



McGee Creek Authority

A blended component unit of The Oklahoma City Water Utilities Trust

Annual Financial Report | for the Fiscal Years ended June 30, 2024 and 2023

MC GEE CREEK AUTHORITY

Farris, Oklahoma

A Blended Component Unit Enterprise Fund of
the Oklahoma City Water Utilities Trust

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Chris Browning, General Manager
Charity Robertson, Secretary

Annual Financial Report for the Fiscal Years Ended June 30, 2024 and 2023

Prepared by The Oklahoma City Finance Department, Accounting Services Division
Alex Fedak, CPA, Controller

MCGEE CREEK AUTHORITY

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Introductory Section



McGee Creek Authority

September 5, 2025

The Board of Trustees
McGee Creek Authority
Farris, Oklahoma

The McGee Creek Authority (Authority) audited annual financial report (annual report) provides a comprehensive overview of the Authority's financial position and the results of operations during the fiscal years ended June 30, 2024 and 2023. It complies with reporting requirements specified by Oklahoma Statutes and the dictates of effective financial management practices. The Oklahoma City Finance Department, Accounting Services Division, prepared this report in compliance with accounting principles generally accepted in the United States of America (U.S. GAAP). It is fairly stated in all material respects. Responsibility for the accuracy of the reported information and the completeness and fairness of the presentation, including disclosures, rests with the Authority's management.

The Authority's annual report includes the reports of independent auditors, management's discussion and analysis (MD&A), financial statements, and related notes. Management's narrative on the financial activities of the Authority for the fiscal years ended June 30, 2024 and 2023, is in the MD&A section of this report, immediately following the independent auditor's report on financial statements and required supplementary information. The Authority's reporting entity is comprised of financial and operating activities conducted within the legal framework of the Authority. The Authority is a blended component unit of the Oklahoma City Water Utilities Trust (OCWUT) and, as such, is included within the funds of OCWUT's annual financial report. OCWUT is a discretely presented component unit of the City of Oklahoma City (City) and the blended financial activities of OCWUT and the Authority are presented in aggregate in the City's Annual Comprehensive Financial Report.

The Authority was established on August 1, 1977, to develop, operate and maintain the McGee Creek Reservoir (Reservoir) and to provide a municipal and industrial water supply for participants of the Authority (Participants) in central and southern Oklahoma. The Participants in the Authority are the City of Atoka, the County of Atoka, the Southern Oklahoma Development Trust, the City, and OCWUT.

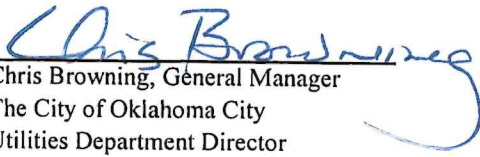
The Authority operates and maintains the Reservoir and associated facilities, including an attached water pipeline, a surge tank, a regulating tank, a maintenance complex, and land easements surrounding these facilities. The U.S. Department of Interior, Bureau of Reclamation (Bureau) financed the construction of the Authority water system and granted the Authority operational use of the project office, aqueduct, appurtenances, and other operation and maintenance related facilities on September 1, 1990. In November 1992, the Authority issued revenue bonds to purchase water storage rights and specific assets at the Reservoir for an amount equal to the Bureau's construction costs for the McGee Creek Dam (Dam), Reservoir, and related assets. The revenue bonds were paid off in fiscal year 2023. The Authority does not own the Dam or Reservoir.


The trust indenture of the Authority details the aliquot share requirements of the Participants. Aliquot share revenues and payments from the OCWUT representing the aliquot share requirements of the City are collected to fund cash requirements for debt service and operations. OCWUT, through the 1979 agreement of support among the United States of America, McGee Creek and OCWUT (OCWUT Agreement), has pledged water revenues, not otherwise obligated, to supplement aliquot share revenue collections as needed.

The City includes the Authority in its comprehensive accounting and budgetary system. Interim financial statements provide Authority management and other interested readers with regular financial analysis. Additionally, the Authority's management maintains budgetary controls to ensure effective financial oversight.

In compliance with statutory requirements, the Authority engaged Allen, Gibbs, and Houlik, L.C. to conduct its annual audit. The Authority acknowledges the professional and competent services of its independent auditors.

Respectfully submitted:


Chris Browning, General Manager
The City of Oklahoma City
Utilities Department Director


Vanessa Aguilar
The City of Oklahoma City
Deputy Director of Utilities


Alex Fedak, CPA
The City of Oklahoma City
Controller

Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
McGee Creek Authority
Farris, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the McGee Creek Authority (Authority), a blended component unit of The City of Oklahoma City Water Utilities Trust, as of and for the years ended June 30, 2024 and 2023, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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 of America; 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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's 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 GAAS 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 GAAS 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 Authority'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 Authority'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 of America require that the Management's Discussion and Analysis 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 GAAS, 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2025 on our consideration of the Authority'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control over financial reporting and compliance.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Wichita, KS
September 5, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the McGee Creek Authority (Authority) annual financial report, the Authority's management provides narrative discussion and analysis of the financial activities of the Authority for the fiscal years ended June 30, 2024 and 2023. The Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Introductory information is available in the transmittal letter which precedes this discussion and analysis.

The Authority reports services for which the Authority charges customers a fee. Services are provided to customers external to the Authority and consist primarily of water storage and supply services. The Authority is a blended component unit of the Oklahoma City Water Utilities Trust (OCWUT).

Financial Summary

- Authority assets exceeded liabilities by \$76,451,328 (net position) for 2024. This compares to the previous year when assets exceeded liabilities by \$74,767,316 (net position).
- Total assets for the Authority increased by \$3,236,930 (2.3%) to \$145,403,689 during 2024 and decreased by \$5,941,296 (4.0%) to \$142,166,759 for 2023.
- Total liabilities for the Authority increased by \$1,552,918 (2.3%) to \$68,952,361 during 2024 and decreased by \$5,309,091 (7.3%) to \$67,399,443 during 2023.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$77,212,394 and \$75,383,369 for 2024 and 2023, respectively, includes property and equipment, net of accumulated depreciation and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Unrestricted deficit is \$761,066 for 2024 and \$616,053 for 2023.

Overview of the Financial Statements

This discussion and analysis introduces the Authority's basic financial statements. The basic financial statements include: (1) statement of net position, (2) statement of revenues, expenses, and changes in net position, (3) statement of cash flows, and (4) notes to the financial statements.

Financial Statements

The Authority's annual report includes three financial statements. These statements provide both long-term and short-term information about the overall status of the Authority and are presented to demonstrate the extent the Authority has met its operating objectives efficiently and effectively using all the resources available and whether the Authority can continue to meet its objectives in the foreseeable future. Financial reporting for the Authority uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

The first of these basic financial statements is the statement of net position. This statement presents information that includes all of the Authority's assets and liabilities, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority as a whole is improving or deteriorating, identify financial strengths and weaknesses, and be used to assess liquidity.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

MC GEE CREEK AUTHORITY

The second statement is the statement of revenues, expenses, and changes in net position which reports how the Authority's net position changed during the fiscal year. This statement can be used to assess the Authority's operating results and analyze how the Authority's programs are financed. All current year revenues and expenses are included regardless of when cash is received or paid.

The third statement is the statement of cash flows which reports the inflows and outflows of cash.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to gain a full understanding of the Authority's financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Financial Analysis

The Authority's net position at June 30, 2024 and 2023, is \$76,451,328 and \$74,767,316, respectively. The overall financial condition of the Authority improved in fiscal year 2024.

	Summary of Net Position						
	2024	2023	2024-2023 Amount of Change	2024-2023 %	2023-2022 Amount of Change	2023-2022 %	2023-2022 Change
Assets							
Current assets	\$421,375	\$519,889	(\$98,514)	(18.9%)	\$9,374,999	(\$8,855,110)	(94.5%)
Capital assets, net	78,489,733	75,775,396	2,714,337	3.6	73,843,322	1,932,074	2.6
Other non-current assets	66,492,581	65,871,474	621,107	0.9	64,889,734	981,740	1.5
Total assets	145,403,689	142,166,759	3,236,930	2.3	148,108,055	(5,941,296)	(4.0)
Liabilities							
Current liabilities	1,364,305	443,466	920,839	207.6	6,754,780	(6,311,314)	(93.4)
Non-current liabilities	67,588,056	66,955,977	632,079	0.9	65,953,754	1,002,223	1.5
Total liabilities	68,952,361	67,399,443	1,552,918	2.3	72,708,534	(5,309,091)	(7.3)
Net position							
Net investment							
in capital assets	77,212,394	75,383,369	1,829,025	2.4	69,409,079	5,974,290	8.6
Restricted for debt service	-	-	-	0.0	5,844,706	(5,844,706)	(100.0)
Unrestricted	(761,066)	(616,053)	(145,013)	(23.5)	145,736	(761,789)	(522.7)
Total net position	\$76,451,328	\$74,767,316	\$1,684,012	2.3	\$75,399,521	(\$632,205)	(0.8)

Current assets decreased \$99 thousand in 2024 primarily due to a decrease in cash of \$132 thousand, offset by an increase in intergovernmental receivables of \$20 thousand. Current assets decreased \$8.86 million in 2023 primarily due to a decrease in cash and investments of \$7.03 million, and a decrease in receivable from OCWUT of \$1.83 million.

Capital assets increased \$2.71 million in 2024 primarily due to \$3.46 million in capital improvements and equipment purchases, offset by \$713 thousand in normal depreciation. Capital assets increased \$1.93 million in 2023 due to \$2.7 million in capital improvements and equipment purchases, offset by \$765 thousand in normal depreciation.

Other non-current assets increased \$621 thousand in 2024 due to an increase in aliquot share receivable of \$614 thousand and an increase in prepaid assets of \$8 thousand. Other non-current assets increased \$982 thousand in 2023 due to an increase in aliquot share receivable.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024 and 2023

MCGEE CREEK AUTHORITY

Current liabilities increased \$921 thousand in 2024 primarily due to an increase in accounts payable and accrued expenses of \$898 thousand and an increase in payable to the City of Oklahoma City (City) of \$18 thousand for materials and supplies prepaid by the City on behalf of the Authority. Current liabilities decreased \$6.31 million in 2023, primarily due to \$6.27 million of regularly scheduled bond payments and \$188 thousand decrease in bonds interest payable.

Non-current liabilities increased \$632 thousand in 2024 and increased \$1.00 million in 2023, primarily due to an increase in advances from OCWUT for amounts received in excess of aliquot share requirements to fund operating costs.

Summary of Revenues, Expenses, and Changes in Net Position

	2024-2023		2024-2023		2023-2022		2023-2022
	Amount of		%		Amount of		%
	2024	2023	Change	Change	2022	Change	Change
Operating revenues							
Charges for services	\$3,510,240	\$1,177,140	\$2,333,100	198.2%	\$5,647,027	(\$4,469,887)	(79.2%)
Other operating revenue	<u>1,369</u>	<u>1,208</u>	<u>161</u>	13.3	<u>997</u>	<u>211</u>	21.2
Total operating revenues	<u>3,511,609</u>	<u>1,178,348</u>	<u>2,333,261</u>	198.0	<u>5,648,024</u>	<u>(4,469,676)</u>	(79.1)
Operating expenses	<u>1,866,911</u>	<u>1,755,020</u>	<u>111,891</u>	6.4	<u>1,628,730</u>	<u>126,290</u>	7.8
Net operating income (loss)	1,644,698	(576,672)	2,221,370	385.2	4,019,294	(4,595,966)	(114.3)
Net non-operating							
revenues (expenses)	<u>39,314</u>	<u>(55,533)</u>	<u>94,847</u>	170.8	<u>(274,731)</u>	<u>219,198</u>	79.8
Changes in net position (deficit)	1,684,012	(632,205)	2,316,217	366.4	3,744,563	(4,376,768)	(116.9)
Beginning net position	<u>74,767,316</u>	<u>75,399,521</u>	<u>(632,205)</u>	(0.8)	<u>71,654,958</u>	<u>3,744,563</u>	5.2
Ending net position	<u>\$76,451,328</u>	<u>\$74,767,316</u>	<u>\$1,684,012</u>	2.3	<u>\$75,399,521</u>	<u>(\$632,205)</u>	(0.8)

Charges for services increased \$2.33 million in 2024 and decreased by \$4.47 million in 2023, due to aliquot share revenues related to changes in cash requirements needed to fund operations. Operating expenses increased \$112 thousand in 2024 primarily due to an increase in maintenance, operations and contractual services of \$75 thousand and an increase in materials and supplies of \$67 thousand, offset by a decrease in depreciation of \$52 thousand. Operating expenses increased by \$126 thousand in 2023 primarily due to an increase in personal services of \$46 thousand, an increase in maintenance, operations, and contractual services of \$47 thousand, and an increase in depreciation of \$50 thousand.

Net non-operating revenues and expenses increased by \$95 thousand in 2024. During 2024, interest on bonds decreased \$195 thousand due to the bonds being paid off in 2023 and investment income decreased \$91 thousand. Net non-operating revenues and expenses increased by \$219 thousand in 2023. During 2023 interest on bonds increased \$377 thousand and investment income decreased \$207 thousand.

Capital Assets and Long-term Debt

Capital Assets

The Authority's investment in capital assets, net of accumulated depreciation, as of June 30, 2024 and 2023, is \$78,489,733 and \$75,775,396, respectively.

Capital Assets							
Net of Accumulated Depreciation							
	2024	2023	2024 - 2023 Amount of Change	2024 - 2023 %	2022	2023 - 2022 Amount of Change	2023 - 2022 %
Non-Depreciable Assets							
Land and water storage rights	\$61,528,696	\$61,528,696	\$ -	0.0%	\$61,528,696	\$ -	0.0%
Construction in progress	<u>5,709,268</u>	<u>2,411,653</u>	<u>3,297,615</u>	136.7	<u>1,218,107</u>	<u>1,193,546</u>	98.0
Total non-depreciable assets	<u>67,237,964</u>	<u>63,940,349</u>	<u>3,297,615</u>	5.2	<u>62,746,803</u>	<u>1,193,546</u>	1.9
Depreciable Assets							
Buildings	2,474,243	2,600,108	(125,865)	(4.8)	1,773,867	826,241	46.6
Improvements other than buildings	8,356,915	8,857,187	(500,272)	(5.6)	8,963,492	(106,305)	(1.2)
Furniture, machinery, and equipment	<u>420,611</u>	<u>377,752</u>	<u>42,859</u>	11.3	<u>359,160</u>	<u>18,592</u>	5.2
Total depreciable assets	<u>11,251,769</u>	<u>11,835,047</u>	<u>(583,278)</u>	(4.9)	<u>11,096,519</u>	<u>738,528</u>	6.7
Totals	<u>\$78,489,733</u>	<u>\$75,775,396</u>	<u>\$2,714,337</u>	3.6	<u>\$73,843,322</u>	<u>\$1,932,074</u>	2.6

Capital assets increased by \$2.71 million in 2024. Construction in progress increased \$3.30 million primarily due to roadway rehabilitation of \$1.76 million, Bureau of Reclamation (Bureau) inspection improvements of \$872 thousand, pipeline cathodic protection improvements of \$297 thousand, and regulating tank improvements of \$196 thousand. Total depreciable assets decreased \$583 thousand primarily due to normal depreciation of \$713 thousand, offset by vehicle and equipment purchases of \$130 thousand.

Capital assets increased by \$1.93 million in 2023. Construction in progress increased \$1.19 million primarily due to an increase in facility road improvements of \$1.76 million offset by the completion of the Headquarters Equipment Building of \$858 thousand. Total depreciable assets increased \$739 thousand primarily due to the completion of the Headquarters Equipment Building, McGee Creek Dam Gate Improvements of \$462 thousand, and equipment purchases of \$96 thousand, offset by normal depreciation of \$765 thousand. See Note II. E. for more information regarding capital assets.

Long-term Debt

At the end of the 2024 and 2023 fiscal years, the Authority had total debt outstanding of \$67,438,340 and \$66,824,823, respectively.

Payable to OCWUT

On December 1, 1992, OCWUT and the Authority entered into an agreement (OCWUT Agreement) in conjunction with the issuance of the Series 1992 Water Revenue Bonds. The OCWUT Agreement details OCWUT's pledge of water utility revenues, not otherwise pledged or required by OCWUT. OCWUT is required to provide cash payments as needed to the Authority to fund debt service requirements, operation and maintenance, extraordinary expenses and capital improvements, as well as maintain the bond fund minimum required reserve balance. Payments from OCWUT reported as payable to OCWUT include amounts paid on behalf of the other participants of the Authority. Series 1992 Revenue Bonds were paid off in fiscal year 2023. See Note V for more information regarding interfund balances.

Revenue Bonds

The McGee Creek Authority Water Revenue Bonds, Series 1992 Revenue Bonds were issued to purchase water storage rights and related assets, which in effect, repaid construction costs to the Bureau of Reclamation for the McGee Creek Reservoir. These bonds were secured by aliquot share revenues from participants of the Authority. In addition, the OCWUT Agreement provided OCWUT would advance the Authority funds as necessary. Should the Authority not have had adequate funds, OCWUT was required under the terms of the OCWUT Agreement to transfer the funds necessary for the Authority to pay the principal and interest due annually. The Series 1992 Revenue Bonds were paid off during fiscal year 2023.

Outstanding Long-term Debt							
		2024 - 2023	2024 - 2023			2023 - 2022	2023 - 2022
		Amount of	%			Amount of	%
	2024	2023	Change	Change	2022	Change	Change
Payable to OCWUT	\$67,438,340	\$66,824,823	\$613,517	0.9%	\$65,843,082	\$981,741	1.5%
Revenue bonds	—	—	—	0.0	6,275,000	(6,275,000)	(100.0)
	<u>\$67,438,340</u>	<u>\$66,824,823</u>	<u>\$613,517</u>	0.9	<u>\$72,118,082</u>	<u>(\$5,293,259)</u>	(7.3)

The change in outstanding debt for both 2024 and 2023 is the result of amounts received under the OCWUT Agreement and scheduled principal bond debt service payments for 2023. See Note III. B. for more information on changes in long-term debt.

Economic Factors

Utility Rates

Aliquot share revenue may be generated by payments from surrogates or designees of Participants. The Authority uses OCWUT's cost of service study information as a basis for determining rates and charges. These rates were updated during the 2017 cost of service study and were implemented January 1, 2018. The seventh adjustment series went into effect on June 1, 2024, with the remaining subsequent adjustments going into effect on January 1 of 2025 and 2026 with an average annual rate increase of 5%.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances, comply with finance-related laws and regulations, and demonstrate commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City's Finance Department, Accounting Services Division, at 100 North Walker Avenue, Suite 300, Oklahoma City, Oklahoma 73102.

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Basic Financial Statements

Proprietary Fund Financial Statements

Provide both long-term and short-term information about the Authority's overall status using full accrual accounting.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises.

STATEMENTS OF NET POSITION
June 30,

MCGEE CREEK AUTHORITY

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Non-pooled cash-----	\$208,033	\$340,351
Accounts receivable, net-----	91,999	85,219
Receivable from City of Oklahoma City-----	3,115	-
Intergovernmental receivables-----	114,791	94,319
Prepays-----	3,437	-
Total current assets-----	421,375	519,889
<u>NON-CURRENT ASSETS</u>		
Intergovernmental aliquot share receivable-----	66,484,991	65,871,474
Non-current prepaids-----	7,590	-
Capital assets:		
Land, water storage rights and construction in progress-----	67,237,964	63,940,349
Other capital assets, net of accumulated depreciation-----	11,251,769	11,835,047
Total capital assets-----	78,489,733	75,775,396
Total non-current assets-----	144,982,314	141,646,870
Total assets-----	145,403,689	142,166,759
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses-----	1,307,687	409,811
Wages and benefits payable-----	12,537	8,589
Payable to City of Oklahoma City-----	26,110	8,045
Compensated absences-----	17,971	17,021
Total current liabilities-----	1,364,305	443,466
<u>NON-CURRENT LIABILITIES</u>		
Compensated absences-----	149,716	131,154
Payable to Oklahoma City Water Utilities Trust-----	67,438,340	66,824,823
Total non-current liabilities-----	67,588,056	66,955,977
Total liabilities-----	68,952,361	67,399,443
<u>NET POSITION</u>		
Net investment in capital assets-----	77,212,394	75,383,369
Unrestricted-----	(761,066)	(616,053)
Total net position-----	\$76,451,328	\$74,767,316

See accompanying notes to financial statements.

**STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**

MCGEE CREEK AUTHORITY

For the Years Ended June 30,

	<u>2024</u>	<u>2023</u>
<u>OPERATING REVENUES</u>		
Aliquot share charges-----	\$3,510,240	\$1,177,140
Other-----	1,369	1,208
Total operating revenues-----	<u>3,511,609</u>	<u>1,178,348</u>
<u>OPERATING EXPENSES</u>		
Personal services-----	465,826	443,483
Maintenance, operations, and contractual services-----	573,023	497,682
Materials and supplies-----	115,163	48,615
Depreciation-----	712,899	765,240
Total operating expenses-----	<u>1,866,911</u>	<u>1,755,020</u>
Operating income (loss)-----	<u>1,644,698</u>	<u>(576,672)</u>
<u>NET NON-OPERATING REVENUES (EXPENSES)</u>		
Investment income-----	2,181	93,181
Interest on bonds-----	-	(194,809)
Bond insurance-----	-	(1,424)
Other revenue (expenses)-----	37,133	47,519
Total net non-operating revenues (expenses)-----	<u>39,314</u>	<u>(55,533)</u>
Changes in net position (deficit)-----	<u>1,684,012</u>	<u>(632,205)</u>
Total net position, beginning-----	74,767,316	75,399,521
Total net position, ending-----	<u>\$76,451,328</u>	<u>\$74,767,316</u>

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS
For the Years Ended June 30,

MCGEE CREEK AUTHORITY

	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers-----	\$3,501,714	\$2,989,955
Cash payments to suppliers for goods and services-----	(668,585)	(560,131)
Cash payments to employees and professional contractors for services-----	(442,366)	(440,434)
Other cash receipts-----	49,392	56,687
Net cash provided by operating activities-----	<u>2,440,155</u>	<u>2,046,077</u>
<u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u>		
Payments for acquisition and construction of capital assets-----	(2,574,654)	(2,520,666)
Principal paid on long-term debt-----	-	(6,275,000)
Interest paid on long-term debt-----	-	(376,500)
Net cash used by capital and capital related financing activities-----	<u>(2,574,654)</u>	<u>(9,172,166)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Payments for purchase of investments-----	-	(6,439,118)
Proceeds from sale of investments-----	-	13,430,975
Investment income received-----	2,181	98,527
Net cash provided by investing activities-----	<u>2,181</u>	<u>7,090,384</u>
Net decrease in cash-----	<u>(132,318)</u>	<u>(35,705)</u>
Cash, beginning-----	340,351	376,056
Cash, ending-----	<u>\$208,033</u>	<u>\$340,351</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Operating income (loss)-----	\$1,644,698	(\$576,672)
<u>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Depreciation-----	712,899	765,240
Other revenue (expense)-----	69,864	46,095
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable-----	(6,780)	(18,235)
(Increase) decrease in receivable from Oklahoma City Water Utilities Trust-----	(3,115)	1,829,842
(Increase) decrease in prepaid assets-----	(11,027)	1,424
(Increase) decrease in intergovernmental receivable-----	(20,472)	9,168
(Increase) decrease in intergovernmental aliquot share receivable-----	(613,517)	(981,740)
Increase (decrease) in accounts payable-----	12,563	15,246
Increase (decrease) in wages and benefits payable-----	3,948	(7,828)
Increase (decrease) in payable to the Oklahoma City Water Utilities Trust-----	613,517	981,741
Increase (decrease) in payable to City of Oklahoma City-----	18,065	(879)
Increase (decrease) in compensated absences-----	19,512	10,876
Increase (decrease) in intergovernmental payable-----	-	(28,201)
Total adjustments-----	<u>795,457</u>	<u>2,622,749</u>
Net cash provided by operating activities-----	<u>\$2,440,155</u>	<u>\$2,046,077</u>

See accompanying notes to financial statements.

Notes to Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. A. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the McGee Creek Authority (Authority) financial activities for the fiscal years ended June 30, 2024 and 2023.

I. B. REPORTING ENTITY AND RELATIONSHIP TO THE OKLAHOMA CITY WATER UTILITIES TRUST (TRUST) AND THE CITY OF OKLAHOMA CITY (CITY)

Reporting Entity

The Authority is a public trust created pursuant to Title 60 of the Oklahoma Statutes, sections 176 to 180.4 inclusive, et seq. The Authority was established on August 1, 1977. The purpose of the Authority is, generally, to act as the contracting party for acquiring land, constructing facilities, and operating and maintaining a water storage and transportation facility at the McGee Creek Reservoir (Reservoir). The beneficiaries of the Authority (Beneficiaries) are the City; City of Atoka, Oklahoma; Atoka County, Oklahoma; and Southern Oklahoma Development Trust. The participants of the Authority (Participants) are the Beneficiaries and Oklahoma City Water Utilities Trust (OCWUT).

The Mayor of Atoka, Oklahoma; the Mayor of Oklahoma City, Oklahoma; the Chairman of the Board of County Commissioners of Atoka County, Oklahoma; the Chairman of the Board of Trustees of OCWUT; and the Chairman of the Board of the Southern Oklahoma Development Trust serve as Trustees for the Authority. The Beneficiaries do not have an obligation for debt issued by the Authority.

Recreation activities at the Reservoir are managed by the Oklahoma Department of Wildlife Conservation and the Oklahoma Tourism and Recreation Department. The Authority does not manage recreation activities.

Method of Reporting in OCWUT's Annual Statement and the City's Annual Comprehensive Financial Report (ACFR)

The Authority is presented as a blended component unit of OCWUT and is presented with OCWUT's financial reporting entity. The Authority meets the requirements for blending because OCWUT is expected to fund the repayment of the Authority's debt. The financial activities of the Authority are blended and presented in the OCWUT annual statement. The blended financial activities of OCWUT and the Authority are presented in aggregate in the City's ACFR. The OCWUT annual statement and the City ACFR may be obtained online at okc.gov/departments/finance.

Authority Administration

All administrative functions are performed by City employees. OCWUT transfers funds to the City for the cost of these services. The Authority does not reimburse OCWUT for its share of these costs. Authority employees perform operational functions.

I. B. 1. BASIC FINANCIAL STATEMENTS

The basic financial statements include the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows. These statements report financial information for the Authority as a whole.

I. B. 2. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Generally Accepted Accounting Principles (U.S. GAAP)

The financial statements of the Authority are prepared in accordance with U.S. GAAP. The Authority applies all relevant GASB pronouncements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority reports using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Operating income includes revenues and expenses related to the primary, continuing operations of the Authority. Principal operating revenues are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

I. C. BUDGET LAW AND PRACTICE

Oklahoma Statutes require the submission of financial information for public trusts. However, legal budgetary control levels are not specified. Accordingly, financial information for the Authority is submitted to its governing body. Appropriations are not recorded. Management's policy prohibits disbursements which exceed available cash.

I. D. POLICIES RELATED TO ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY

I. D. 1. IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

In 2024, the Authority implemented GASB statement number 100, Accounting Changes and Error Corrections - an amendment of GASB Statement number 62. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions. Display and note disclosure enhancements have been applied where applicable. This statement did not have a material impact on the Authority's financial statements.

I. D. 2. CASH AND INVESTMENTS

Cash and Investments

The Authority's governing board has not formally adopted deposit and investment policies other than applicable deposit and investment policies specified in the bond indenture.

Investments are carried at fair value, generally determined by quoted market prices, except for guaranteed investment contracts which are carried at cost. Cash deposits are reported at carrying amount which approximates fair value.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

Accounting guidance establishes a consistent framework for measuring fair value and establishes a fair value hierarchy based on the observability of inputs used to measure fair value. These different levels of valuation hierarchy are described as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable.

Level 3 - Significant unobservable prices or inputs.

An investment's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.

I. D. 3. RECEIVABLES AND UNCOLLECTIBLE ACCOUNTS

Significant receivables include amounts due from Participants and surrogates or designees of Participants for actual water usage. Accounts receivable are reported net of an allowance for uncollectible accounts and revenues are reported net of uncollectible amounts. The allowance amount is estimated using accounts receivable past due more than 90 days.

I. D. 4. PREPAIDS

Prepays are payments to vendors that benefit future reporting periods and are reported on the consumption basis. Non-current prepaids benefit periods beyond the following 12-month period. Payments to vendors that are less than \$5,000 are considered de minimis and are reported with expenses in the year of payment.

I. D. 5. RESTRICTED ASSETS

Certain assets are restricted for capital projects funded through long-term debt and debt service reserves. Restricted deposits and investments are legally restricted for the payment of currently maturing debt service.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as needed. For fiscal years 2024 and 2023, the Authority had no restricted assets.

I. D. 6. CAPITAL ASSETS AND DEPRECIATION

Property and equipment are valued at cost and presented net of accumulated depreciation. The Authority generally capitalizes assets with a cost of \$10,000 or more. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

Maintenance and repairs are charged to operations, while renewals and betterments are capitalized. When the Authority disposes of property and equipment, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	10 - 50
Infrastructure and improvements other than buildings	10 - 50
Equipment, furniture, and machinery	5 - 20

I. D. 7. COMPENSATED ABSENCES

Compensated absences represent the accrued vested vacation and sick leave benefits attributable to full-time employees based on the personnel policies of the Authority.

I. D. 8. RISK MANAGEMENT

The Authority's risk management activities are recorded in the City Risk Management Fund and the Oklahoma City Municipal Facilities Authority (OCMFA) Services Fund. The purpose of these funds is to administer property and liability insurance programs of the City, in which the Authority participates. These funds account for the risk financing activities of the Authority and constitute a transfer of risk from the Authority.

The Authority has no costs or liabilities related to risk management activities. Costs and liabilities for commercial insurance, stop-loss insurance, and related claims paid are recorded in the City Risk Management Fund and the OCMFA.

I. D. 9. FUND EQUITY

Net Position

Net position invested in capital assets, net of related debt, and legally restricted amounts are reported separately from unrestricted net position.

Net Investment in Capital Assets

The amount reported is calculated as total capital assets less accumulated depreciation and outstanding debt including accounts payable and retainages payable, used to purchase the assets net of unspent portions. Unspent portions of bonds payable, along with any amounts used to fund debt reserves, are included with restricted net position.

Restricted Net Position

Amounts reported as restricted for debt service include those amounts held in restricted accounts as required by the debt instrument. Restricted amounts held to pay bond interest are reduced by accrued interest payable. Net position restricted for capital projects includes unspent debt proceeds legally restricted for capital outlays. Restricted net position also includes purpose restrictions from enabling legislation and other external sources.

I. D. 10. USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from reported estimates.

I. E. MAJOR REVENUES

Aliquot share revenues represent revenues collected or collectible from Participants. OCWUT aliquot share payments are reported as payments from OCWUT. The Authority Trust Indenture assigns the aliquot shares of the Participants and details the requirements of the Participants to fund the Authority cash requirements based on the aliquot share ratio.

I. F. TAX STATUS

The Authority is exempt from Federal and state income taxes under Section 115 of the Internal Revenue Code for any trade or business related to the Authority's tax-exempt purpose or function.

I. G. RETAINAGES

It is the policy of the Authority to retain a percentage of construction contracts until a completed project has been accepted by the Trustees. Contractors may request to opt-out of this retainage by providing a certificate of deposit with the City. The City holds the certificate of deposit and the Authority retains the risk of incurring costs related to a contractor's failure to perform. However, in the event of non-performance, the City calls the certificate and pays the proceeds to the Authority to cover any costs incurred. The Authority does not record the effect of holding the certificates of deposit.

II. ASSETS

II. A. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover collateral securities in the possession of an outside party. The Authority has not adopted a policy addressing custodial credit risk.

At June 30, 2024 and 2023, MCA's cash is collateralized with securities held by pledging financial institution in the name of the Authority, less Federal depository insurance, except \$383 thousand held by Ameristate Bank that exceeded federally insured limits for fiscal year 2023.

Investments

The Authority did not hold any investments as of June 30, 2024 and June 30, 2023.

Compliance with State Requirements

Authority bond indenture practice is more restrictive than the requirements of Oklahoma law found in Title 60 of the Oklahoma Statutes and the standards of the Oklahoma Uniform Prudent Investor Act. These statutes restrict public trust investing to the Prudent Investor Rule defined by Title 60 Oklahoma Statutes to consider the purposes, terms, distribution requirements, and other circumstances of the trust and to exercise reasonable care, skill, and caution. Investment decisions must be evaluated not in isolation, but in the context of the Authority portfolio as a whole and as a part of the overall investment strategy having risk and return objectives reasonably suited to the Authority.

II. B. ACCOUNTS RECEIVABLE AND UNCOLLECTIBLE AMOUNTS

Receivables include billings for aliquot share services provided by the Authority to surrogates and designees of the Participants and non-operating revenues. These receivables are due in less than one year. Since there are no delinquencies associated with these accounts, no allowance for uncollectible amounts has been accrued at June 30, 2024 and 2023.

II. C. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental Receivable - Current

Each year the Authority performs minimal maintenance tasks for the Bureau of Reclamation (Bureau). Charges to the Bureau for these services are based on agreed upon allocation rates of specifically identified costs. The Authority recorded unbilled amounts receivable from the Bureau at June 30, 2024 and 2023 for services provided of \$114,791 and \$94,319, respectively.

Intergovernmental Aliquot Share Receivable

In August 1992 the trust indenture was amended to define the relationship between the Authority and Participants including OCWUT. Payment of the aliquot share of the costs affords the Participants the right to store and transport water they are permitted to use. The portion of funds paid or transferred to the Authority by the Participants for aliquot shares is a period cost. Unpaid aliquot share balances from the Participants are cumulative and recorded as non-current receivables. Payments to the Authority from Participants reduce the amounts receivable from Participants for outstanding aliquot share payments receivable.

II. D. PREPAIDS

As of June 30, 2024, the Authority had prepaid contracts of \$11,027 related to the Lake Atoka and Sardis Pipeline service and maintenance contract. As of June 30, 2023, the Authority did not have any prepaid expenses.

II. E. CAPITAL ASSETS

Changes in Capital Assets

	2024							
	Capital Assets, Not Depreciated			Capital Assets, Depreciated				Total Capital Assets, net
	Land and Water Storage Rights	Construction In Progress	Total	Improvements	Furniture,	Total		
				Other Than Buildings	Machinery, & Equipment			
<u>CAPITAL ASSETS</u>				<u>Buildings</u>	<u>Buildings</u>	<u>Equipment</u>		
Balance, June 30, 2023	\$61,528,696	\$2,411,653	\$63,940,349	\$6,063,972	\$24,859,758	\$1,199,647	\$32,123,377	\$96,063,726
Increases	-	3,330,346	3,330,346	-	-	129,621	129,621	3,459,967
Decreases	-	(32,731)	(32,731)	-	-	-	-	(32,731)
Balance, June 30, 2024	<u>61,528,696</u>	<u>5,709,268</u>	<u>67,237,964</u>	<u>6,063,972</u>	<u>24,859,758</u>	<u>1,329,268</u>	<u>32,252,998</u>	<u>99,490,962</u>
<u>ACCUMULATED DEPRECIATION</u>								
Balance, June 30, 2023				3,463,864	16,002,571	821,895	20,288,330	20,288,330
Increases				125,865	500,272	86,762	712,899	712,899
Balance, June 30, 2024				<u>3,589,729</u>	<u>16,502,843</u>	<u>908,657</u>	<u>21,001,229</u>	<u>21,001,229</u>
Capital assets, net	<u>\$61,528,696</u>	<u>\$5,709,268</u>	<u>\$67,237,964</u>	<u>\$2,474,243</u>	<u>\$8,356,915</u>	<u>\$420,611</u>	<u>\$11,251,769</u>	<u>\$78,489,733</u>

NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

MCGEE CREEK AUTHORITY

	2023							
	Capital Assets, Not Depreciated			Capital Assets, Depreciated				Total Capital Assets, net
	Land and Water Storage Rights	Construction In Progress	Total	Improvements Other Than Buildings	Furniture, Machinery, & Equipment	Total		
<u>CAPITAL ASSETS</u>								
Balance, June 30, 2022	\$61,528,696	\$1,218,107	\$62,746,803	\$5,118,077	\$24,397,644	\$1,223,787	\$30,739,508	\$93,486,311
Increases	-	2,577,415	2,577,415	24,140	-	95,759	119,899	2,697,314
Decreases	-	-	-	-	-	(119,899)	(119,899)	(119,899)
Transfers	-	(1,383,869)	(1,383,869)	921,755	462,114	-	1,383,869	-
Balance, June 30, 2023	61,528,696	2,411,653	63,940,349	6,063,972	24,859,758	1,199,647	32,123,377	96,063,726
<u>ACCUMULATED DEPRECIATION</u>								
Balance, June 30, 2022				3,344,210	15,434,152	864,627	19,642,989	19,642,989
Increases				119,654	568,419	77,167	765,240	765,240
Decreases				-	-	(119,899)	(119,899)	(119,899)
Balance, June 30, 2023				3,463,864	16,002,571	821,895	20,288,330	20,288,330
Capital assets, net	\$61,528,696	\$2,411,653	\$63,940,349	\$2,600,108	\$8,857,187	\$377,752	\$11,835,047	\$75,775,396

Depreciation Expense

Depreciation expense was \$712,899 for 2024 and \$765,240 for 2023.

III. LIABILITIES

III. A. COMPENSATED ABSENCES

Compensated absences balances changed from 2023 to 2024 by accruals of \$36,389 and usages of \$16,877 compared to changes in accruals of \$36,686 and usages of \$25,810 from 2022 to 2023.

III. B. CHANGES IN LONG-TERM LIABILITIES

	2024					
	Balance July 1, 2023	Issued	Retired	Balance June 30, 2024	Due Within One Year	Due After One Year
Payable to OCWUT	\$66,824,823	\$613,517	\$ -	\$67,438,340	\$ -	\$67,438,340
Compensated absences	<u>148,175</u>	<u>36,389</u>	<u>16,877</u>	<u>167,687</u>	<u>17,971</u>	<u>149,716</u>
	<u>\$66,972,998</u>	<u>\$649,906</u>	<u>\$16,877</u>	<u>\$67,606,027</u>	<u>\$17,971</u>	<u>\$67,588,056</u>
	2023					
	Balance July 1, 2022	Issued	Retired	Balance June 30, 2023	Due Within One Year	Due After One Year
Payable to OCWUT	65,843,082	981,741	-	66,824,823	-	66,824,823
Compensated absences	137,299	36,686	25,810	148,175	17,021	131,154
Revenue bonds	<u>6,275,000</u>	<u>-</u>	<u>6,275,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$72,255,381</u>	<u>\$1,018,427</u>	<u>\$6,300,810</u>	<u>\$66,972,998</u>	<u>\$17,021</u>	<u>\$66,955,977</u>

IV. NET POSITION

Net Investment in Capital Assets

	<u>2024</u>	<u>2023</u>
Capital assets, net	\$78,489,733	\$75,775,396
Retainages and accounts payable	<u>(1,277,339)</u>	<u>(392,027)</u>
	<u>\$77,212,394</u>	<u>\$75,383,369</u>

Unrestricted

	<u>2024</u>	<u>2023</u>
Unrestricted	<u>(\$761,066)</u>	<u>(\$616,053)</u>

V. INTERFUND TRANSACTIONS

V. A. RECEIVABLE FROM AND PAYABLE TO THE CITY

Receivable from the City

At June 30, 2024, there was an amount receivable from the City of \$3,115 for employee tax payments to be reimbursed to the Authority.

Payable to the City

Payable to the City consists of \$26,110 and \$8,045 at June 30, 2024 and 2023, respectively, for the cost of materials and supplies prepaid by the City General Fund on behalf of the Authority.

V. B. PAYABLE TO OCWUT

Payable to OCWUT

The OCWUT Agreement guarantees OCWUT will advance funds as necessary to the Authority for debt service requirements, operation and maintenance, extraordinary expenses and capital improvements, as well as funds necessary to maintain the bond fund minimum required reserve balance. The Authority has recorded a payable to OCWUT to recognize the amount loaned under the OCWUT Agreement. At June 30, 2024 and 2023, the balance due to OCWUT is \$67,438,340 and \$66,824,823, respectively.

V. C. OTHER OCWUT TRANSACTIONS

Aliquot Share Requirements

The Authority received \$2,975,000 and \$2,485,000 in cash payments from OCWUT for aliquot share requirements in 2024 and 2023, respectively. These amounts are reported with aliquot share revenues.

VI. RELATED PARTY TRANSACTIONS

On-Behalf Collections

The Authority received payments on behalf of participants for aliquot shares. Collections were made from customers for water usage. These revenues are reported with aliquot share revenues.

VII. DEFINED CONTRIBUTION PENSION

Authority employees participate in a deferred compensation, defined contribution plan (Plan) administered by Nationwide Retirement Systems and established through the U.S. Conference of Mayors and approved by the Authority. Participants of the Plan are comprised of all eligible employees of the Authority. All full-time employees are eligible. At June 30, 2024 and 2023, all eligible employees were participating in the Plan.

The Authority and participants contribute 8% and 6%, respectively, to the Plan. Plan provisions and contribution requirements are established and amended by the Board of Trustees.

<u>Fiscal Year</u>	<u>Contributions</u>	
	<u>Employer</u>	<u>Employee</u>
2024	\$24,711	\$18,534
2023	23,430	17,573
2022	21,629	16,222
2021	20,934	15,526
2020	14,549	10,831

The annual financial report that includes financial statements and required supplementary information for the Plan may be obtained from Nationwide Retirement Solutions, P.O. Box 182797, Columbus, Ohio 43218-2797.

VIII. CONSTRUCTION COMMITMENTS

At June 30, 2024 and 2023, the Authority had outstanding construction commitments of \$2,317,374 and \$900,320, respectively.

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INDEPENDENT AUDITOR'S 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*

To the Board of Trustees
McGee Creek Authority
Farris, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the McGee Creek Authority (Authority), a blended component unit of the Oklahoma City Water Utilities Trust, as of and for the years ended June 30, 2024 and 2023, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 5, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Allen, Gibbs & Houlik, L.C
CERTIFIED PUBLIC ACCOUNTANTS

Wichita, KS
September 5, 2025