Central Oklahoma Master Conservancy District

Financial Statements

June 30, 2015 and 2014
(With Independent Auditors' Report Thereon)

FINLEY & COOK
CERTIFIED PUBLIC ACCOUNTANTS

CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Central Oklahoma Master Conservancy District

Report on the Financial Statements

We have audited the accompanying financial statements of the Central Oklahoma Master Conservancy District (the "District"), which comprise the statements of net position as of June 30, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 District'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 District'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 opinion.

(Continued)

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INDEPENDENT AUDITORS' REPORT, CONTINUED

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2015 and 2014, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter

As discussed in Notes 1 and 2 to the financial statements, in 2015 the District adopted new accounting guidance, Statement No. 68 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB 68), and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (GASB 71). The implementation of GASB 68 and GASB 71 resulted in a cumulative adjustment to restate the beginning net position of the District as of July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages I-1 through I-4 and the required supplementary information on pages 28 through 31 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 audits 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015, on our consideration of the District'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 District's internal control over financial reporting and compliance.

Finley & Cook, PLLC

Shawnee, Oklahoma
December 16, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Central Oklahoma Master Conservancy District's (the "District") annual financial report presents a discussion and analysis of its financial performance for the years ended June 30, 2015 and 2014. Please read it in conjunction with the financial statements which follow this section. The following tables summarize the net position and changes in net position of the District for 2015 and 2014.

Statements of Net Position

	June 30, 2015	June 30, 2014
Assets:		
Current assets	$ 2,505,736	2,173,875
Capital assets, net	9,633,282	9,776,592
Other noncurrent assets	4,469,689	4,639,806
Total assets	16,608,707	16,590,273
Deferred outflows of resources related to the pension plan	82,270	-
Liabilities:		
Current liabilities	1,399,157	826,719
Long-term debt, less current maturities	1,488,250	2,069,924
Net pension liability	273,169	-
Total liabilities	3,160,576	2,896,643
Deferred inflows of resources related to the pension plan	49,966	-
Net position:		
Invested in capital assets, net	7,563,358	7,141,934
Unrestricted	5,867,077	6,501,696
Restricted	50,000	50,000
Total net position	$ 13,480,435	13,693,630

Statements of Revenues, Expenses, and in Changes Net Position

	Years Ended June 30, 2015	2014
Operating revenues:		
Operations and maintenance	$ 1,848,740	2,514,215
Electric power	471,093	374,348
Total operating revenues	2,319,833	2,888,563
Operating expenses:		
Pumping power	511,940	492,990
Salaries and benefits	543,547	582,374
Other operating expenses	929,273	841,090
Total operating expenses	1,984,760	1,916,454
Operating income	335,073	972,109
Non-operating revenues and expenses	(247,754)	30,716
Changes in net position	87,319	1,002,825
Net position, beginning of year	13,693,630	12,690,805
Cumulative adjustment in net position to adopt GASB 68 and GASB 71	(300,514)	-
Net position, beginning of year, restated	13,393,116	12,690,805
Net position, end of year	$ 13,480,435	13,693,630

Overview of the Financial Statements

The three financial statements are as follows:

- Statement of Net Position—This statement presents information reflecting the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position represents the amount of total assets, deferred outflows of resources, less total deferred inflows of resources, and liabilities. The statement of net position is categorized as to current and noncurrent assets and liabilities. For purposes of the financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity or which are collectible or becoming due within 12 months of the statement date.

- Statement of Revenues, Expenses, and Changes in Net Position—This statement reflects the operating revenues and expenses, as well as non-operating revenues and expenses, during the fiscal year. Major sources of operating revenues are operations and maintenance, and electric power revenue; and major sources of operating expenses are salaries and benefits, and pumping power expense. Major sources of non-operating income are from investment and interest income. The change in net position for an enterprise fund is the equivalent of net profit or loss for any other business enterprise.

Overview of the Financial Statements, Continued

- Statement of Cash Flows—The statement of cash flows is presented using the direct method of reporting which reflects cash flows from operating, capital and related financing, and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents for the fiscal year.

Financial Highlights

- The decrease in total operating revenues of approximately $569,000 in 2015 compared to the prior year was due to a reduction in the budgeted maintenance costs due to completion of a major restoration project in the prior year. The increase in total operating revenues of approximately $452,000 in 2014 compared to the prior year was due to a planned major restoration project to a surge tank during 2014 and a planned water reuse study. Cost related to the surge tank restoration was capitalized.

- The increase in total operating expenses of approximately $68,000 in 2015 compared to the prior year was due primarily to increases in water monitoring and maintenance costs of approximately $67,000 and $38,000, respectively, offset primarily by reductions in salaries and benefits and professional services of $39,000 and $51,000, respectively. The decrease in total operating expenses of approximately $4,000 in 2014 compared to the prior year was due primarily to increases in professional services and depreciation costs of approximately $106,000 and $19,000, respectively, offset primarily by reductions in salaries and benefits, maintenance costs, pumping power, and water monitoring costs of approximately $8,000, $34,000, $46,000, and $39,000, respectively.

- Total non-operating revenues and expenses decreased approximately $278,000 in 2015 compared to the prior year, mainly resulting from a decrease in investment and interest income of approximately $139,000 and an increase in water reuse study expenses of approximately $160,000. Total non-operating revenues increased approximately $35,000 in 2014 compared to the prior year, mainly resulting from an increase in investment and interest income of approximately $126,000, offset primarily by an increase in water reuse study expenses of approximately $99,000.

- During 2015, the requirement to implement GASB Statements No. 68 and No. 71 resulted in the District recognizing a net pension liability of approximately $273,000 at June 30, 2015, a deferred outflow of resources of approximately $82,000, a deferred inflow of resources of approximately $50,000, and a restatement of net position as of July 1, 2014, of approximately $301,000.

Capital Assets

As of June 30, 2015, the District had invested approximately $17,121,000 in capital assets, including dam and reservoir, land improvements, construction in progress, pipelines, pumping plant, buildings and structures, vehicles, and equipment. Net of accumulated depreciation, the District's net capital assets at June 30, 2015, approximated $9,633,000. As of June 30, 2014, the District had invested approximately $16,900,000 in capital assets, including dam and reservoir, land improvements, construction in progress, pipelines, pumping plant, buildings and structures, vehicles, and equipment. Net of accumulated depreciation, the District's net capital assets at June 30, 2014, approximated $9,777,000. Additional details concerning the District's capital assets can be found in the financial statements (see Note 4).

The District's infrastructure assets, which are reported using the modified approach for depreciation, consisted of dam and reservoir related assets. The infrastructure assets are typically required to have annual condition assessments performed by the U.S. Department of the Interior's Bureau of Reclamation. The condition assessment assigned to the assets was 96 and 97 in the last two issued assessment reports, respectively. A rating of 80 or greater is considered to be a "Good" rating. The District's objective is to maintain a "Good" condition assessment rating.

Debt Administration

As of June 30, 2015, the District had approximately $993,000 payable to the U.S. Department of the Interior, compared to approximately $1,477,000 at June 30, 2014.

As of June 30, 2015 and 2014, the District had a note payable of approximately $1,077,000 and $1,158,000, respectively, with the Oklahoma Water Resources Board.

Additional details concerning the District's long-term debt can be found in the financial statements (see Note 5).

Contacting the District's Management

This financial report is designed to provide patrons and interested parties with a general overview of the District's finances and to demonstrate the District's accountability for its finances. If you have questions about this report or need additional financial information, contact:

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Central Oklahoma Master Conservancy District
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Norman, OK 73026
Telephone: 405-329-5228

CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT

STATEMENTS OF NET POSITION

June 30,	*2015*	*2014*
Assets		
Current assets:		
Cash and cash equivalents	$ 1,209,413	858,636
Assessments receivable—the Cities, current portion	497,236	483,966
Assessments receivable—the Cities—Energy Project, current portion	59,682	63,859
Accounts receivable	708,464	728,978
Accrued interest receivable	30,941	38,436
Total current assets	2,505,736	2,173,875
Noncurrent assets:		
Certificate of deposit	50,000	136,930
Restricted cash and cash equivalents	50,000	50,000
Prepaid expenses and other deposits	18,780	18,780
Assessments receivable—the Cities	495,533	992,769
Assessments receivable—the Cities—Energy Project	992,717	1,077,155
Investments	2,862,659	2,364,172
Capital assets, net	9,633,282	9,776,592
Total noncurrent assets	14,102,971	14,416,398
Total assets	16,608,707	16,590,273
Deferred outflows of resources:		
Deferred amounts related to the pension plan	82,270	-

(Continued)

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

STATEMENTS OF NET POSITION, CONTINUED

June 30,	*2015*	*2014*
Liabilities and Net Position		
Current liabilities:		
Accounts payable	202,552	209,964
Compensated absences payable	16,068	17,015
Accrued interest payable	24,388	35,006
Due to the Cities	574,475	-
Long-term debt, current portion	581,674	564,734
Total current liabilities	1,399,157	826,719
Noncurrent liabilities:		
Long-term debt, less current maturities	1,488,250	2,069,924
Net pension liability	273,169	-
Total noncurrent liabilities	1,761,419	2,069,924
Total liabilities	3,160,576	2,896,643
Deferred inflows of resources:		
Deferred amounts related to the pension plan	49,966	-
Net position:		
Invested in capital assets, net	7,563,358	7,141,934
Unrestricted	5,867,077	6,501,696
Restricted	50,000	50,000
Total net position	$ 13,480,435	13,693,630

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

CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years Ended June 30,	*2015*	*2014*
Operating revenues:		
Operations and maintenance	$ 1,848,740	2,514,215
Electric power	471,093	374,348
Total operating revenues	2,319,833	2,888,563
Operating expenses:		
Salaries and benefits	543,547	582,374
Maintenance	182,019	144,496
Utilities	19,942	16,963
Insurance and bond	55,713	55,817
Administrative supplies	11,622	9,679
Professional services	119,516	170,113
Pumping power	511,940	492,990
Water monitoring	166,744	99,882
Depreciation	373,717	344,140
Total operating expenses	1,984,760	1,916,454
Operating income	335,073	972,109
Non-operating revenues and expenses:		
Investment and interest income	100,534	240,024
Interest expense	(47,567)	(65,664)
Water reuse study expense	(312,610)	(152,190)
Other, net	11,889	8,546
Total non-operating revenues and expenses	(247,754)	30,716
Changes in net position	87,319	1,002,825
Net position, beginning of year	13,693,630	12,690,805
Cumulative adjustment in net position to adopt GASB 68 and GASB 71 (see Note 2)	(300,514)	-
Net position, beginning of year, restated	13,393,116	12,690,805
Net position, end of year	$ 13,480,435	13,693,630

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

CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT

STATEMENTS OF CASH FLOWS

Increase (Decrease) in Cash and Cash Equivalents

Years Ended June 30,	*2015*	*2014*
Cash flows from operating activities:		
Cash received from assessments to the Cities	$ 2,914,822	2,737,292
Cash payments for goods and services	(1,074,908)	(988,229)
Cash payments for salaries and benefits	(604,143)	(582,411)
Net cash provided by operating activities	1,235,771	1,166,652
Cash flows from capital, noncapital, and related financing activities:		
Acquisition and development of capital assets	(230,407)	(589,609)
Repayment of debt obligations	(564,734)	(549,262)
Interest paid	(58,185)	(79,734)
Water reuse study	(312,610)	(152,190)
Other, net	11,889	8,546
Net cash used in capital, noncapital, and related financing activities	(1,154,047)	(1,362,249)
Cash flows from investing activities:		
Principal received on assessments receivable	572,581	550,243
Investment and interest income received	108,029	243,884
Purchase of investments	(1,065,487)	(655,123)
Redemption of investments	567,000	-
Net redemption (purchase) of a certificate of deposit	86,930	(4,190)
Net cash provided by investing activities	269,053	134,814
Net increase (decrease) in cash and cash equivalents	350,777	(60,783)
Cash and cash equivalents at beginning of year	908,636	969,419
Cash and cash equivalents at end of year	$ 1,259,413	908,636

(Continued)

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

CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT

STATEMENTS OF CASH FLOWS, CONTINUED

Increase (Decrease) in Cash and Cash Equivalents

Years Ended June 30,		*2015*	*2014*
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	335,073	972,109
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation		373,717	344,140
Changes in deferred amounts related to pensions		(32,304)	-
Impact of cumulative adjustment in net position to adopt GASB 68 and GASB 71		(300,514)	-
Change in operating assets and liabilities:			
Accounts receivable		20,514	(151,271)
Accounts payable		(7,412)	1,711
Compensated absences payable		(947)	(37)
Net pension liability		273,169	-
Due to the Cities		574,475	-
Net cash provided by operating activities	$	1,235,771	1,166,652
Reconciliation of cash and cash equivalents to the statements of net position:			
Cash and cash equivalents classified as current assets	$	1,209,413	858,636
Cash and cash equivalents classified as noncurrent assets		50,000	50,000
	$	1,259,413	908,636

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

The Central Oklahoma Master Conservancy District (the "District") is a governmental organization established pursuant to Oklahoma Statute by order of the Cleveland County District Court entered on September 30, 1959. Its primary purpose is to distribute raw water from Lake Thunderbird to the Cities of Del City and Midwest City (under a contract dated November 13, 1961) and the City of Norman (under a contract dated September 5, 1961) [collectively, the "Cities"] for municipal, domestic, and industrial use. The District manages and operates the dam, facilities, land, and rights of way under a September 5, 1961, agreement with the United States. The District also provides flood control, fish and wildlife benefits, and recreational opportunities. The District is obligated to repay the United States for a portion of the construction cost (considered to be cost related to municipal and industrial water supply), with interest, for which it assesses the member cities annually based on a stated formula. The members of the District's board of directors are nominated by the Cities and appointed by the Cleveland County District Court.

Reporting Entity

The financial statements presented herein include only the operations of the District and do not include the assets, liabilities, or results of operations of the Cities serviced.

Basis of Accounting

The District prepares its financial statements on the enterprise fund basis using the economic measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Financial Statement Presentations

The District follows the provisions of the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* (GASB 34), in preparing its financial statements.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments with an original maturity of 3 months or less to be cash and cash equivalents.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Restricted Cash and Cash Equivalents

The contract with the U.S. Department of the Interior (see Note 5) requires that $50,000 be restricted for maintenance and operations.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are recorded at fair value.

Capital Assets

Capital assets are stated at cost and depreciated on the date they are placed into service. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are 20–25 years for buildings and structures, pumping plant, and pipelines; 7 years for vehicles and office equipment; and 20 years for the Energy Project equipment (a $2,400,000 energy savings construction project) and fencing and equipment.

The District considers the dam and reservoir related assets to be infrastructure assets, which are reported using the modified approach for depreciation. Under the modified approach, infrastructure assets are not required to be depreciated as long as certain requirements, as defined by GASB 34, are met. All expenditures made for infrastructure assets, using the modified approach, are expensed in the period incurred, except for expenditures considered to be for additions or improvements.

Intangible Assets

The District believes its only intangible assets consist of certain rights of way, all of which were received prior to July 2009. Since the District is considered to be a Phase 3 government under GASB 34, the District is not required to retroactively apply GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. Therefore, the District has not accounted for and reported its right-of-way intangible assets.

Compensated Absences

The District's employees can accrue a maximum of 360 hours of vacation pay. Upon termination, accrued, unpaid hours will be paid at the employee's hourly rate then in effect. Sick leave can be accrued at a rate of 12 days per year (8 hours for every full month of service), but is not paid upon termination.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Taxes

Because the District is a governmental institution pursuant to Title 82, Chapter 5 of the Oklahoma Statutes, as amended, the District is exempt from federal and state income taxes.

Concentrations

The District is located in Norman, Oklahoma, and serves the Cities and, therefore, is reliant on the Cities' ability to meet their obligations.

Contingencies

The District carries appropriate insurance with regard to comprehensive general liability, comprehensive automobile liability, personal injury, general property, and workers' compensation insurance.

Equity Classifications

Equity is classified as net position and displayed in three components:

Invested in Capital Assets, Net—Consists of capital assets, net of accumulated depreciation, less the balance of debt incurred to finance the acquisition, construction, or improvement of the related capital assets.

Restricted—Consists of net position with constraints placed on the use either by i) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or ii) law through constitutional provisions or enabling legislation.

Unrestricted—Consists of all other net position that do not meet the definition of "Invested in Capital Assets, Net" or "Restricted."

Revenues

The District considers all assessments charged to the Cities to fund its normal operations as operating revenues. Assessments to the Cities to fund capital or special projects, and grants or other contracts received from federal and state agencies, are considered to be non-operating income.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of Estimates in Preparing Financial Statements

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.

Defined Benefit Pension Plan

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employee Retirement System of Central Oklahoma Master Conservancy District (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by The Oklahoma Municipal Retirement Fund (OMRF). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OMRF plan's fiduciary net position is available in the separately issued OMRF financial report.

Recent Accounting Pronouncements

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB 68). The primary objective of GASB 68 is to improve accounting and financial reporting for pensions 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. The District adopted this statement effective July 1, 2014. The adoption of GASB 68 resulted in the restatement of beginning net position as of July 1, 2014 (see Note 2).

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements, Continued

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (GASB 71). GASB 71 amends GASB 68 by amending the transition provisions of GASB 68. At transition to GASB 68, employers that could not practically determine all of the deferred inflows and outflows related to pensions were provided guidance that no deferred inflows or outflows should be reported. GASB 71 amends this guidance to provide that a government recognize a beginning deferred outflow of resources for pension contributions made subsequent to the measurement date. GASB 71 will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB 68. The District adopted this statement on July 1, 2014. The adoption of GASB 71 resulted in the restatement of beginning net position as of July 1, 2014 (see Note 2).

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* (GASB 72). GASB 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 provides guidance for determining a fair value measurement for financial reporting purposes. GASB 72 also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of GASB 72 will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. GASB 72 also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB 72 is effective for financial statements for periods beginning after June 15, 2015. GASB 72 will require additional and/or revised disclosures in the financial statements.

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through December 16, 2015, the date which 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.

(2) RESTATEMENT OF BEGINNING NET POSITION AS OF JULY 1, 2014

The District's beginning net position as of July 1, 2014, has been restated for the effect of implementing GASB 68 and GASB 71. GASB 68 denotes that during implementation, if restatement of all prior years presented is not practical, the cumulative effect of applying GASB 68 should be reported as a restatement of beginning net position for the earliest period restated. As such, the beginning net position as of July 1, 2014, has been restated, as all information needed to restate for the year ended June 30, 2014, was not available.

The cumulative adjustment to the beginning net position as of July 1, 2014, consists of the following:

Beginning net position, as previously reported	$	13,693,630
Adjustments:		
Record the District's net pension liability		(480,937)
Record the 2014 contributions by the District as deferred outflows		180,423
Net effect of restatement		(300,514)
Beginning net position, as restated	$	13,393,116

(3) CASH AND CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk—Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's deposit policy for custodial credit risk is described as follows:

> The District requires that balances on deposit with financial institutions be insured by the FDIC or collateralized by securities held by the cognizant Federal Reserve Bank, or be invested in U.S. government obligations in the District's name.

(3) CASH AND CASH EQUIVALENTS AND INVESTMENTS, CONTINUED

Custodial Credit Risk—Deposits, Continued

As of June 30, 2015 and 2014, the carrying amount of the District's cash deposits was fully collateralized by federal depository insurance or pledges of securities by the various financial institutions, which conforms to Oklahoma state statutes governing the investment of public funds. The fair value of investments pledged to secure deposits approximated $1,498,000 and $1,046,000 at June 30, 2015 and 2014, respectively. The pledged investments consisted of mortgage-backed securities guaranteed by the U.S. government.

Custodial Credit Risk—Investments

Investments are made under the custody of the General Manager, as approved by the District's Board of Directors, in accordance with the District's investment policy.

The investment policy permits investments in U.S. Treasury bills, notes, and bonds and obligations fully insured or unconditionally guaranteed by the U.S. government or any of its agencies or instrumentalities; U.S. government agency securities; corporate debt and mortgage-backed pass-through securities with ratings of Aaa, AAA, or the equivalent; collateralized or insured certificates of deposit; bankers' acceptances; commercial paper with a rating of at least A-1 or the equivalent; obligations of state and local governments; money market and short-term bond funds with a rating of AAA or equivalent; and obligations of a foreign government with a rating of A-1 or the equivalent.

Custodial credit risk is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments. Investment securities are exposed to custodial risk if they are uninsured, are not registered in the name of the District, or are held by a counterparty or the counterparty's trust department but not in the name of the District. At June 30, 2015 and 2014, the investment balances of approximately $2,863,000 and $2,364,000, respectively, were uncollateralized. At June 30, 2015 and 2014, the District also had approximately $69,000 and $81,000, respectively, in two money market accounts which were not insured by the FDIC or collateralized. The money market accounts are included in cash and cash equivalents on the statements of net position. The underlying investments of the money market accounts include short-term, high quality, fixed-income securities issued by banks, corporations, and the U.S. government or its agencies.

(3) CASH AND CASH EQUIVALENTS AND INVESTMENTS, CONTINUED

Interest Rate Risk and Credit Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest changes. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Fixed-income securities are subject to credit risk. The District places no limit on the amount the District may invest in any one issuer. Credit quality rating is one method of assessing the ability of the issuer to meet its obligation. The following tables provide information concerning interest rate risk and credit risk.

At June 30, the District had the following investments and maturities:

2015	Investment Maturities (in Years)			
Investment Type	Less than 1	1 or More, Less than 5	5 or More	Fair Value
Corporate bonds—domestic	$ -	525,105	2,105,695	2,630,800
Corporate bonds—foreign	-	-	231,859	231,859
	$ -	525,105	2,337,554	2,862,659

2014	Investment Maturities (in Years)			
Investment Type	Less than 1	1 or More, Less than 5	5 or More	Fair Value
Corporate bonds—domestic	$ -	-	2,199,357	2,199,357
Corporate bonds—foreign	-	-	164,815	164,815
	$ -	-	2,364,172	2,364,172

See Independent Auditors' Report.

(3) CASH AND CASH EQUIVALENTS AND INVESTMENTS, CONTINUED

Interest Rate Risk and Credit Risk, Continued

The following table provides information concerning credit risk at June 30, 2015:

S&P 500 Rating	Fair Value	Percentage of Total Fixed Income Investments at Fair Value
AA+	$ 315,381	11%
AA-	299,700	10%
A+	252,442	9%
A	410,725	14%
A-	905,008	32%
BBB+	392,852	14%
BBB	194,736	7%
BB+	91,815	3%
	$ 2,862,659	100%

The following table provides information concerning credit risk at June 30, 2014:

S&P 500 Rating	Fair Value	Percentage of Total Fixed Income Investments at Fair Value
AA+	$ 315,723	13%
AA-	297,963	13%
A+	251,041	11%
A	404,810	17%
A-	892,887	38%
BBB+	201,748	8%
	$ 2,364,172	100%

The certificate of deposit held at June 30, 2015, was fully insured by the FDIC, matures on January 18, 2017, and has an interest rate of 1.19%. The certificate of deposit held at June 30, 2014, matured on February 18, 2015, and had an interest rate of 3.12%.

See Independent Auditors' Report.

(4) CAPITAL ASSETS

Following are the changes in capital assets for the years ended June 30:

	Balance at June 30, 2014	Additions	Retirements	Transfers	Balance at June 30, 2015
Capital assets not being depreciated:					
Dam and reservoir	$ 4,605,177	-	-	-	4,605,177
Land improvements	38,375	-	-	-	38,375
Construction in progress:					
Land improvements	25,000	-	-	(25,000)	-
Total capital assets not being depreciated	4,668,552	-	-	(25,000)	4,643,552
Other capital assets:					
Vehicles	429,882	145,333	-	-	575,215
Pipelines	4,262,751	-	-	-	4,262,751
Pumping plant	1,593,952	-	-	-	1,593,952
Office equipment	84,492	-	-	-	84,492
Buildings and structures	1,197,254	-	-	25,000	1,222,254
Energy Project equipment	2,536,613	-	-	-	2,536,613
Fencing and equipment	2,117,574	85,074	-	-	2,202,648
Total other capital assets	12,222,518	230,407	-	25,000	12,477,925
Accumulated depreciation:					
Vehicles	(263,349)	(44,256)	-	-	(307,605)
Pipelines	(3,425,734)	(42,411)	-	-	(3,468,145)
Pumping plant	(1,555,084)	(2,356)	-	-	(1,557,440)
Office equipment	(65,178)	(7,860)	-	-	(73,038)
Buildings and structures	(283,429)	(46,700)	-	-	(330,129)
Energy Project equipment	(634,155)	(126,830)	-	-	(760,985)
Fencing and equipment	(887,549)	(103,304)	-	-	(990,853)
Total accumulated depreciation	(7,114,478)	(373,717)	-	-	(7,488,195)
Capital assets, net	$ 9,776,592	(143,310)	-	-	9,633,282

See Independent Auditors' Report.

(4) CAPITAL ASSETS, CONTINUED

	Balance at June 30, 2013	Additions	Retirements	Transfers	Balance at June 30, 2014
Capital assets not being depreciated:					
Dam and reservoir	$ 4,605,177	-	-	-	4,605,177
Land improvements	38,375	-	-	-	38,375
Construction in progress:					
Land improvements	-	25,000	-	-	25,000
Total capital assets not being depreciated	4,643,552	25,000	-	-	4,668,552
Other capital assets:					
Vehicles	427,270	2,612	-	-	429,882
Pipelines	3,731,023	531,728	-	-	4,262,751
Pumping plant	1,593,952	-	-	-	1,593,952
Office equipment	84,492	-	-	-	84,492
Buildings and structures	1,197,254	-	-	-	1,197,254
Energy Project equipment	2,536,613	-	-	-	2,536,613
Fencing and equipment	2,087,305	30,269	-	-	2,117,574
Total other capital assets	11,657,909	564,609	-	-	12,222,518
Accumulated depreciation:					
Vehicles	(223,285)	(40,064)	-	-	(263,349)
Pipelines	(3,404,966)	(20,768)	-	-	(3,425,734)
Pumping plant	(1,552,728)	(2,356)	-	-	(1,555,084)
Office equipment	(57,210)	(7,968)	-	-	(65,178)
Buildings and structures	(237,979)	(45,450)	-	-	(283,429)
Energy Project equipment	(507,324)	(126,831)	-	-	(634,155)
Fencing and equipment	(786,846)	(100,703)	-	-	(887,549)
Total accumulated depreciation	(6,770,338)	(344,140)	-	-	(7,114,478)
Capital assets, net	$ 9,531,123	245,469	-	-	9,776,592

See Independent Auditors' Report.

(5) LONG-TERM DEBT

Long-term debt activity for the years ended June 30 was as follows:

	Balance at June 30, 2014	Additions	Reductions	Balance at June 30, 2015	Amounts Due Within 1 Year
U.S. Department of the Interior contract payable	$ 1,476,735	-	(483,966)	992,769	497,236
Drinking Water SRF note payable	1,157,923	-	(80,768)	1,077,155	84,438
	$ 2,634,658	-	(564,734)	2,069,924	581,674

	Balance at June 30, 2013	Additions	Reductions	Balance at June 30, 2014	Amounts Due Within 1 Year
U.S. Department of the Interior contract payable	$ 1,947,018	-	(470,283)	1,476,735	483,965
Drinking Water SRF note payable	1,236,902	-	(78,979)	1,157,923	80,769
	$ 3,183,920	-	(549,262)	2,634,658	564,734

U.S. Department of the Interior Contract Payable

In 1961, the District entered into a contract with the U.S. Department of the Interior to provide for the repayment of the District's share of the costs incurred in the construction of the water facilities. The original contract payable was for $10,928,511 at 2.74% interest over 55 years. Interest and principal payments are due annually on October 1. As of June 30, 2015 and 2014, the District had the necessary $50,000 of restricted funds set aside for maintenance and operations.

(5) LONG-TERM DEBT, CONTINUED

Series 2007 Note Payable and Drinking Water SRF Note Payable

In January 2007, the District entered into a $1,500,000 note payable agreement with a financial institution (the Series 2007 note payable) to help fund the District's Energy Project.

In October 2009, the District refinanced the Series 2007 note payable with a note payable (Drinking Water SRF note payable) from the Oklahoma Water Resources Board (OWRB) through its "Drinking Water SRF Financing Program." The Drinking Water SRF note payable has an annual interest rate of 2.78%, matures on September 15, 2026, and is secured by the District's revenues. Semiannual interest and principal payments are due on March 15 and September 15. The note has certain financial, restrictive, and negative covenants that the District must meet. As of June 30, 2015, the District was in compliance with such covenants.

During 2014, the note payable was amended to modify the interest rates to 1.74% in 2016, 1.66% in 2017, and 0.50% in 2018 through maturity.

Future payments of principal and interest of the District's long-term debt for the next 5 years and to maturity are as follows:

Year	Total	Interest	Principal
2016	$ 624,302	42,628	581,674
2017	608,502	18,618	589,884
2018	98,723	4,374	94,349
2019	98,263	3,902	94,361
2020	97,856	3,430	94,426
2021–2025	482,940	10,065	472,875
2026–2027	143,067	712	142,355
	$ 2,153,653	83,729	2,069,924

(6) ASSESSMENTS RECEIVABLE

The Cities entered into separate contracts with the District for the repayment of their share of the original contract payable with the U.S. Department of the Interior (see Note 5). The original assessments for the City of Norman, the City of Midwest City, and the City of Del City were $4,083,149, $4,672,610, and $2,172,752, respectively, payable annually on September 1 at 2.74% interest over 55 years. The balance of the assessments receivable at June 30, 2015 and 2014, was $992,769 and $1,476,735, respectively.

See Independent Auditors' Report.

(6) ASSESSMENTS RECEIVABLE, CONTINUED

In connection with the District's Energy Project, the District entered into contracts with the City of Norman and the City of Del City, in which the two cities agreed to repay their share of the note payable related to the project through an assessment receivable. The assessments mirror the terms of the Drinking Water SRF note payable. See Note 5 for the respective terms. The assessments are secured by gross revenues received from the sale of water by the respective cities. The balance of the assessments receivable for the Energy Project at June 30, 2015 and 2014, was $1,052,399 and $1,141,014, respectively.

(7) DEFINED BENEFIT PENSION PLAN

Plan Description

The District participates in OMRF, an agent multiple public employer retirement system (PERS) defined benefit pension plan. The Plan provides pensions for all regular, full-time employees. The OMRF plan issues a separate financial report and can be obtained from OMRF or from their website: www.okmrf.org/reports.html. PERS is a retirement system that provides benefits to employees of one or more state or local governmental entities. An agent PERS maintains pooled administrative and investment functions for all participating entities. The authority to establish and amend the benefit provisions of the plans that participate in the OMRF is assigned to the respective employer entities, which is the District's Board of Directors. Actuary valuations are performed each year on July 1.

Benefits Provided

The Plan provides retirement, disability, and death benefits. Retirement benefits for employees are calculated as 3 percent of the employee's average 5 highest consecutive years of salaries out of the last 10 years of service multiplied by the number of years of credited service. Employees with 10 or more years of vesting service can retire at the age of 65 or at the age of 55 with 80 points. Points are equal to age plus completed years of service. The Plan allows for early retirement at the age of 55 with 10 years of vested service. The early retirement benefit is the normal retirement benefit reduced 5 percent per year for commencement prior to the normal retirement age. All employees are eligible for disability benefits after 10 or more years of service. Disability benefits are determined in the same manner as normal retirement benefits and are payable upon disablement without an actuarial reduction for early payment. In-service death benefits equal 50 percent of the normal retirement benefit payable to the spouse until death or remarriage, or 50 percent of the normal retirement benefit payable to the elected beneficiary for 5 years certain (for non-married employees). An employee who deceases or terminates service with the District prior to vesting may withdraw his or her contributions, plus any accumulated interest.

(7) DEFINED BENEFIT PENSION PLAN, CONTINUED

Benefits Provided, Continued

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. Benefits in payments status are adjusted each July 1 based on the percentage change in the Consumer Price Index, limited to a maximum increase or decrease in any year of 3 percent.

The Plan allows for normal and optional forms of benefit payments. The normal form of payment is a monthly lifetime annuity with 5 years certain. Disability retirement benefits are paid only under the normal form. Optional forms of payment consist of jointed and 50% survivor annuity, joint and 66 and two-thirds percent last survivor annuity, and joint and 100% survivor annuity.

Employees Covered Under the Plan

At June 30, 2015, the following employees were covered under the Plan:

Retirees, disabled participants, and beneficiaries currently receiving benefits	6
Terminated vested participants	-
Active participants	5
	11

Contributions

The District's Board of Directors has the authority to set and amend contribution rates to the Plan. Participating employees contribute 6% of their annual compensation to the Plan. The District's contribution rates for fiscal years 2015 and 2014 were based on actuarially determined rates. The rates for the fiscal years 2015 and 2014 were 29.78% and 36.73%, respectively, of covered salary. The District contributed $82,270 and $180,423 in employer contributions to the Plan in 2015 and 2014, respectively.

(7) DEFINED BENEFIT PENSION PLAN, CONTINUED

Total and Net Pension Liability

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2014, which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2014, and the District's report ending date of June 30, 2015, that would have a significant impact on the net pension liability as of June 30, 2015.

Actuarial Assumptions

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

Investment return and discount rate:	7.75% compounded annually net of investment expense and including inflation.
Salary increases:	Varies between 4.0% to 7.4% per year
Mortality rates:	UP-1994 Mortality Table with projected mortality improvement by the Scale AA based on the employee's year of birth
Assumed inflation rate:	3.0%
Actuarial cost method:	Entry age normal

The actuarial assumptions used in the July 1, 2014, valuation are based on the results of the most recent actuarial experience study, which covers the 5-year period ending June 30, 2011. The experience study report is dated September 28, 2012.

Discount Rate

The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.75%, since the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

The District has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

(7) DEFINED BENEFIT PENSION PLAN, CONTINUED

Discount Rate, Continued

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 (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of July 1, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighted Return
Large cap stocks			
S&P 500	25%	5.40%	1.35%
Small/mid cap stocks			
Russell 2500	10%	7.50%	0.75%
Long/short equity			
MSCI ACWI	10%	6.10%	0.61%
International stocks			
MSCI EAFE	20%	5.10%	1.02%
Fixed income bonds			
Barclay's Capital Aggregate	30%	2.60%	0.78%
Real estate			
NCREIF	5%	4.80%	0.24%
Cash and cash equivalents			
3-month Treasury	0%	0.00%	0.00%
Total	100%		
Average real return			4.75%
Inflation			3.00%
Long-term expected return			7.75%

See Independent Auditors' Report.

(7) DEFINED BENEFIT PENSION PLAN, CONTINUED

Changes in the Net Pension Liability

Changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2014	$ 1,492,775	1,011,838	480,937
Changes for the year:			
Service cost	36,379	-	36,379
Interest cost	115,436	-	115,436
Contributions—employer	-	180,423	(180,423)
Contributions—employee	-	13,138	(13,138)
Net investment income	-	168,530	(168,530)
Benefit payments, including refunds of employee contributions	(80,831)	(80,831)	-
Administrative expense	-	(2,508)	2,508
Net changes	70,984	278,752	(207,768)
Balance at June 30, 2015	$ 1,563,759	1,290,590	273,169

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District, calculated using the discount rate of 7.75%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net pension liability July 1, 2014	$ 476,815	273,169	103,251

See Independent Auditors' Report.

(7) DEFINED BENEFIT PENSION PLAN, CONTINUED

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the District recognized pension expense of $22,621. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30, 2015:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	49,966
District contributions subsequent to measurement date	82,270	-
	$ 82,270	49,966

Reported deferred outflows of resources of $82,270 related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2016. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	$ (12,491)
2017	(12,491)
2018	(12,491)
2019	(12,493)
	$ (49,966)

(8) DEFINED CONTRIBUTION PLAN

The District has a defined contribution retirement plan and trust, known as the "Employee Retirement System of Central Oklahoma Master Conservancy District in Norman, Oklahoma, Defined Contribution Plan" (the "Contribution Plan"), in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan. The Contribution Plan is available only to the General Manager and contains a provision requiring the District to contribute up to 15% of the General Manager's eligible compensation. For each of the years ended June 30, 2015 and 2014, the District contributed approximately $19,000 to the Contribution Plan. Benefits depend solely on amounts contributed to the Contribution Plan plus investment earnings.

(9) DEFERRED COMPENSATION PLAN

The District has a deferred compensation plan (the "Deferred Compensation Plan") as authorized by Section 457(b) of the Internal Revenue Code, 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 Deferred Compensation Plan is available to all District employees. Participants may make voluntary contributions up to the maximum permitted by law. The District matches salary deferrals at 50%, up to 3% of the participant's annual compensation. Participants are fully vested in their contributions and the District's contributions. Participants may direct the investment of their contributions and the District's contributions in available investment options offered by the Deferred Compensation Plan. All interest, dividends, and investment fees are allocated to participants' accounts. The District's contribution to the Deferred Compensation Plan in 2015 and 2014 approximated $6,500 and $2,600, respectively.

CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

CONDITION RATING AND ESTIMATE-TO-ACTUAL COMPARISON OF MAINTENANCE OF INFRASTRUCTURE ASSETS

June 30, 2015

Condition Rating of Infrastructure Assets

	Years Ended June 30,		
	2014	2012	2011*
Infrastructure assets (dam and reservoir)	96	97	89

*Comprehensive assessment year.

Condition assessments of the infrastructure assets are made by the U.S. Department of the Interior's Bureau of Reclamation (BOR). The BOR typically performs a comprehensive assessment every 3 years and a limited condition assessment for other annual periods. The ratings are based on the BOR's "Facility Reliability Rating System for High and Significant Hazard Dams." The ratings are as follows: Good (rating of 80 or greater); Fair (rating of 60 to 79); and Poor (rating of 59 or less).

Estimate-to-Actual Comparison of Maintenance of Infrastructure Assets

	Years Ended June 30,				
	2015	2014	2013	2012	2011
Estimate	$ 65,000	65,000	55,000	50,000	77,000
Actual	93,985	88,720	135,437	86,416	118,752

See Independent Auditors' Report.

CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

Fiscal Year Ended June 30, 2015

Total pension liability	
Service cost	$ 36,379
Interest cost	115,436
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(80,831)
Net change in total pension liability	70,984
Total pension liability, beginning of year	1,492,775
Total pension liability, end of year (a)	$ 1,563,759
Plan fiduciary net position	
Contributions—employer	$ 180,423
Contributions—employees	13,138
Net investment income	168,530
Administrative expenses	(2,508)
Benefit payments, including refunds of employee contributions	(80,831)
Net change in plan fiduciary net position	278,752
Plan fiduciary net position, beginning of year	1,011,838
Plan fiduciary net position, end of year (b)	$ 1,290,590
Plan's net pension liability (a) - (b)	$ 273,169

The amounts presented for each year-end were determined as of July 1 of the current year.
Only the current fiscal year is presented because data for the prior 9 years is not readily available.

See Independent Auditors' Report.

CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT

SCHEDULE OF NET PENSION LIABILITY RATIOS

Fiscal Year Ended June 30, 2015

Total pension liability	$ 1,563,759
Plan fiduciary net position	1,290,590
Plan's net pension liability	$ 273,169
Plan fiduciary net position as a percentage of the total pension liability	82.53%
Covered-employee payroll	$ 218,956
Plan's net pension liability as a percentage of covered-employee payroll	124.76%

The amounts presented for each year-end were determined as of July 1 of the current year.
Only the current fiscal year is presented because data for the prior 9 years is not readily available.

See Independent Auditors' Report.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30, 2015

Actuarially determined contribution	$ 80,422
Contributions in relation to the actuarially determined contribution	180,423
Contribution deficiency (excess)	$ (100,001)
Covered-employee payroll	$ 218,956
Contributions as a percentage of covered-employee payroll	82.40%

The amounts presented for each year-end were determined as of July 1 of the current year.
Only the current fiscal year is presented because data for the prior 9 years is not readily available.

See Independent Auditors' Report.

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*

Board of Directors
Central Oklahoma Master Conservancy District

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 Central Oklahoma Master Conservancy District (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 16, 2015. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information. Our report also includes an explanatory paragraph noting the adoption of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68,* by the District, requiring the restatement of the beginning net position as of July 1, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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)

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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 District'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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Finley & Cook, PLLC

Shawnee, Oklahoma
December 16, 2015