Central Oklahoma Master Conservancy District

Financial Statements

June 30, 2023 and 2022
(With Independent Auditors' Report Thereon)

F&C CPAs

CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT

FINANCIAL STATEMENTS

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F&C CPAs

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Central Oklahoma Master Conservancy District

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Central Oklahoma Master Conservancy District (the "District") as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2023 and 2022, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages I-1 through I-4 and the required supplementary information on pages 29 through 32 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2024, 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 17, 2024

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, 2023 and 2022. 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 2023 and 2022.

Statements of Net Position

	June 30, 2023	June 30, 2022
Assets:		
Current assets	$ 1,873,900	2,229,098
Capital assets, net	13,976,997	14,554,590
Net pension asset	221,911	724,213
Other noncurrent assets	9,488,956	9,112,404
Total assets	25,561,764	26,620,305
Deferred outflows of resources related to the pension plan	519,381	85,052
Liabilities:		
Current liabilities	642,255	640,988
Long-term debt, less current maturities	4,724,980	5,153,236
Total liabilities	5,367,235	5,794,224
Deferred inflows of resources related to the pension plan	389,571	473,858
Net position:		
Net investment in capital assets	8,823,761	8,972,754
Restricted	50,000	50,000
Unrestricted	11,450,578	11,414,521
Total net position	$ 20,324,339	20,437,275

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended June 30, 2023	2022
Operating revenues:		
Operations and maintenance	$ 1,084,558	924,095
Electric power	693,826	556,000
Total operating revenues	1,778,384	1,480,095
Operating expenses:		
Pumping power	693,826	555,561
Salaries and benefits	640,877	484,338
Other operating expenses	1,128,128	980,625
Total operating expenses	2,462,831	2,020,524
Operating loss	(684,447)	(540,429)
Non-operating revenues, net	571,511	5,087,040
Changes in net position	(112,936)	4,546,611
Net position, beginning of year	20,437,275	15,890,664
Net position, end of year	$ 20,324,339	20,437,275

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, noncapital financing, 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 increase in total operating revenues of approximately $298,000 in 2023 compared to the prior year was primarily due to increased operations and maintenance revenues and electric power revenues assessed to the member cities. The decrease in total operating revenues of approximately $254,000 in 2022 compared to the prior year was primarily due to decreased operations and maintenance revenues assessed to member cities.

- The increase in total operating expenses of approximately $442,000 in 2023 compared to the prior year was due primarily to increases in pumping power, salaries and benefits, and maintenance of approximately $138,000, $157,000, and $121,000, respectively. The decrease in total operating expenses of approximately $25,000 in 2022 compared to the prior year was due primarily to an impairment on fixed assets of approximately $206,000 in the prior year, as well as a decrease in salaries and benefits of approximately $131,000, offset by an increase in pumping power, depreciation, and maintenance and other expenses of approximately $79,000, $200,000, and $33,000, respectively.

- Total non-operating revenues decreased approximately $4,516,000 in 2023 compared to the prior year, mainly resulting from the prior year recognition of nonrecurring assessments to the member cities related to the Del City pipeline replacement of approximately $5,486,000, offset by increases in grant revenue and investment and interest income of approximately $447,000 and $536,000, respectively. Total non-operating revenues increased approximately $4,776,000 in 2022 compared to the prior year, mainly resulting from assessments to member cities related to the Del City pipeline replacement of approximately $5,486,000, offset by a decrease in investment and interest income of approximately $532,000 and a decrease from gains on sales of capital assets of approximately $108,000 and a decrease in other revenue of approximately $87,000.

- During 2023, the District's net pension asset was approximately $222,000, deferred outflows of resources approximated $519,000, and deferred inflows of resources approximated $390,000. During 2022, the District's net pension asset was approximately $724,000, deferred outflows of resources approximated $85,000, and deferred inflows of resources approximated $474,000.

Capital Assets

As of June 30, 2023, the District had invested approximately $24,676,000 in capital assets, including dam and reservoir, land improvements, pipelines, pumping plant, buildings and structures, vehicles, and equipment. Net of accumulated depreciation, the District's net capital assets at June 30, 2023, approximated $13,977,000. As of June 30, 2022, the District had invested approximately $24,674,000 in capital assets, including dam and reservoir, land improvements, pipelines, pumping plant, buildings and structures, vehicles, and equipment. Net of accumulated depreciation, the District's net capital assets at June 30, 2022, approximated $14,555,000. 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 98 and 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, 2023 and 2022, the District had notes payable of approximately $5,161,000 and $5,582,000, 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:

Kyle Arthur, General Manager
Central Oklahoma Master Conservancy District
12500 Alameda Drive
Norman, OK 73026
Telephone: 405-329-5228

CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT

STATEMENTS OF NET POSITION

June 30,		*2023*	*2022*
Assets			
Current assets:			
Cash and cash equivalents	$	1,453,645	1,834,182
Assessments receivable—the Cities—Energy Project, current portion		64,930	64,807
Assessments receivable—the Cities—Del City Pipeline, current portion		258,630	244,654
Accounts receivable		70,540	61,854
Accrued interest receivable		26,155	23,601
Total current assets		1,873,900	2,229,098
Noncurrent assets:			
Assessments receivable—the Cities—Energy Project		237,103	331,763
Assessments receivable—the Cities—Del City Pipeline		4,480,377	4,821,473
Investments		4,735,507	3,920,263
Debt issuance costs		35,969	38,905
Net pension asset		221,911	724,213
Capital assets, net		13,976,997	14,554,590
Total noncurrent assets		23,687,864	24,391,207
Total assets		25,561,764	26,620,305
Deferred outflows of resources:			
Deferred amounts related to the pension plan		519,381	85,052

(Continued)

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

STATEMENTS OF NET POSITION, CONTINUED

June 30,	*2023*	*2022*
Liabilities and Net Position		
Current liabilities:		
Accounts payable	140,438	148,772
Compensated absences payable	40,186	38,785
Accrued interest payable	25,875	24,831
Long-term debt, current portion	435,756	428,600
Total current liabilities	642,255	640,988
Noncurrent liabilities:		
Long-term debt, less current maturities	4,724,980	5,153,236
Total liabilities	5,367,235	5,794,224
Deferred inflows of resources:		
Deferred amounts related to the pension plan	389,571	473,858
Net position:		
Net investment in capital assets	8,823,761	8,972,754
Restricted	50,000	50,000
Unrestricted	11,450,578	11,414,521
Total net position	$ 20,324,339	20,437,275

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,	*2023*	*2022*
Operating revenues:		
Operations and maintenance	$ 1,084,558	924,095
Electric power	693,826	556,000
Total operating revenues	1,778,384	1,480,095
Operating expenses:		
Salaries and benefits	640,877	484,338
Maintenance	221,595	100,537
Utilities	40,491	39,204
Insurance and bond	91,184	101,418
Administrative supplies	14,173	10,734
Professional services	101,142	71,981
Pumping power	693,826	555,561
Water monitoring	79,273	63,132
Depreciation	580,270	593,619
Total operating expenses	2,462,831	2,020,524
Operating loss	(684,447)	(540,429)
Non-operating revenues (expenses):		
Del City pipeline replacement assessments	-	5,485,941
Grant revenue	460,935	13,720
Investment and interest income (loss)	254,484	(281,122)
Interest expense	(100,671)	(107,399)
Shoreline stabilization expense	-	(2,089)
Internal loading study expense	(22,000)	-
American Rescue Plan Act projects expense	(13,577)	-
Contaminants of emerging concern project expense	(14,932)	-
Other, net	7,272	(22,011)
Net non-operating revenues	571,511	5,087,040
Changes in net position	(112,936)	4,546,611
Net position, beginning of year	20,437,275	15,890,664
Net position, end of year	$ 20,324,339	20,437,275

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,		*2023*	*2022*
Cash flows from operating activities:			
Cash received from assessments to the Cities	$	1,769,698	1,851,339
Cash payments for goods and services		(1,250,019)	(901,915)
Cash payments for salaries and benefits		(655,789)	(585,503)
Net cash (used in) provided by operating activities		(136,110)	363,921
Cash flows from noncapital financing activities:			
Proceeds from long-term debt		7,500	-
Shoreline stabilization		-	(2,089)
Internal loading study		(22,000)	-
American Rescue Plan Act projects		(13,577)	-
Contaminants of emerging concern project		(14,932)	-
Other, net		7,272	(22,011)
Grant proceeds		460,935	13,720
Net cash provided by (used in) noncapital financing activities		425,198	(10,380)
Cash flows from capital and related financing activities:			
Acquisition and development of capital assets		(2,677)	(547,073)
Proceeds from long-term debt		-	279,449
Repayment of debt obligations		(428,600)	(421,623)
Interest paid		(96,691)	(108,569)
Net cash used in capital and related financing activities		(527,968)	(797,816)
Cash flows from investing activities:			
Principal received on assessments receivable		421,657	428,528
Investment and interest income received		289,165	215,075
Purchase of investments		(1,467,479)	(665,349)
Redemption of investments		615,000	352,246
Net cash (used in) provided by investing activities		(141,657)	330,500
Net decrease in cash and cash equivalents		(380,537)	(113,775)
Cash and cash equivalents at beginning of year		1,834,182	1,947,957
Cash and cash equivalents at end of year	$	1,453,645	1,834,182

(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,	*2023*	*2022*
Reconciliation of operating loss to net cash (used in) provided by operating activities:		
Operating loss	$ (684,447)	(540,429)
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities:		
Depreciation	580,270	593,619
Changes in deferred amounts related to pensions	(518,616)	477,595
Change in operating assets and liabilities:		
Accounts receivable	(8,686)	371,244
Net pension asset	502,302	(585,569)
Accounts payable	(8,334)	40,652
Compensated absences payable	1,401	6,809
Net cash (used in) provided by operating activities	$ (136,110)	363,921

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 Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* (GASB 34), as amended, 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 in corporate bonds, certifications of deposit, and registered investment companies, are recorded at fair value. The District's investments in U.S. Treasury bills are considered money market investments, as defined by GASB, and are recorded at amortized cost.

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 determinable 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 20–40 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.

(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:

Net Investment in Capital Assets—Consists of capital assets, net of accumulated depreciation and impairment, 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 "Net Investment in Capital Assets" 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

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.

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

Accounting Standards Issued Not Yet Adopted

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 prescribes accounting and financial reporting for accounting changes and error corrections to the financial statements. GASB 100 defines what constitutes an accounting change versus a change in accounting principle or error correction and outlines the appropriate note disclosures in each circumstance. The District will adopt GASB 100 on July 1, 2023, for the June 30, 2024, reporting year. The District does not expect GASB 100 to significantly impact the financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 outlines the definition of compensated absences and sets forth the accounting and financial reporting for compensated absence liabilities. GASB 101 outlines that leave accrued should be measured using the employee's pay rate at the financial statement date and that certain salary-related payments, such as Social Security and Medicare, should be included in such measurement. The District will adopt GASB 101 on July 1, 2024, for the June 30, 2025, reporting year. The District does not expect GASB 101 to significantly impact the financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through January 17, 2024, the date which the financial statements were available to be issued, and determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.

(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.

As of June 30, 2023 and 2022, the District held cash deposits of approximately $1,228,000 and $1,116,000, 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, 2023 and 2022, and an average maturity of the underlying investments of 45 days and 34 days as of June 30, 2023 and 2022, respectively. The money market account is included in cash and cash equivalents in the statements of net position.

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; 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, 2023 and 2022, investment balances of approximately $4,736,000 and $3,920,000, 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:

	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)
Investments by Fair Value Level				
2023				
Fixed income:				
Corporate bonds—Domestic	$ 2,226,186		2,226,186	-
Certificates of deposit	606,311	-	606,311	-
Total fixed income	2,832,497	-	2,832,497	-
Equities:				
Registered investment companies	1,073,511	1,073,511	-	-
Total equities	1,073,511	1,073,511	-	-
Total investments measured at fair value	$ 3,906,008	1,073,511	2,832,497	-
Investments measured at amortized cost:				
U.S. Treasury bills	829,499			
Total investments	$ 4,735,507			
2022				
Fixed income:				
Corporate bonds:				
Domestic	2,640,813	-	2,640,813	-
Foreign	237,000	-	237,000	-
Total fixed income	2,877,813	-	2,877,813	-
Equities:				
Registered investment companies	1,042,450	1,042,450	-	-
Total equities	1,042,450	1,042,450	-	-
Total investments measured at fair value	$ 3,920,263	1,042,450	2,877,813	-

See Independent Auditors' Report.

(2) CASH AND CASH EQUIVALENTS AND INVESTMENTS, CONTINUED

Investments Measured at Fair Value, Continued

The District holds a diversified mix of registered investment companies, certifications of deposit, 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 certifications of deposit and 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.

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 that 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/ Amortized Cost
2023				
Corporate bonds	$ 129,541	1,633,362	463,283	2,226,186
Certificates of deposit	-	606,311	-	-
U.S. Treasury bills	829,499	-	-	829,499
	$ 959,040	2,239,673	463,283	3,055,685
2022				
Corporate bonds:				
Domestic	$ 368,633	1,793,952	478,228	2,640,813
Foreign	237,000	-	-	237,000
	$ 605,633	1,793,952	478,228	2,877,813

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
2023		
AAA	$ 227,396	8%
AA-	301,396	10%
A+	129,541	5%
A-	143,484	5%
BBB+	793,833	28%
BBB	136,956	5%
BBB-	169,789	6%
BB+	220,625	8%
Not Rated	709,477	25%
	$ 2,832,497	100%
2022		
AAA	$ 234,120	8%
AA-	308,160	11%
A+	132,539	5%
A-	317,517	11%
BBB+	814,851	28%
BBB	246,894	9%
BBB-	366,732	13%
BB+	220,000	8%
BB-	237,000	8%
	$ 2,877,813	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, 2022	Additions	Retirements	Transfers	Balance at June 30, 2023
Capital assets not being depreciated:					
Dam and reservoir	$ 4,605,177	-	-	-	4,605,177
Land improvements	38,375	-	-	-	38,375
Total capital assets not being depreciated	4,643,552	-	-	-	4,643,552
Other capital assets:					
Vehicles	630,131	-	-	-	630,131
Pipelines	4,269,079	-	-	-	4,269,079
Del City pipeline replacement	6,847,316	-	-	-	6,847,316
Pumping plant	1,593,952	-	-	-	1,593,952
Office equipment	92,175	2,677	-	-	94,852
Buildings and structures	1,226,899	-	-	-	1,226,899
Energy Project equipment	2,536,613	-	-	-	2,536,613
Fencing and equipment	2,834,038	-	-	-	2,834,038
Total other capital assets	20,030,203	2,677	-	-	20,032,880
Accumulated depreciation:					
Vehicles	(515,320)	(35,361)	-	-	(550,681)
Pipelines	(3,767,129)	(42,727)	-	-	(3,809,856)
Del City pipeline replacement	(173,118)	(169,248)	-	-	(342,366)
Pumping plant	(1,573,932)	(2,356)	-	-	(1,576,288)
Office equipment	(83,982)	(2,776)	-	-	(86,758)
Buildings and structures	(655,054)	(46,523)	-	-	(701,577)
Energy Project equipment	(1,648,801)	(126,830)	-	-	(1,775,631)
Fencing and equipment	(1,701,829)	(154,449)	-	-	(1,856,278)
Total accumulated depreciation	(10,119,165)	(580,270)	-	-	(10,699,435)
Capital assets, net	$ 14,554,590	(577,593)	-	-	13,976,997

See Independent Auditors’ Report.

(3) CAPITAL ASSETS, CONTINUED

	Balance at June 30, 2021	Additions	Retirements	Transfers	Balance at June 30, 2022
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	6,425,895	421,421	-	(6,847,316)	-
Total capital assets not being depreciated	11,069,447	421,421	-	(6,847,316)	4,643,552
Other capital assets:					
Vehicles	630,131	-	-	-	630,131
Pipelines	4,269,079	-	-	-	4,269,079
Del City pipeline replacement	-	-	-	6,847,316	6,847,316
Pumping plant	1,593,952	-	-	-	1,593,952
Office equipment	85,446	6,729	-	-	92,175
Buildings and structures	1,226,899	-	-	-	1,226,899
Energy Project equipment	2,536,613	-	-	-	2,536,613
Fencing and equipment	2,715,115	118,923	-	-	2,834,038
Total other capital assets	13,057,235	125,652	-	6,847,316	20,030,203
Accumulated depreciation:					
Vehicles	(463,721)	(51,599)	-	-	(515,320)
Pipelines	(3,724,402)	(42,727)	-	-	(3,767,129)
Del City pipeline replacement	-	(173,118)	-	-	(173,118)
Pumping plant	(1,571,576)	(2,356)	-	-	(1,573,932)
Office equipment	(81,060)	(2,922)	-	-	(83,982)
Buildings and structures	(608,487)	(46,567)	-	-	(655,054)
Energy Project equipment	(1,521,971)	(126,830)	-	-	(1,648,801)
Fencing and equipment	(1,554,329)	(147,500)	-	-	(1,701,829)
Total accumulated depreciation	(9,525,546)	(593,619)	-	-	(10,119,165)
Capital assets, net	$ 14,601,136	(46,546)	-	-	14,554,590

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, 2022	Additions	Reductions	Balance at June 30, 2023	Amounts Due Within 1 Year
Drinking Water SRF Series 2007 note payable	$ 426,318	-	(94,555)	331,763	94,660
Drinking Water SRF Series 2019 note payable	5,155,518	-	(334,045)	4,821,473	341,096
Clean Water SRF Series 2023 note payable	-	7,500	-	7,500	-
	$ 5,581,836	7,500	(428,600)	5,160,736	435,756

	Balance at June 30, 2021	Additions	Reductions	Balance at June 30, 2022	Amounts Due Within 1 Year
Drinking Water SRF Series 2007 note payable	$ 520,802	-	(94,484)	426,318	94,556
Drinking Water SRF Series 2019 note payable	5,203,208	279,449	(327,139)	5,155,518	334,044
	$ 5,724,010	279,449	(421,623)	5,581,836	428,600

(4) LONG-TERM DEBT, CONTINUED

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 (OWRB) 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 restrictive and negative covenants that the District must meet. As of June 30, 2023, the District was in compliance with such covenants.

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 OWRB 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. The Drinking Water SRF Series 2019 note payable has certain restrictive and negative covenants that the District must meet. As of June 30, 2023, the District was in compliance with such covenants.

Clean Water SRF Series 2023 Note Payable

In May 2023, the District entered into a $755,000 Clean Water SRF Series 2023 funding and promissory note agreement with the OWRB. The financing transaction was awarded to the District through the OWRB's "Clean Water SRF Financing Program" for the purpose of conducting a sampling program for contaminants of emerging concern within the watershed of Lake Thunderbird and within the lake itself. The funding provided by the Clean Water SRF Series 2023 note payable will be advanced through the project period and is eligible for principal forgiveness at the completion of the project with the condition that the District materially complies with the requirements of the funding agreement, as certified by the OWRB. The District expects for the full principal amount of the note payable to be forgiven at the conclusion of the project through federal funds provided to the OWRB by the Infrastructure Investment and Jobs Act. The note payable bears zero interest and payments shall commence on the unforgiven balance at the earlier of (i) March 15 or September 15 following the project completion date, or (ii) September 15, 2024, and shall continue repayment of the principal balance semiannually through March 15, 2044. The note is secured by the revenues of the District and is subject to certain positive and negative covenants. As of June 30, 2023, the District was in compliance with such covenants.

(4) LONG-TERM DEBT, CONTINUED

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
2024	$ 538,433	102,677	435,756
2025	545,177	94,633	450,544
2026	537,221	86,704	450,517
2027	489,263	78,618	410,645
2028	441,739	70,915	370,824
2029–2035	3,308,118	265,668	3,042,450
	$ 5,859,951	699,215	5,160,736

(5) ASSESSMENTS RECEIVABLE

During 2009, 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, 2023 and 2022, was $302,033 and $396,570, respectively.

During 2022, in connection with the District's Del City pipeline replacement, the District entered into contracts with the City of Norman, the City of Midwest City, and the City of Del City, in which the three 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 2019 note payable. See Note 4 for the respective terms. The assessments are secured by gross revenues received from the sale of water by respective cities. The balance of the assessments receivable for the Del City pipeline replacement at June 30, 2023 and 2022, was $4,739,007 and $5,066,127, respectively.

(6) AMERICAN RESCUE PLAN ACT

On March 27, 2023, the District entered into an American Rescue Plan Act (ARPA) Grant Agreement with the OWRB for grant funding not to exceed $1,409,648 for the purpose of projects relating to generator replacement, SCADA and telemetry upgrades, rehabilitation of pumping units, Del City pipeline expenses, and other improvements as approved by the OWRB in the grant application. The funding will be reduced by up to 4%, or $56,386, for statutory administrative fees leaving $1,353,262 available for the budgeted grant projects. The District is entitled to reimbursement of eligible project expenses that are incurred between March 3, 2021 and August 31, 2026. As of June 30, 2023, the District recognized receipts of $460,935 from reimbursement of eligible project expenses which are reported as non-operating grant revenue in the statement of revenues, expenses, and changes in net position.

See Independent Auditors' Report.

(7) 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, which 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 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.

(7) DEFINED BENEFIT PENSION PLAN, CONTINUED

Employees Covered Under the Plan

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

	2023	2022
Retirees, disabled participants, and beneficiaries currently receiving benefits	3	3
Terminated vested participants	1	1
Active participants	7	5
	11	9

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 2023 and 2022 were based on actuarially determined rates plus additional contributions. The rates for the fiscal years 2023 and 2022 were 8.84% and 8.43%, respectively, of covered salary. The District did not contribute any employer contributions to the Plan in both 2023 and 2022.

Total and Net Pension (Asset) Liability

The total pension (asset) liability as of June 30, 2023 and 2022, was determined based on actuarial valuations performed as of July 1, 2022 and 2021, 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, 2023 or 2022. There were also no changes between the measurement date of July 1, 2022 and 2021, and the District's report ending date of June 30, 2023 and 2022, that would have a significant impact on the net pension (asset) liability as of June 30, 2023 or 2022.

(7) DEFINED BENEFIT PENSION PLAN, CONTINUED

Actuarial Assumptions

The total pension asset as of the July 1, 2022 and 2021, 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 2022 and 2021, compounded annually, net of investment expense and including inflation.
Salary increases:	Varies between 4.50% and 7.50% for both 2022 and 2021.
Mortality rates:	PubG-2010 Mortality Table with projected mortality improvements based on the employee's year of birth for both 2022 and 2021.
Assumed inflation rate:	2.75% for both 2022 and 2021.
Actuarial cost method:	Entry age normal for both 2022 and 2021.

The actuarial assumptions used in the July 1, 2022, valuation are based on the results of the actuarial experience study, which covers the 5-year period ending June 30, 2021. The experience study report is dated November 18, 2022. The actuarial assumptions used in the July 1, 2021 valuation are based on the results of the actuarial 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, 2022 and 2021, 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 (2.75% for 2022 and 2021). 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, 2022 and 2021, 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.

(7) DEFINED BENEFIT PENSION PLAN, CONTINUED

Changes in the Net Pension Asset

Changes in the net pension asset were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balance at June 30, 2021	$ 1,853,948	1,992,592	(138,644)
Changes for the year:			
Service cost	54,430	-	54,430
Interest cost	136,379	-	136,379
Difference between expected and actual experience	(197,662)	-	(197,662)
Contributions—employer	-	16,251	(16,251)
Contributions—employee	-	19,501	(19,501)
Net investment income	-	547,704	(547,704)
Benefit payments, including refunds of employee contributions	(72,419)	(72,419)	-
Administrative expense	-	(4,740)	4,740
Net changes	(79,272)	506,297	(585,569)
Balance at June 30, 2022	1,774,676	2,498,889	(724,213)
Changes for the year:			
Service cost	54,234	-	54,234
Interest cost	131,687	-	131,687
Difference between expected and actual experience	75,630	-	75,630
Changes in assumptions	(72,725)		(72,725)
Contributions—employer	-	-	-
Contributions—employee	-	26,253	(26,253)
Net investment income	-	(311,035)	311,035
Benefit payments, including refunds of employee contributions	(38,391)	(38,391)	-
Benefit changes due to plan amendments	24,399	-	24,399
Administrative expense	-	(4,295)	4,295
Net changes	174,834	(327,468)	502,302
Balance at June 30, 2023	$ 1,949,510	2,171,421	(221,911)

See Independent Auditors' Report.

(7) DEFINED BENEFIT PENSION PLAN, CONTINUED

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

The following presents the net pension asset of the District, calculated using the discount rate of 7.50% as of both July 1, 2023 and 2022, 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%)
2023			
Net pension (asset) liability	$ 33,666	(221,911)	(436,002)
2022			
Net pension asset	$ (480,793)	(724,213)	(927,336)

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

For the years ended June 30, 2023 and 2022, the District recognized pension expense of $2,365 and pension benefit of $(106,695), respectively. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 73,164	95,246	35,113	154,031
Changes in assumptions	1,127	54,455	6,492	-
Net difference between projected and actual earnings on pension plan investments	426,407	239,870	43,447	319,827
District contributions subsequent to measurement date	18,683	-	-	-
	$ 519,381	389,571	85,052	473,858

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, Continued

Reported deferred outflows of resources of $18,683 related to pensions from the District contributions subsequent to the measurement date will be recognized as an increase/decrease of the net pension (asset) liability in the year ended June 30, 2024. 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:		
2024	$	1,045
2025		(9,814)
2026		20,325
2027		99,571
	$	111,127

(8) 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, 2023 and 2022, the District contributed approximately $23,900 and $20,600, respectively, 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 2023 and 2022 approximated $10,900 and $10,000, respectively.

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, 2023

Condition Rating of Infrastructure Assets

	Years Ended June 30,		
	2023	2022	2021
Infrastructure assets (dam and reservoir)	98	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,				
	2023	2022	2021	2020	2019
Estimate	$ 128,000	189,000	125,000	115,000	105,000
Actual	132,480	47,683	30,616	62,076	123,317

See Independent Auditors' Report.

CENTRAL OKLAHOMA MASTER CONSERVANCY DISTRICT

SCHEDULE OF CHANGES IN NET PENSION (ASSET) LIABILITY

Fiscal Years Ended June 30,	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*	*2015*
Total pension liability									
Service cost	$ 54,234	54,430	46,615	43,028	44,582	43,043	29,546	39,199	36,379
Interest cost	131,687	136,379	123,893	113,460	115,478	111,825	108,409	118,178	115,436
Differences between expected and actual experience	75,630	(197,662)	60,360	15,614	(124,141)	684	(20,798)	(205,605)	-
Assumption changes	(72,725)	-	-	22,587	-	11,501	-	-	-
Benefit payments, including refunds of employee contributions	(38,391)	(72,419)	(56,621)	(54,584)	(70,782)	(69,691)	(76,338)	(79,253)	(80,831)
Benefit changes due to plan amendments	24,399	-	-	-	-	-	-	-	-
Net change in total pension liability	174,834	(79,272)	174,247	140,105	(34,863)	97,362	40,819	(127,481)	70,984
Total pension liability, beginning of year	1,774,676	1,853,948	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)	$ 1,949,510	1,774,676	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	$ -	16,251	8,734	25,902	115,860	118,989	117,934	82,298	180,423
Contributions—employees	26,253	19,501	18,258	16,325	19,304	15,572	14,953	13,444	13,138
Net investment income	(311,035)	547,704	79,787	126,379	125,115	180,366	13,452	36,413	168,530
Administrative expenses	(4,295)	(4,740)	(4,017)	(3,785)	(3,531)	(69,691)	(2,684)	(2,672)	(2,508)
Benefit payments, including refunds of employee contributions	(38,391)	(72,419)	(56,621)	(54,584)	(70,782)	(3,125)	(76,338)	(79,253)	(80,831)
Net change in plan fiduciary net position	(327,468)	506,297	46,141	110,237	185,966	242,111	67,317	50,230	278,752
Plan fiduciary net position, beginning of year	2,498,889	1,992,592	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)	$ 2,171,421	2,498,889	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)	$ (221,911)	(724,213)	(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 9 fiscal years are presented because data for 2014 is not readily available.

See Independent Auditors' Report.

SCHEDULE OF NET PENSION (ASSET) LIABILITY RATIOS

Fiscal Years Ended June 30,	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*	*2015*
Total pension liability	$ 1,949,510	1,774,676	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	2,171,421	2,498,889	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	$ (221,911)	(724,213)	(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	111.38%	140.81%	107.48%	115.88%	119.27%	104.81%	95.33%	93.35%	82.53%
Covered payroll	$ 470,151	279,760	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	(47.20)%	(258.87)%	(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 9 fiscal years are presented because data for 2014 is not readily available.

See Independent Auditors' Report.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Years Ended June 30,	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*	*2015*
Actuarially determined contribution	$ 13,352	23,584	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	$ (13,352)	(23,584)	275	-	(461)	75,493	71,711	50,969	-
Covered payroll	$ 470,151	279,760	293,902	306,761	261,961	260,106	244,332	252,604	223,981
Contributions as a percentage of covered payroll	0.00%	0.00%	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 9 fiscal years are presented because data for 2014 is not readily available.

See Independent Auditors' Report.

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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*

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, 2023, 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 17, 2024. Our report includes an explanatory paragraph disclaiming an opinion on required supplementary information.

Report on 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 control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

Report on 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 17, 2024

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2023

None noted.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2023

None noted.