Central Oklahoma
Master Conservancy District

Financial Statements

June 30, 2021 and 2020
(With Independent Auditors' Report Thereon)

FINLEY & COOK
CERTIFIED PUBLIC ACCOUNTANTS

CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT

FINANCIAL STATEMENTS

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FINLEY & COOK
CERTIFIED PUBLIC ACCOUNTANTS

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, 2021 and 2020, 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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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, 2021 and 2020, 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.

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 January 11, 2022, 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 solely 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 the effectiveness of the District's 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
January 11, 2022

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, 2021 and 2020. 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 2021 and 2020.

Statements of Net Position

	June 30, 2021	June 30, 2020
Assets:		
Current assets	$ 2,465,986	3,084,150
Capital assets, net	14,601,136	11,350,852
Net pension asset	138,644	266,750
Other noncurrent assets	4,486,216	4,344,816
Total assets	21,691,982	19,046,568
Deferred outflows of resources related to the pension plan	139,283	68,153
Liabilities:		
Current liabilities	571,521	1,113,495
Long-term debt, less current maturities	5,318,586	2,016,356
Total liabilities	5,890,107	3,129,851
Deferred inflows of resources related to the pension plan	50,494	94,117
Net position:		
Invested in capital assets, net	8,877,126	9,196,144
Restricted	50,000	50,000
Unrestricted	6,963,538	6,644,609
Total net position	$ 15,890,664	15,890,753

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended June 30, 2021	2020
Operating revenues:		
Operations and maintenance	$ 1,258,565	1,737,662
Electric power	475,813	484,429
Total operating revenues	1,734,378	2,222,091
Operating expenses:		
Pumping power	476,598	484,429
Salaries and benefits	614,900	595,501
Impairment of capital assets	205,789	-
Other operating expenses	748,400	813,116
Total operating expenses	2,045,687	1,893,046
Operating (loss) income	(311,309)	329,045
Non-operating revenue	311,220	165,603
Changes in net position	(89)	494,648
Net position, beginning of year	15,890,753	15,396,105
Net position, end of year	$ 15,890,664	15,890,753

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 $488,000 in 2021 compared to the prior year was primarily due to decreased operations and maintenance revenues assessed to member cities. The decrease in total operating revenues of approximately $246,000 in 2020 compared to the prior year was primarily due to $248,000 of operations and maintenance assessment adjustments to member cities for temporary financial relief due to the COVID-19 pandemic.

- The increase in total operating expenses of approximately $153,000 in 2021 compared to the prior year was due primarily to an approximate $206,000 impairment of the District's saturated dissolved oxygenation assets, which were discontinued in fiscal year 2021 and an increase in professional services of approximately $35,000, which were offset by reductions of approximately $48,000 and $57,000 respectively, in maintenance and water monitoring cost. The increase in total operating expenses of approximately $71,000 in 2020 compared to the prior year was due primarily to an increase in salaries and benefits of approximately $123,000 and pumping power of approximately $27,000, offset by a decrease in maintenance of approximately $51,000 and professional services of approximately $21,000.

- Total non-operating revenues increased approximately $146,000 in 2021 compared to the prior year mainly resulting from an increase of approximately $46,000 in investment and interest income, an increase of approximately $93,000 from gains on sales of capital assets, and an increase of approximately $56,000 in other revenues, offset by an increase of approximately $76,000 in interest expense. Total non-operating revenues decreased approximately $68,000 in 2020 compared to the prior year, mainly resulting from a decrease in investment and interest income of approximately $82,000 and a decrease in gain on sale fixed assets of approximately $20,000, offset by a decrease in shoreline stabilization expense of $39,000.

- During 2021, the District's net pension asset was approximately $139,000, deferred outflows of resources approximated $139,000, and deferred inflows of resources approximated $50,000. During 2020, the District's net pension asset was approximately $267,000, deferred outflows of resources approximated $68,000, and deferred inflows of resources approximated $94,000.

Capital Assets

As of June 30, 2021, the District had invested approximately $24,127,000 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, 2021, approximated $14,601,000. As of June 30, 2020, the District had invested approximately $20,675,000 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, 2020, approximated $11,351,000. Additional details concerning the District's capital assets can be found in the financial statements (see Note 3).

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 99 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, 2021 and 2020, the District had notes payable of approximately $5,724,000 and $2,155,000, 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 4).

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,		*2021*	*2020*
Assets			
Current assets:			
Cash and cash equivalents	$	1,947,957	2,590,564
Grants receivable		-	32,500
Assessments receivable—the Cities—Energy Project, current portion		64,659	64,567
Accounts receivable		433,098	372,048
Accrued interest receivable		20,272	24,471
Total current assets		2,465,986	3,084,150
Noncurrent assets:			
Assessments receivable—the Cities—Energy Project		426,318	520,802
Investments		4,018,057	3,779,237
Debt issuance costs		41,841	44,777
Net pension asset		138,644	266,750
Capital assets, net		14,601,136	11,350,852
Total noncurrent assets		19,225,996	15,962,418
Total assets		21,691,982	19,046,568
Deferred outflows of resources:			
Deferred amounts related to the pension plan		139,283	68,153

(Continued)

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

STATEMENTS OF NET POSITION, CONTINUED

June 30,	*2021*	*2020*
Liabilities and Net Position		
Current liabilities:		
Accounts payable	108,120	957,095
Compensated absences payable	31,976	17,151
Accrued interest payable	26,001	897
Long-term debt, current portion	405,424	138,352
Total current liabilities	571,521	1,113,495
Noncurrent liabilities:		
Long-term debt, less current maturities	5,318,586	2,016,356
Total liabilities	5,890,107	3,129,851
Deferred inflows of resources:		
Deferred amounts related to the pension plan	50,494	94,117
Net position:		
Invested in capital assets, net	8,877,126	9,196,144
Restricted	50,000	50,000
Unrestricted	6,963,538	6,644,609
Total net position	$ 15,890,664	15,890,753

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,	*2021*	*2020*
Operating revenues:		
Operations and maintenance	$ 1,258,565	1,737,662
Electric power	475,813	484,429
Total operating revenues	1,734,378	2,222,091
Operating expenses:		
Salaries and benefits	614,900	595,501
Maintenance	76,192	124,069
Utilities	37,239	37,663
Insurance and bond	76,962	66,146
Administrative supplies	10,512	16,347
Professional services	78,063	43,380
Pumping power	476,598	484,429
Water monitoring	76,213	133,377
Depreciation	393,219	392,134
Impairment of capital assets	205,789	-
Total operating expenses	2,045,687	1,893,046
Operating (loss) income	(311,309)	329,045
Non-operating revenues and (expenses):		
Grant revenue	14,914	32,500
Investment and interest income	250,834	204,668
Gain on sale of capital assets	107,537	14,427
Interest expense	(87,675)	(11,639)
Shoreline stabilization expense	(39,316)	(83,221)
Other, net	64,926	8,868
Net non-operating revenues	311,220	165,603
Changes in net position	(89)	494,648
Net position, beginning of year	15,890,753	15,396,105
Net position, end of year	$ 15,890,664	15,890,753

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,	*2021*	*2020*
Cash flows from operating activities:		
Cash received from assessments to the Cities	$ 1,673,328	2,455,962
Cash payments for goods and services	(1,677,753)	(164,982)
Cash payments for salaries and benefits	(589,721)	(603,159)
Net cash (used) provided by operating activities	(594,146)	1,687,821
Cash flows from capital, noncapital, and related financing activities:		
Acquisition and development of capital assets	(3,875,249)	(2,751,103)
Proceeds from sale of capital assets	133,221	71,099
Proceeds from long-term debt	3,824,754	1,539,477
Repayment of debt obligations	(255,452)	(94,426)
Interest paid	(59,635)	(10,554)
Shoreline stabilization	(39,316)	(83,221)
Other, net	64,926	5,492
Grant proceeds	47,414	-
Net cash used in capital, noncapital, and related financing activities	(159,337)	(1,323,236)
Cash flows from investing activities:		
Principal received on assessments receivable	94,392	94,431
Investment and interest income received	123,253	148,879
Purchase of investments	(600,010)	(1,018,124)
Redemption of investments	493,241	902,574
Net cash provided by investing activities	110,876	127,760
Net (decrease) increase in cash and cash equivalents	(642,607)	492,345
Cash and cash equivalents at beginning of year	2,590,564	2,098,219
Cash and cash equivalents at end of year	$ 1,947,957	2,590,564

(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,		*2021*	*2020*
Reconciliation of operating income to net cash (used in) provided by operating activities:			
Operating (loss) income	$	(311,309)	329,045
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:			
Depreciation		393,219	392,134
Impairment of capital assets		205,789	-
Changes in deferred amounts related to pensions		(114,753)	(36,547)
Change in operating assets and liabilities:			
Accounts receivable		(61,050)	233,871
Net pension asset		128,106	29,868
Accounts payable		(848,974)	740,429
Compensated absences payable		14,826	(979)
Net cash (used in) provided by operating activities	$	(594,146)	1,687,821

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, Midwest City, and Norman (collectively, the "Cities") for municipal, domestic, and industrial use. The District manages and operates the dam, facilities, land, and rights of way under an agreement with the United States. The District also provides flood control, fish and wildlife benefits, and recreational opportunities. The District was 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 assessed 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

Investments

The District's investments are recorded at fair value.

Accounting principles generally accepted in the United States establish a fair value hierarchy for determination and measurement of fair value. The hierarchy is based on the type of valuation inputs needed to measure the fair value of an asset. The hierarchy is generally as follows:

> Level 1—Unadjusted quoted prices in active market, for identical assets.
>
> Level 2—Quoted prices for similar assets or inputs that are observable or other forms of market corroborated inputs.
>
> Level 3—Pricing based on best available information including primarily unobservable inputs and assumptions market participants would use in pricing the asset.

In addition to the above three levels, if an investment does not have a readily determined fair value, the investment can be measured using net asset value (NAV) per share (or its equivalent). Investments valued at NAV are categorized as NAV and not listed as Level 1, 2, or 3.

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.

See Independent Auditors' Report.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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.

Federal Grant Revenues and Expenditures

The District's federal grant revenues are primarily expenditure driven, in that prior to requesting grant monies, expenditures are incurred.

See Independent Auditors' Report.

(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 (asset) 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 (OkMRF). 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 OkMRF plan's fiduciary net position is available in the separately issued OkMRF financial report.

Recent Accounting Pronouncements

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities* (GASB 84). GASB 84 improves guidance regarding the recognition and reporting of fiduciary activities. GASB 84 identifies four types of reportable fiduciary fund types, including (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and 4) custodial funds. GASB 84 outlines the accounting and disclosure requirements for operating structures that qualify as a fiduciary activity. The District adopted GASB 84 on July 1, 2020, which did not have a significant impact on its financial statements.

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 87 improves accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The District does not expect GASB 87 to have a significant impact on the financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements, Continued

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32* (GASB 97). The primary objectives of GASB 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of GASB 97 that 1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and 2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective at the date of issuance of GASB 97 and did not have a significant impact on the District's financial statements. The requirements of GASB 97 that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of GASB 97 that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within GASB 97.

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through January 11, 2022, the date which the financial statements were available to be issued.

(2) 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.

Custodial Credit Risk—Investments

As of June 30, 2021 and 2020, the District held cash deposits of approximately $1,908,000 and $2,072,000, respectively, in a money market account that is not insured by the FDIC. This investment is not considered to be a custodial credit risk since the money market is invested in U.S. Treasury securities and U.S. government agency securities. The money market account had an S&P rating of AAA at both June 30, 2021 and 2020, and an average maturity of the underlying investments of 51 days and 39 days as of June 30, 2021 and 2020, respectively. The money market account is included in cash and cash equivalents on the statements of net position. The underlying investments of the money market account include short-term, high quality, fixed-income securities issued by the U.S. government or its agencies.

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; investment grade corporate debt obligations and municipal debt obligations; collateralized or insured certificates of deposit; money market and short-term to intermediate-term bond registered investment companies, and stock based registered investment companies.

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, 2021 and 2020, the investment balances of approximately $4,018,000 and $3,779,000, respectively, were uncollateralized.

(2) CASH AND CASH EQUIVALENTS AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value

Fair values of investments by hierarchy level at June 30 are presented below:

Investments by Fair Value Level	Amounts Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2021				
Corporate bonds:				
Domestic	$ 3,149,358	-	3,149,358	-
Foreign	240,600	-	240,600	-
	3,389,958	-	3,389,958	-
Registered investment companies	628,099	628,099	-	-
	$ 4,018,057	628,099	3,389,958	-
June 30, 2020				
Corporate bonds:				
Domestic	$ 3,239,527	-	3,239,527	-
Foreign	218,371	-	218,371	-
	$ 3,457,898	-	3,457,898	-

The District holds a diversified mix of registered investment companies and corporate debt securities through an investment manager. The District's investments in registered investment companies are classified as Level 1 of the fair value hierarchy, valued using quoted prices in active markets. The District's corporate debt securities are classified in Level 2 of the fair value hierarchy, valued using a matrix pricing technique determined by a third party. This method values securities based on their relationship to benchmark quoted prices.

(2) 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 has a policy in place to limit maturity dates of debt securities to no longer than 10 years from the date of purchase and attempts to ladder maturity dates are subject to credit risk. The District has a policy in place to limit investments in any one security issue to no more than 10% of the investment portfolio at the time of investment. Also, no more than 10% of the total portfolio's investments may be invested in stock based registered investment companies at the time such investments are made. 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 for debt securities.

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

	Investment Maturities (in Years)			
Investment Type	Less Than 1	1 or More, Less Than 5	5 or More	Fair Value
2021				
Corporate bonds:				
Domestic	$ 96,147	1,797,556	1,255,655	3,149,358
Foreign	-	240,600	-	240,600
	$ 96,147	2,038,156	1,255,655	3,389,958
2020				
Corporate bonds:				
Domestic	$ -	1,625,980	1,922,857	3,548,837
Foreign	-	230,400	-	230,400
	$ -	1,856,380	1,922,857	3,779,237

See Independent Auditors' Report.

(2) 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:

S&P 500 Rating	Fair Value	Percentage of Total Debt Security Investments at Fair Value
2021		
AAA	$ 272,836	8%
A+	477,350	14%
A-	599,751	18%
BBB+	764,015	22%
BBB	371,568	11%
BBB-	404,150	12%
BB+	259,688	8%
BB-	240,600	7%
	$ 3,389,958	100%
2020		
AAA	$ 283,662	8%
AA-	146,207	4%
A	181,633	5%
A-	1,054,197	28%
BBB+	729,282	19%
BBB	566,433	15%
BBB-	587,423	15%
BB	230,400	6%
	$ 3,779,237	100%

See Independent Auditors' Report.

(3) CAPITAL ASSETS

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

	Balance at June 30, 2020	Additions	Retirements	Impairments	Transfers	Balance at June 30, 2021
Capital assets not being depreciated:						
Dam and reservoir	$ 4,605,177	-	-	-	-	4,605,177
Land improvements	38,375	-	-	-	-	38,375
Construction in progress:						
Del City pipeline replacement	3,073,538	3,352,357	-	-	-	6,425,895
Total capital assets not being depreciated	7,717,090	3,352,357	-	-	-	11,069,447
Other capital assets:						
Vehicles	734,923	13,822	(118,614)	-	-	630,131
Pipelines	4,269,079	-	-	-	-	4,269,079
Pumping plant	1,593,952	-	-	-	-	1,593,952
Office equipment	99,005	350	(13,909)	-	-	85,446
Buildings and structures	1,222,254	4,645	-	-	-	1,226,899
Energy Project equipment	2,536,613	-	-	-	-	2,536,613
Fencing and equipment	2,501,753	504,075	(84,924)	(205,789)	-	2,715,115
Total other capital assets	12,957,579	522,892	(217,447)	(205,789)	-	13,057,235
Accumulated depreciation:						
Vehicles	(514,710)	(55,725)	106,714	-	-	(463,721)
Pipelines	(3,681,675)	(42,727)	-	-	-	(3,724,402)
Pumping plant	(1,569,220)	(2,356)	-	-	-	(1,571,576)
Office equipment	(91,286)	(2,264)	12,490	-	-	(81,060)
Buildings and structures	(562,133)	(46,354)	-	-	-	(608,487)
Energy Project equipment	(1,395,140)	(126,831)	-	-	-	(1,521,971)
Fencing and equipment	(1,509,653)	(116,962)	72,286	-	-	(1,554,329)
Total accumulated depreciation	(9,323,817)	(393,219)	191,490	-	-	(9,525,546)
Capital assets, net	$11,350,852	3,482,030	(25,957)	(205,789)	-	14,601,136

See Independent Auditors' Report.

(3) CAPITAL ASSETS, CONTINUED

	Balance at June 30, 2019	Additions	Retirements	Transfers	Balance at June 30, 2020
Capital assets not being depreciated:					
Dam and reservoir	$ 4,605,177	-	-	-	4,605,177
Land improvements	38,375	-	-	-	38,375
Construction in progress:					
Del City pipeline replacement	498,941	2,574,597	-	-	3,073,538
Total capital assets not being depreciated	5,142,493	2,574,597	-	-	7,717,090
Other capital assets:					
Vehicles	679,813	55,110	-	-	734,923
Pipelines	4,269,079	-	-	-	4,269,079
Pumping plant	1,593,952	-	-	-	1,593,952
Office equipment	92,020	6,985	-	-	99,005
Buildings and structures	1,222,254	-	-	-	1,222,254
Energy Project equipment	2,536,613	-	-	-	2,536,613
Fencing and equipment	2,478,016	114,411	(90,674)	-	2,501,753
Total other capital assets	12,871,747	176,506	(90,674)	-	12,957,579
Accumulated depreciation:					
Vehicles	(460,632)	(54,078)	-	-	(514,710)
Pipelines	(3,638,948)	(42,727)	-	-	(3,681,675)
Pumping plant	(1,566,864)	(2,356)	-	-	(1,569,220)
Office equipment	(88,824)	(2,462)	-	-	(91,286)
Buildings and structures	(515,798)	(46,335)	-	-	(562,133)
Energy Project equipment	(1,268,309)	(126,831)	-	-	(1,395,140)
Fencing and equipment	(1,426,310)	(117,345)	34,002	-	(1,509,653)
Total accumulated depreciation	(8,965,685)	(392,134)	34,002	-	(9,323,817)
Capital assets, net	$ 9,048,555	2,358,969	(56,672)	-	11,350,852

In late fiscal year 2021, management of the District determined that its saturated dissolved oxygenation assets were not producing the results that were initially anticipated. Therefore, management determined to discontinue using such assets in the future. Management estimated the fair value of such assets at June 30, 2021, to be approximately $350,000, which resulted in the District recording an impairment write-down on the assets of approximately $206,000. Management is currently evaluating its options of disposing of the saturated dissolved oxygenation assets. The estimated fair value of the saturated dissolved oxygenation assets was determined by obtaining an informal third-party quote of the significant components making up the respective assets.

See Independent Auditors' Report.

(4) LONG-TERM DEBT

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

	Balance at June 30, 2020	Additions	Reductions	Balance at June 30, 2021	Amounts Due Within 1 Year
Drinking Water SRF Series 2007 note payable	$ 615,230	-	(94,428)	520,802	94,484
Drinking Water SRF Series 2019 note payable	1,539,478	3,824,754	(161,024)	5,203,208	310,940
	$ 2,154,708	3,824,754	(255,452)	5,724,010	405,424

	Balance at June 30, 2019	Additions	Reductions	Balance at June 30, 2020	Amounts Due Within 1 Year
Drinking Water SRF Series 2007 note payable	$ 709,656	-	(94,426)	615,230	94,428
Drinking Water SRF Series 2019 note payable	-	1,539,478	-	1,539,478	43,924
	$ 709,656	1,539,478	(94,426)	2,154,708	138,352

Drinking Water SRF Series 2007 Note Payable

The District has a Drinking Water State Revolving Fund (SRF) Series 2007 note payable from the Oklahoma Water Resources Board through its "Drinking Water SRF Financing Program." The Drinking Water SRF Series 2007 note payable has an annual interest rate of 0.50%, 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, 2021, the District was in compliance with such covenants.

(4) LONG-TERM DEBT, CONTINUED

Drinking Water SRF Series 2019 Note Payable

In July 2019, the District entered into a $5,643,680 Drinking Water SRF Series 2019 note payable agreement with the Oklahoma Water Resources Board through its “Drinking Water SRF Financing Program” to finance its Del City aqueduct replacement. The Drinking Water SRF Series 2019 note payable has an annual interest rate of 1.60% and an annual fee of 0.50% through maturity, which is September 15, 2035. As of June 30, 2021, the District had borrowed $5,364,231 on the note. The Drinking Water SRF Series 2019 note payable has certain financial, restrictive, and negative covenants that the District must meet. As of June 30, 2021, the District was in compliance with such covenants.

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
2022	$ 515,721	110,297	405,424
2023	515,319	103,260	412,059
2024	514,951	96,084	418,867
2025	514,565	88,767	425,798
2026	514,212	81,305	432,907
2027–2035	4,017,768	388,813	3,628,955
	$ 6,592,536	868,526	5,724,010

(5) ASSESSMENTS RECEIVABLE

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 Series 2007 note payable. See Note 4 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, 2021 and 2020, was $490,977 and $585,369, respectively.

(6) DEFINED BENEFIT PENSION PLAN

Plan Description

The District participates in OkMRF, an agent multiple public employer retirement system (PERS) defined benefit pension plan. The Plan provides pensions for all regular, full-time employees. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: https://www.okmrf.org/financial. 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 OkMRF is assigned to the respective employer entities, which is the District's Board of Directors. Actuarial 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% 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% 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% of the normal retirement benefit payable to the spouse until death or remarriage, or 50% 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.

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%.

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 66⅔% last survivor annuity, and joint and 100% survivor annuity.

See Independent Auditors' Report.

(6) DEFINED BENEFIT PENSION PLAN, CONTINUED

Employees Covered Under the Plan

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

	2021	2020
Retirees, disabled participants, and beneficiaries currently receiving benefits	3	3
Terminated vested participants	1	1
Active participants	6	6
	10	10

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 2021 and 2020 were based on actuarially determined rates plus additional contributions. The rates for the fiscal years 2021 and 2020 were 5.00% and 2.87%, respectively, of covered salary. The District contributed $14,970 and $9,342 in employer contributions to the Plan in 2021 and 2020, respectively.

Total and Net Pension (Asset) Liability

The total pension (asset) liability as of June 30, 2021 and 2020, was determined based on actuarial valuations performed as of July 1, 2020 and 2019, respectively, which is also the measurement date. There were no changes in assumptions or changes in benefit terms that significantly affected measurement of the total pension (asset) liability as of June 30, 2021 or 2020. There were also no changes between the measurement date of July 1, 2020 and 2019, and the District's report ending date of June 30, 2021 and 2020, that would have a significant impact on the net pension (asset) liability as of June 30, 2021 or 2020.

(6) DEFINED BENEFIT PENSION PLAN, CONTINUED

Actuarial Assumptions

The total pension (asset) liability as of the July 1, 2020 and 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment return and discount rate:	7.50% for both 2020 and 2019, compounded annually, net of investment expense and including inflation
Salary increases:	Varies between 4.50% and 7.50% for both 2020 and 2019
Mortality rates:	PubG-2010 Mortality Table with projected mortality improvements based on the employee's year of birth for 2020. UP-1994 Mortality Table with projected mortality improvement by the Scale AA based on the employee's year of birth for 2019
Assumed inflation rate:	2.75% for both 2020 and 2019
Actuarial cost method:	Entry age normal for both 2020 and 2019

The actuarial assumptions used in the July 1, 2020 and 2019, valuations are based on the results of the actuarial experience study, which covers the 5-year period ending June 30, 2016. The experience study report is dated September 29, 2017.

Discount Rate

The discount rate used to value benefits was the long-term expected rate of return on plan investments of 7.50% as of both July 1, 2020 and 2019, 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.

(6) 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 (2.75% for 2020 and 2019). Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of both July 1, 2020 and 2019, 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%	5.80%	1.45%
Small/Mid cap stocks:			
Russell 2500	10%	6.40%	0.64%
Long/Short equity:			
MSCI ACWI	10%	5.00%	0.50%
International stocks:			
MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds:			
Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate:			
NCREIF	5%	4.60%	0.23%
Cash and cash equivalents:			
3-month Treasury	0%	0.00%	0.00%
Total	100%		
Average real return			4.75%
Inflation			2.75%
Long-term expected return			7.50%

See Independent Auditors' Report.

(6) DEFINED BENEFIT PENSION PLAN, CONTINUED

Changes in the Net Pension (Asset) Liability

Changes in the net pension (asset) liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balance at June 30, 2019	$ 1,539,596	1,836,214	(296,618)
Changes for the year:			
Service cost	43,028	-	43,028
Interest cost	113,460	-	113,460
Difference between expected and actual experience	15,614	-	15,614
Assumption changes	22,587	-	22,587
Contributions—employer	-	25,902	(25,902)
Contributions—employee	-	16,325	(16,325)
Net investment income	-	126,379	(126,379)
Benefit payments, including refunds of employee contributions	(54,584)	(54,584)	-
Administrative expense	-	(3,785)	3,785
Net changes	140,105	110,237	29,868
Balance at June 30, 2020	1,679,701	1,946,451	(266,750)
Changes for the year:			
Service cost	46,615	-	46,615
Interest cost	123,893	-	123,893
Difference between expected and actual experience	60,360	-	60,360
Contributions—employer	-	8,734	(8,734)
Contributions—employee	-	18,258	(18,258)
Net investment income	-	79,787	(79,787)
Benefit payments, including refunds of employee contributions	(56,621)	(56,621)	-
Administrative expense	-	(4,017)	4,017
Net changes	174,247	46,141	128,106
Balance at June 30, 2021	$ 1,853,948	1,992,592	(138,644)

See Independent Auditors' Report.

(6) DEFINED BENEFIT PENSION PLAN, CONTINUED

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following presents the net pension (asset) liability of the District, calculated using the discount rate of 7.50% as of both July 1, 2020 and 2019, as well as what the District's net pension (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate at June 30:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
2021			
Net pension liability (asset)	$ 105,973	(138,644)	(343,247)
2020			
Net pension (asset) liability	$ (41,683)	(266,750)	(454,507)

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

For the years ended June 30, 2021 and 2020, the District recognized pension expense of $27,718 and $4,087, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 53,688	36,717	12,058	66,561
Changes in assumptions	11,857	-	19,807	-
Net difference between projected and actual earnings on pension plan investments	58,768	13,777	26,946	27,556
District contributions subsequent to measurement date	14,970	-	9,342	-
	$ 139,283	50,494	68,153	94,117

See Independent Auditors' Report.

(6) DEFINED BENEFIT PENSION PLAN, CONTINUED

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

Reported deferred outflows of resources of $14,970 related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2022. 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:		
2022	$	(3,657)
2023		31,683
2024		31,911
2025		13,882
	$	73,819

(7) DEFINED CONTRIBUTION PLAN

The District has a defined contribution 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 the years ended June 30, 2021 and 2020, the District contributed approximately $21,400 and $9,600, respectively, to the Contribution Plan. Benefits depend solely on amounts contributed to the Contribution Plan plus investment earnings.

(8) 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 2021 and 2020 approximated $9,100 and $5,600, respectively.

See Independent Auditors' Report.

CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Year Ended June 30, 2021

Condition Rating of Infrastructure Assets

	Years Ended June 30,		
	2021	2020	2019
Infrastructure assets (dam and reservoir)	99	99	99

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,				
	2021	2020	2019	2018	2017
Estimate	$ 125,000	115,000	105,000	95,000	75,500
Actual	30,616	62,076	123,317	112,077	86,993

See Independent Auditors' Report.

CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT

SCHEDULE OF CHANGES IN NET PENSION (ASSET) LIABILITY

Fiscal Years Ended June 30,	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*	*2015*
Total pension liability							
Service cost	$ 46,615	43,028	44,582	43,043	29,546	39,199	36,379
Interest cost	123,893	113,460	115,478	111,825	108,409	118,178	115,436
Differences between expected and actual experience	60,360	15,614	(124,141)	684	(20,798)	(205,605)	-
Assumption changes	-	22,587	-	11,501	-	-	-
Benefit payments, including refunds of employee contributions	(56,621)	(54,584)	(70,782)	(69,691)	(76,338)	(79,253)	(80,831)
Net change in total pension liability	174,247	140,105	(34,863)	97,362	40,819	(127,481)	70,984
Total pension liability, beginning of year	1,679,701	1,539,596	1,574,459	1,477,097	1,436,278	1,563,759	1,492,775
Total pension liability, end of year (a)	$1,853,948	1,679,701	1,539,596	1,574,459	1,477,097	1,436,278	1,563,759
Plan fiduciary net position							
Contributions—employer	$ 8,734	25,902	115,860	118,989	117,934	82,298	180,423
Contributions—employees	18,258	16,325	19,304	15,572	14,953	13,444	13,138
Net investment income	79,787	126,379	125,115	180,366	13,452	36,413	168,530
Administrative expenses	(4,017)	(3,785)	(3,531)	(69,691)	(2,684)	(2,672)	(2,508)
Benefit payments, including refunds of employee contributions	(56,621)	(54,584)	(70,782)	(3,125)	(76,338)	(79,253)	(80,831)
Net change in plan fiduciary net position	46,141	110,237	185,966	242,111	67,317	50,230	278,752
Plan fiduciary net position, beginning of year	1,946,451	1,836,214	1,650,248	1,408,137	1,340,820	1,290,590	1,011,838
Plan fiduciary net position, end of year (b)	$1,992,592	1,946,451	1,836,214	1,650,248	1,408,137	1,340,820	1,290,590
Plan's net pension (asset) liability (a) - (b)	$ (138,644)	(266,750)	(296,618)	(75,789)	68,960	95,458	273,169

The amounts presented for each year-end were determined as of July 1 of the current year.
Only the last 7 fiscal years are presented because data for the prior 3 years is not readily available.

See Independent Auditors' Report.

CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT

SCHEDULE OF NET PENSION (ASSET) LIABILITY RATIOS

Fiscal Years Ended June 30,	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*	*2015*
Total pension liability	$1,853,948	1,679,701	1,539,596	1,574,459	1,477,097	1,436,278	1,563,759
Plan fiduciary net position	1,992,592	1,946,451	1,836,214	1,650,248	1,408,137	1,340,820	1,290,590
Plan's net pension (asset) liability	$ (138,644)	(266,750)	(296,618)	(75,789)	68,960	95,458	273,169
Plan fiduciary net position as a percentage of the total pension liability	107.48%	115.88%	119.27%	104.81%	95.33%	93.35%	82.53%
Covered payroll	$ 293,902	306,761	261,961	260,106	244,332	252,604	223,981
Plan's net pension (asset) liability as a percentage of covered payroll	(47.17)%	(86.96)%	(113.23)%	(29.14)%	28.22%	37.79%	121.96%

The amounts presented for each year-end were determined as of July 1 of the current year.

Only the last 7 fiscal years are presented because data for the prior 3 years is not readily available.

See Independent Auditors' Report.

CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Years Ended June 30,	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*	*2015*
Actuarially determined contribution	$ 14,695	9,342	24,939	40,367	47,278	66,965	82,298
Contributions in relation to the actuarially determined contribution	14,970	9,342	24,478	115,860	118,989	117,934	82,298
Contribution (deficit) excess	$ 275	-	(461)	75,493	71,711	50,969	-
Covered payroll	$ 293,902	306,761	261,961	260,106	244,332	252,604	223,981
Contributions as a percentage of covered payroll	5.10%	3.05%	9.34%	44.54%	48.70%	46.69%	36.74%

The amounts presented for each year-end were determined as of July 1 of the current year.
Only the last 7 fiscal years are presented because data for the prior 3 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 11, 2022. 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 District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 controls 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
January 11, 2022

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2021

None noted.

CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2021

None noted.