered Payroll [(b-a)/c]
7/1/2014	**$ 90,160,440**	**109,297,271**	**19,136,831**	**82.5%**	**13,599,245**	**140.7%**
7/1/2013	81,344,973	104,809,951	23,464,978	77.6%	14,299,782	164.1%
7/1/2012	76,865,388	101,054,107	24,188,719	76.1%	14,661,906	165.0%
7/1/2011	74,450,462	95,341,307	20,890,845	78.1%	14,633,288	142.8%
7/1/2010	71,468,071	87,648,347	16,180,276	81.5%	14,838,949	109.0%
7/1/2009	68,086,255	91,198,257	23,112,002	74.7%	14,811,323	156.0%
7/1/2008	71,289,342	88,442,052	17,152,710	80.6%	14,462,210	118.6%
7/1/2007	66,932,172	82,876,265	15,944,093	80.8%	13,491,774	118.2%
7/1/2006	61,760,540	76,823,132	15,062,592	80.4%	13,310,870	113.2%
7/1/2005	59,110,560	72,602,070	13,491,510	81.4%	13,236,609	101.9%

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS — DEFINED BENEFIT PENSION PLAN

June 30, 2014

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2014	**$ 4,306,681**	**99.8%**
2013	4,267,067	96.1%
2012	3,801,960	107.8%
2011	3,179,568	100.0%
2010	4,413,604	100.0%
2009	3,405,626	100.1%
2008	3,118,148	96.5%
2007	2,894,541	103.9%
2006	2,636,538	95.1%
2005	2,120,317	118.3%

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

SUPPLEMENTARY INFORMATION REQUIRED BY GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 67

Schedule III

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY— DEFINED BENEFIT PENSION PLAN

Last 2 Fiscal Years

	2014	2013
Total pension liability		
Service cost	$ 1,930,130	1,987,663
Interest	7,295,690	7,057,352
Changes of benefit terms	-	-
Differences between expected and actual experience	293,367	(844,258)
Changes in assumptions	-	-
Benefit payments, including refunds of member contributions	(5,031,867)	(4,444,913)
Net change in total pension liability	4,487,320	3,755,844
Total pension liability—beginning	104,809,951	101,054,107
Total pension liability—ending (a)	$ 109,297,271	104,809,951

Information to present a 10-year history is not readily available.

(Continued)

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY—
DEFINED BENEFIT PENSION PLAN, CONTINUED**

Last 2 Fiscal Years

	2014	2013
Plan fiduciary net position		
Contributions—employer	$ 4,300,000	4,100,000
Contributions—members (employees)	680,742	697,769
Net investment income	12,370,424	7,482,507
Benefit payments, including refunds of member contributions	(5,031,867)	(4,444,913)
Administrative expense	(37,906)	(36,993)
Other	-	-
Net change in plan fiduciary net position	12,281,393	7,798,370
Plan fiduciary net position—beginning	84,180,087	76,381,717
Plan fiduciary net position—ending (b)	$ 96,461,480	84,180,087
Plan's net pension liability (a) - (b)	$ 12,835,791	20,629,864

Information to present a 10-year history is not readily available.

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

Schedule IV

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

SCHEDULE OF NET PENSION LIABILITY—DEFINED BENEFIT PENSION PLAN

Last 2 Fiscal Years

	2014	2013
Total pension liability	$ 109,297,271	104,809,951
Plan fiduciary net position	96,461,480	84,180,087
Plan's net pension liability	$ 12,835,791	20,629,864
Plan fiduciary net position as a percentage of the total pension liability	88.26%	80.32%
Covered-employee payroll	$ 13,599,245	14,299,782
Plan's net pension liability as a percentage of covered-employee payroll	94.39%	144.27%

Information to present a 10-year history is not readily available.

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

Schedule V

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER—DEFINED BENEFIT PENSION PLAN

Last 10 Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	$ 4,306,681	4,267,067	3,801,960	3,179,568	4,413,604	3,405,626	3,118,148	2,894,541	2,636,538	2,120,317
Contributions in relation to the actuarially determined contribution:										
Employer	4,300,000	4,100,000	4,100,000	3,179,568	4,413,604	3,410,000	3,008,312	3,008,579	2,508,312	2,508,312
Contribution deficiency (excess)	$ 6,681	167,067	(298,040)	-	-	(4,374)	109,836	(114,038)	128,226	(387,995)
Covered-employee payroll	$ 13,599,245	14,299,782	14,661,906	14,633,288	14,838,949	14,811,323	14,462,210	13,491,774	13,310,870	13,236,609
Contributions as a percentage of covered-employee payroll	31.62%	28.67%	27.96%	21.73%	29.74%	23.02%	20.80%	22.30%	18.84%	18.95%

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

Schedule VI

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

SCHEDULE OF INVESTMENT RETURNS—DEFINED BENEFIT PENSION PLAN

Last 2 Fiscal Years

	2014	2013
Annual money-weighted rate of return, net of investment expense	14.32%	10.46%

Information to present a 10-year history is not readily available.

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

SUPPLEMENTARY INFORMATION REQUIRED BY GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 45

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

SCHEDULE OF FUNDING PROGRESS—OPEB

June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Annual Covered Payroll [(b-a)/c]
7/1/2014	**$ -**	**4,760,477**	**4,760,477**	**0.0%**	**15,778,405**	**30.2%**
7/1/2013	-	4,621,152	4,621,152	0.0%	15,580,098	29.7%
7/1/2012	-	4,457,032	4,457,032	0.0%	15,272,154	29.2%
7/1/2011	-	2,952,859	2,952,859	0.0%	14,873,076	19.9%
7/1/2010	-	2,917,962	2,917,962	0.0%	14,838,949	19.7%
7/1/2009	-	2,138,735	2,138,735	0.0%	14,811,323	14.4%
7/1/2008	-	2,134,192	2,134,192	0.0%	14,462,210	14.8%

See Independent Auditors' Report.
See accompanying notes to required supplementary information.

(1) DEFINED BENEFIT PENSION PLAN (SCHEDULES I THROUGH VI)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2014
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	Average future working lifetime of active members
Assets' valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	4.5%–7.0%
Cost-of-living adjustment	None

(2) OPEB (SCHEDULE VII)

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2014
Actuarial cost method	Entry age normal
Amortization method	30 years, level dollar, open period
Actuarial assumptions:	
Investment rate of return	4.0%
Healthcare cost and expense trend:	
Fiscal year ending June 30, 2013, and later	5.0%

See Independent Auditors' Report.

(3) OTHER

Annual Budget-to-Actual Comparison

The Department is not required to and does not prepare a legally adopted annual budget. Therefore, an annual budget-to-actual comparison required by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as required supplementary information is not presented.

See Independent Auditors' Report.

OTHER
SUPPLEMENTARY INFORMATION

OKLAHOMA DEPARTMENT OF WILDLIFE CONSERVATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2014

Federal Grantor/Program Title	CFDA #	Federal Expenditures
U.S. Department of Interior:		
Fish and Wildlife Cluster:		
Sport Fish Restoration Program	15.605	$ 6,631,600
Wildlife Restoration Act	15.611	12,366,312
Total Fish and Wildlife Cluster		18,997,912
Fish and Wildlife Management Assistance	15.608	57,288
Endangered Species Conservation	15.615	128,281
Hunter Education and Safety	15.626	233,530
Partners of Fish and Wildlife	15.631	188,114
Land Owners Incentive Program	15.633	98,373
State Wildlife Grants	15.634	555,289
Service Training and Technical Assistance	15.649	14,975
Research Grants	15.650	59,441
Cooperative Landscape Conservation	15.669	196,765
Total U.S. Department of Interior		20,529,968
Bureau of Reclamation:		
McGee Creek Project	- (1)	112,815
U.S. Department of Agriculture:		
Animal and Plant Health Inspection Service:		
Plant Protection and Quarantine	10.025	8,769
Natural Resource Conservation Service:		
Soil and Water Conservation	10.902	28,000
Environmental Quality Incentives Program	10.912	35,875
Wildlife Habitat Incentive Program	10.914	7,324
Total Natural Resource Conservation Service		71,199
Total U.S. Department of Agriculture		79,968
U.S. Department of Energy:		
Passed through—Western Governors' Association:		
Electricity Delivery and Energy Reliability, Research, Development, and Analysis—Recovery (ARRA)	81.122	31,536
Total expenditures of federal awards		$ 20,754,287

(1) Not a cooperative agreement or grant, but considered federal funds.

See Independent Auditors' Report.
See accompanying notes to schedule of expenditures of federal awards.

(1) BASIS OF ACCOUNTING AND PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Department and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

(2) RECONCILIATION OF EXPENDITURES

The following is a reconciliation of the expenditures per the schedule of expenditures of federal awards to the statement of revenues, expenditures, and changes in fund balances—governmental funds and the statement of activities:

Total expenditures per the schedule of expenditures of federal awards; and total federal grant revenues per the statement of revenues, expenditures, and changes in fund balances—governmental funds; and total federal operating grants revenue per the statement of activities.	$ 20,754,287

(3) SUBRECIPIENTS

Of the federal expenditures presented in the schedule of expenditures of federal awards, the Department provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
15.605	Sport Fish Restoration Program	$ 174,010
15.611	Wildlife Restoration Act	880,443
15.615	Endangered Species Conservation	81,184
15.634	State Wildlife Grants	298,684
15.650	Research Grants	25,000
15.669	Cooperative Landscape Conservation	234,761
81.122	Electricity Delivery and Energy Reliability, Research, Development, and Analysis—Recovery (ARRA)	10,000
		$ 1,704,082

See Independent Auditors' Report.

FINLEY & COOK
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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*

Oklahoma Wildlife Conservation Commission
Oklahoma Department of Wildlife Conservation

We have audited, in accordance with the auditing standards generally accepted in the United States 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 governmental activities, each major fund, and the aggregate remaining fund information of the Oklahoma Department of Wildlife Conservation (the "Department"), a component unit of the State of Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated September 29, 2014. Our report includes an explanatory paragraph to emphasize the fact that the financial statements include only that portion of the State of Oklahoma that is attributable to transactions of the Department. Our report also includes an explanatory paragraph to emphasize the adoption of GASB Statements No. 65, 66, and 67 by the Department. In addition, our report includes an explanatory paragraph disclaiming an opinion on required supplementary information.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting ("internal control") to determine the 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 Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department'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 may exist that have not been identified.

(Continued)

1421 East 45th Street • Shawnee, OK 74804
P: 405.878.7300 • www.finley-cook.com • F: 405.395.3300

INDEPENDENT AUDITORS' 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*, CONTINUED

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department'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 determination of financial statement amounts. 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 Department'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 Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Finley & Cook, PLLC

Shawnee, Oklahoma
September 29, 2014

FINLEY & COOK
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Oklahoma Wildlife Conservation Commission
Oklahoma Department of Wildlife Conservation

Report on Compliance for Each Major Federal Program

We have audited the Oklahoma Department of Wildlife Conservation's (the "Department") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Department's major federal programs for the year ended June 30, 2014. The Department's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Department's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Department's compliance.

(Continued)

1421 East 45th Street • Shawnee, OK 74804
P: 405.878.7300 • www.finley-cook.com • F: 405.395.3300

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, CONTINUED

Opinion on Each Major Federal Program

In our opinion, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Department's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

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

(Continued)

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, CONTINUED

Report on Internal Control Over Compliance, Continued

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Finley + Cook, PLLC

Shawnee, Oklahoma
September 29, 2014

SECTION I—SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified? ☐ **Yes** ☑ **None Noted**

Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ **Yes** ☑ **None Reported**

Noncompliance material to financial statements noted? ☐ **Yes** ☑ **None Noted**

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ **Yes** ☑ **None Noted**

Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ **Yes** ☑ **None Reported**

Type of auditors' report issued on compliance for the major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☐ **Yes** ☑ **No**

Identification of major programs:

CFDA#	Name of Federal Program
15.605 and 15.611	**Fish and Wildlife Cluster**
81.122	**Electricity Delivery and Energy Reliability, Research, Development, and Analysis—Recovery (ARRA)**

Dollar threshold used to distinguish between Type A and Type B programs: **$622,629**

Auditee qualified as low-risk auditee? ☑ **Yes** ☐ **No**

SECTION II—FINDINGS—FINANCIAL STATEMENTS AUDIT

None noted.

SECTION III—FINDINGS AND QUESTIONED COSTS— MAJOR FEDERAL AWARD PROGRAMS AUDIT

None noted.

The following finding was reported in the June 30, 2013, report:

U.S. DEPARTMENT OF ENERGY:
Passed Through—Western Governors' Association

Finding 2013-1 Electricity Delivery and Energy Reliability, Research, Development, and Analysis—Recovery (ARRA)—CFDA No. 81.122

Compliance Requirement: Special Conditions: Segregation of Costs

Criteria: The service agreement with the Western Governors' Association states that recipients must segregate the obligations and expenditures related to funding under the Recovery Act. Financial and accounting systems should be revised as necessary to segregate, track, and maintain these funds apart and separate from other revenue streams. No part of the funds from the Recovery Act shall be commingled with any other funds or used for a purpose other than that of making payments for costs allowable for Recovery Act projects.

Condition: The Department did not segregate, track, and maintain these funds apart and separate from other revenue and expenditure sources.

Effect: The Department was not in compliance with the segregation of costs compliance requirement of the grant.

Questioned Cost: None.

Recommendation: The Department's internal federal aid section has the ability to establish a grant code for the grant and separately track the related expenditures. We recommend the Department establish a grant code for this grant and begin coding the expenditures of this grant to the code to properly track its expenditures.

Department Response: *We agree with the above recommendation, and have already implemented the grant coding.*

2014 Follow-Up We noted that the Department is now separately tracking this grant according to the compliance requirements, and this was not a finding in the 2014 audit.