



## Oklahoma City Water Utilities Trust

A discrete component unit of The City of Oklahoma City, Oklahoma

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

# OKLAHOMA CITY WATER UTILITIES TRUST

Consolidated Operations of the Oklahoma City Water Utilities Trust,  
A Discrete Component Unit of Oklahoma City, Oklahoma,  
and McGee Creek Authority of Farris, Oklahoma,  
A Blended Component Unit Enterprise Fund of the  
Oklahoma City Water Utilities Trust

## *Board of Trustees*

James D. Couch, Chairman, Independent Trustee

Sharon Voorhees, Independent Trustee

Todd Stone, Council Trustee

David Holt, Mayor Trustee (Mark Stonecipher, Vice Chairman, Surrogate Trustee)

Craig Freeman, City Manager Trustee (Laura A. Johnson, Surrogate Trustee)

## *Management*

Chris Browning, General Manager

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

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



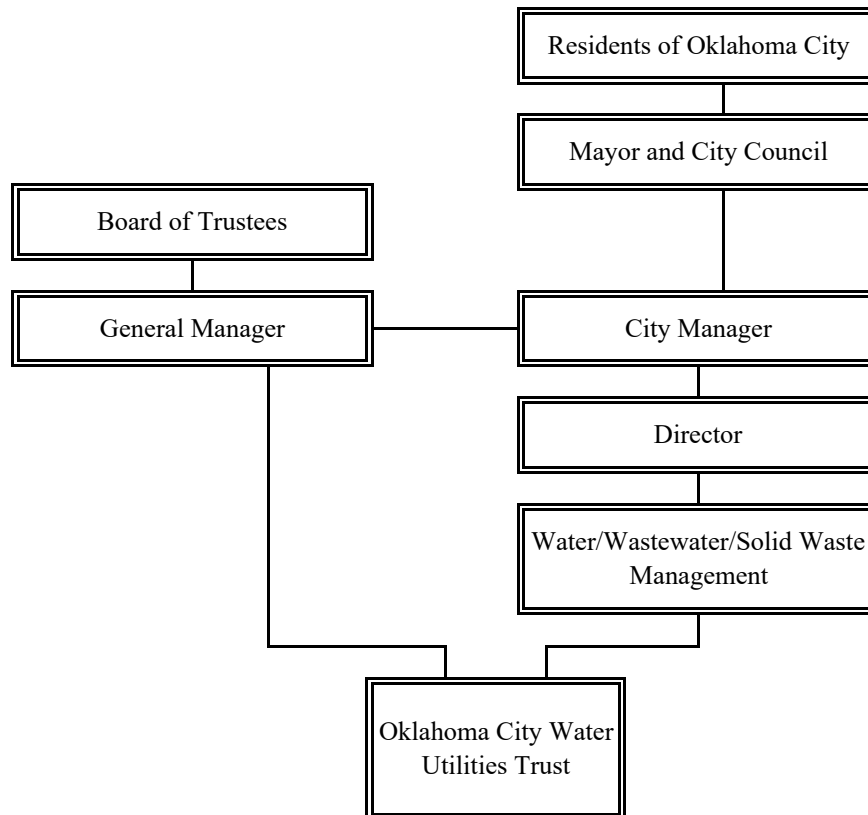
# OKLAHOMA CITY WATER UTILITIES TRUST

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# Oklahoma City Water Utilities Trust Organization Chart



# **Introductory Section**



September 5, 2025

The Board of Trustees  
Oklahoma City Water Utilities Trust

The Oklahoma City Water Utilities Trust (Consolidated Trust) annual financial report (annual report) provides a comprehensive overview of the Consolidated Trust 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 State Statutes. 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 Consolidated Trust's management.

The Consolidated Trust's annual report includes the report of independent auditors, management's discussion and analysis (MD&A), financial statements, and related notes. Management's narrative on the financial activities of the Consolidated Trust 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 Consolidated Trust's reporting entity is comprised of financial and operating activities conducted within the legal framework of the Consolidated Trust. The Consolidated Trust is a discretely presented component unit of the City of Oklahoma City (City) and, as such, is included within the City's Annual Comprehensive Financial Report (ACFR).

The Consolidated Trust includes the blended operations of the Oklahoma City Water Utilities Trust (OCWUT) and McGee Creek Authority (MCA).

OCWUT was created on April 17, 1990, by renaming the Oklahoma City Municipal Improvement Authority (OCMIA) that had been established on August 1, 1960. The City operated the water system and separately operated the sewer system prior to signing lease agreements with the OCMIA. The water system was leased from the City by the OCMIA on August 1, 1960. The sewer system was leased from the City on July 1, 1986. The solid waste management system was leased from the City on March 31, 2021. OCWUT is an enterprise fund and does not receive tax funding.

The purpose of OCWUT is to operate and maintain the City water, wastewater and solid waste management utility systems and to provide financing, through loans and the issuance of revenue bonds or other debt instruments, for the construction and acquisition of water and wastewater facilities and other general improvements to and for the repair, replacement, and extension of the water, wastewater and solid waste management systems serving the Central Oklahoma Region. The provisions of the trust indenture, as amended, provide that OCWUT will lease or otherwise manage the related water, wastewater and solid waste management systems. OCWUT will receive all revenues generated from the water, wastewater and solid waste management systems to pay the debt service requirements on the revenue bonds or other debt instruments issued by OCWUT, plus costs and expenses incidental to improving, operating, maintaining, repairing, extending and replacing the systems. The City is the sole beneficiary of OCWUT. On March 2, 2021, a resolution was approved to effectuate the consolidation of the solid waste management system, which was previously operated and maintained by the Oklahoma City Environmental Assistance Trust, with the water and wastewater systems under OCWUT. The merger became effective July 1, 2020. OCWUT now provides services on behalf of Oklahoma City (City) that include financing and operating the City's solid waste management activities relating to solid waste management collection and waste disposal. The City Manager, the Mayor, one Council person, and two citizens of the City who are appointed by the City Council serve as trustees of OCWUT.

MCA 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 MCA (Participants) in central and southern Oklahoma, including OCWUT, the City of Oklahoma City (City), the City of Atoka, Atoka County, and the Southern Oklahoma Development Trust. MCA is a blended component of OCWUT because OCWUT is expected to fund the debt service requirements of MCA, operation and maintenance, extraordinary expenses, and capital improvements due to an agreement of support (OCWUT Agreement) between OCWUT, MCA, and the Federal Government dated October 11, 1979. The OCWUT Agreement details OCWUT's pledge of water utility revenues, not otherwise pledged or required by OCWUT.

Dr. Russell Evans, Partner and Chief Economist at the Thorberg Collectorate and President of Regional Economic Advisers, presented the annual economic outlook to City leaders in February. This year's presentation—titled “Economic Optimism in 2025: Unfettered or Unfounded?”—examined national economic trends and their implications for Oklahoma City. He noted that while a soft landing for the national economy appeared increasingly likely in 2024, persistent inflation and evolving financial conditions have introduced continued uncertainty as we move into 2025. Monetary policy remains tight, consumer debt service burdens are elevated, and equity markets may be priced for perfection, leaving room for correction if economic expectations shift. Still, the base case is one of modest national growth, with interest rate cuts expected in the second half of the year.

Dr. Evans described Oklahoma City's position as one of relative strength. The City added jobs at nearly the same pace in 2024 as the prior year and is expected to gain an average of 1,500 new jobs per month in 2025, with momentum building later in the year. Job growth is anticipated across health care, leisure, trade, and construction sectors, fueled by population growth and significant public/private investments. The labor market remains tight, with unemployment projected to stay under 4%. Oklahoma City's continued urban expansion—especially into surrounding counties—along with a growing, younger labor force, provides a solid foundation for future growth.

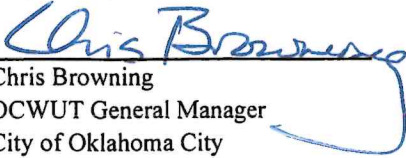
While economic headwinds persist and risk remains, the City is well positioned to navigate uncertainty. Sales tax collections are expected to rebound in the second half of FY 2025, with models projecting approximately 2.5% growth in FY 2026. Overall, Dr. Evans concluded that while Oklahoma City should not take continued success for granted, its demographic momentum, labor market resilience, and strategic investments place it in a favorable position as this phase of the economic cycle plays out.


The Oklahoma City Water Utilities Trust (OCWUT) continues to be the state's largest provider of drinking water, treating and delivering an average of 104 million gallons of water every day to more than 1.4 million residents in the Central Oklahoma Region through retail and wholesale service connections. During the fiscal year 2024, OCWUT initiated several improvement projects at the Draper Water Treatment Plant, the Hefner Water Treatment Plant and the North Canadian Wastewater Treatment Plant. The South Canadian and North Canadian Wastewater Treatment Plants (WWTP) had construction projects underway in FY2024. The South Canadian WWTP Project consists of modernizing the treatment plant to improve system efficiency and increase treatment capacities to keep up with the projected future demand. Work in progress at North Canadian WWTP will upgrade the plant's electrical system and address other aging infrastructure. As of fiscal year 2024, five of the nine segments of the second Atoka pipeline continued construction progress with the remaining segments anticipated to be awarded by the end of 2025. The 2024 annual Oklahoma City resident satisfaction survey rated OCWUT an average 34.1% higher than like services offered in U.S. cities with a population of 250,000 or more.


OCWUT and MCA participate in the City's comprehensive accounting and budgetary system. Semi-annual financial statements provide OCWUT and MCA management and other interested readers with regular financial analysis. Additionally, OCWUT and MCA management maintain budgetary controls to ensure compliance with legal provisions.

By City Council resolution, public trusts of which the City is the beneficiary are encouraged to use the independent auditors competitively selected by the City. In compliance with that resolution the Consolidated Trust engaged AGH, L.C. to conduct its annual audit. The Consolidated Trust acknowledges the professional and competent services of its independent auditors.

Respectfully submitted,

  
Chris Browning  
OCWUT General Manager  
City of Oklahoma City  
Utilities Department Director

  
Vanessa Aguilar  
City of Oklahoma City  
Utilities Department Deputy Director

  
Alex E. Fedak, CPA  
City of Oklahoma City  
Controller



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## **Financial Section**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
**Oklahoma City Water Utilities Trust**  
Oklahoma City, Oklahoma

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the business-type activities and each major fund of the Oklahoma City Water Utilities Trust (Trust), a discrete component unit of the City of Oklahoma City, Oklahoma (City), as of and for the years ended June 30, 2024 and 2023, and the related notes to financial statements, which collectively comprise the Trust'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 respective financial position of the business-type activities and each major fund of the Trust as of June 30, 2024 and 2023, and the respective 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 Opinions***

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 Trust 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 opinions.

#### ***Emphasis of Matters***

As discussed in Note I.B., the financial statements present only the Oklahoma City Water Utilities Trust, a discrete component unit of the City, and do not purport to, and do not present fairly the financial position of the Oklahoma City Water Department as of June 30, 2024 and 2023, the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

#### ***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 Trust'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 opinions. 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 Trust'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 Trust'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.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Trust's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***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 opinions on the basic financial statements do 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 Trust'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 Trust'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 Trust'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 Oklahoma City Water Utilities Trust (Consolidated Trust) annual financial report, the Consolidated Trust's management provides narrative discussion and analysis of the financial activities of the Consolidated Trust for the fiscal years ended June 30, 2024 and 2023. The Consolidated Trust'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 Consolidated Trust reports services for which customers are charged a fee. Services are provided to customers external to the Consolidated Trust consisting primarily of water, wastewater, and solid waste management utility services provided to the public, and water storage and supply services. The Consolidated Trust is a discrete component unit of the City of Oklahoma City (City).

### *Financial Summary*

- Consolidated Trust assets and deferred outflows of resources exceeded liabilities by \$1,629,185,825 (net position) for 2024. This compares to the previous year when assets exceeded liabilities by \$1,503,499,519.
- Total assets for the Consolidated Trust increased \$425,775,448 to \$2,906,463,335 during the fiscal year. This compares to the previous year when assets increased \$164,780,440 to \$2,480,687,887.
- Total liabilities for the Consolidated Trust increased \$300,641,341 to \$1,266,707,012 during the fiscal year. This compares to the previous year when liabilities increased \$20,122,998 to \$966,065,671.
- Total net position is comprised of the following:
  - (1) Net investment in capital assets, of \$1,054,239,595 and \$996,574,360 for the years ended June 30, 2024 and 2023, respectively, includes property and equipment, net of accumulated depreciation, reduced for outstanding debt related to the purchase or construction of capital assets.
  - (2) Restricted net position in the amount of \$364,327 and \$12,304,971 for the years ended June 30, 2024 and 2023, respectively, is restricted for debt service constraints imposed by debt covenants.
  - (3) Unrestricted net position of \$574,581,903 and \$494,620,188 is reported for the years ended June 30, 2024 and 2023, respectively.

### *Overview of the Financial Statements*

This discussion and analysis introduces the Consolidated Trust'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 financial statements.

### **Financial Statements**

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

The first basic financial statement is the statement of net position. This statement presents all of the Consolidated Trust's assets and deferred outflows less liabilities resulting in net position. Increases or decreases in net position may indicate whether the financial position of the Consolidated Trust, 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**

**OKLAHOMA CITY**  
**WATER UTILITIES TRUST**

The second statement is the statement of revenues, expenses, and changes in net position which reports how the Consolidated Trust's net position changed during the fiscal year. This statement can be used to assess the Consolidated Trust's operating results and analyze how the Consolidated Trust'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 that reports the inflows and outflows of the Consolidated Trust's cash.

**Notes to the Financial Statements**

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

***Financial Analysis***

The Consolidated Trust's net position at June 30, 2024, is \$1,629,185,825. This is an increase of \$125,686,306 over fiscal year 2023 net position of \$1,503,499,519. The overall financial position of the Consolidated Trust improved during the 2024 fiscal year.

<b>Summary of Net Position</b>							
			2024 - 2023	2024 - 2023		2023 - 2022	2023 - 2022
			Amount of	%		Amount of	%
	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>Change</u>	<u>2022</u>	<u>Change</u>	<u>Change</u>
<b>Assets</b>							
Current assets	\$770,212,708	\$587,541,577	\$182,671,131	31.1%	\$528,889,747	\$58,651,830	11.1%
Capital assets, net	2,067,823,248	1,825,344,017	242,479,231	13.3	1,693,876,139	131,467,878	7.8
Other non-current assets	<u>68,427,379</u>	<u>67,802,293</u>	<u>625,086</u>	0.9	<u>93,141,561</u>	<u>(25,339,268)</u>	(27.2)
<b>Total assets</b>	<b><u>2,906,463,335</u></b>	<b><u>2,480,687,887</u></b>	<b><u>425,775,448</u></b>	17.2	<b><u>2,315,907,447</u></b>	<b><u>164,780,440</u></b>	7.1
<b>Deferred Outflows</b>							
<b>of Resources</b>	<b><u>1,126,461</u></b>	<b><u>1,195,782</u></b>	<b><u>(69,321)</u></b>	(5.8)	<b><u>10,748,785</u></b>	<b><u>(9,553,003)</u></b>	(88.9)
<b>Liabilities</b>							
Current liabilities	185,506,948	184,062,267	1,444,681	0.8	130,918,598	53,143,669	40.6
Non-current liabilities	<u>1,081,200,064</u>	<u>782,003,404</u>	<u>299,196,660</u>	38.3	<u>815,024,075</u>	<u>(33,020,671)</u>	(4.1)
<b>Total liabilities</b>	<b><u>1,266,707,012</u></b>	<b><u>966,065,671</u></b>	<b><u>300,641,341</u></b>	31.1	<b><u>945,942,673</u></b>	<b><u>20,122,998</u></b>	2.1
<b>Deferred Inflows</b>							
<b>of Resources</b>	<b><u>11,696,959</u></b>	<b><u>12,318,479</u></b>	<b><u>(621,520)</u></b>	(5.0)	<b><u>1,055,172</u></b>	<b><u>11,263,307</u></b>	1067.4
<b>Net position</b>							
Net investment							
in capital assets	1,054,239,595	996,574,360	57,665,235	5.8	880,317,375	116,256,985	13.2
Restricted	364,327	12,304,971	(11,940,644)	(97.0)	26,957,851	(14,652,880)	(54.4)
Unrestricted	<u>574,581,903</u>	<u>494,620,188</u>	<u>79,961,715</u>	16.2	<u>472,383,161</u>	<u>22,237,027</u>	4.7
<b>Total net position</b>	<b><u>\$1,629,185,825</u></b>	<b><u>\$1,503,499,519</u></b>	<b><u>\$125,686,306</u></b>	8.4	<b><u>\$1,379,658,387</u></b>	<b><u>\$123,841,132</u></b>	9.0

Current assets increased by \$182.67 million in 2024, primarily due to an increase in cash and investments of \$180.85 million due to the issuance of the Series 2024 Revenue Refunding and Improvement Bonds, an increase in accounts receivable of \$6.66 million, offset by a decrease in receivable from the City of \$3.56 million, and a decrease in intergovernmental receivable of \$1.88 million. Current assets increased by \$58.65 million in 2023, primarily due to an increase in cash and investments of \$67.92 million, offset by a decrease in receivable from the City of \$8.42 million, and a decrease of intergovernmental receivable of \$1.17 million.

Capital assets increased by \$242.48 million in 2024 primarily due to continued construction and purchases of capital assets of \$317.20 million, offset by normal depreciation of \$73.82 million. The \$131.47 million increase in capital assets for fiscal year 2023 is primarily the result of continued construction and purchase of capital assets of \$208.90 million, offset by normal depreciation of \$75.23 million.

Other non-current assets increased \$625 thousand during 2024 primarily due to an increase in aliquot share receivable of \$614 thousand related to increased cash requirements. Other non-current assets decreased \$25.34 million during 2023 primarily due to a decrease in investments of \$25.97 million, offset by an increase in aliquot share receivable of \$982 thousand related to increased cash requirements.

Deferred outflows of resources decreased by \$69 thousand at June 30, 2024 due to normal amortization of deferred amounts on refunding. Deferred outflows of resources decreased by \$9.55 million at June 30, 2023 due the defeasance of the 2013, 2015 and 2016 revenue bonds of \$9.45 million and normal amortization of deferred amounts on refunding.

Current liabilities increased at June 30, 2024 by \$1.44 million primarily due to an increase in accounts payable of \$39.71 million due to timing of vendor payments, an increase in notes, subscriptions, and leases payable of \$1.37 million, an increase in bonds payable of \$1.87 million, and an increase in bond interest payable of \$945 thousand, offset by a decrease in commercial paper of \$42.50 million. Current liabilities increased at June 30, 2023 by \$53.14 million primarily due to an increase in commercial paper issuance of \$27.00 million, an increase in accounts payable of \$35.83 million due to timing of vendor payments, an increase in notes, subscriptions, and leases payable of \$4.60 million offset by a decrease in payable to the City of \$12.47 million, a decrease in bonds payable of \$2.14 million, and a decrease in bond interest payable of \$1.36 million.

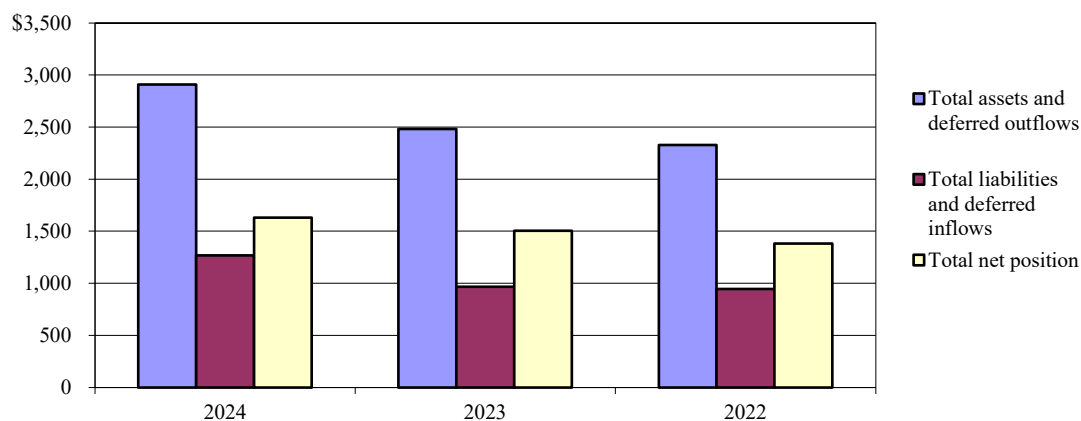
At June 30, 2024, non-current liabilities increased by \$299.20 million primarily due to an increase in bonds payable of \$276.61 million for the issuance of the Series 2024 Revenue Refunding and Improvement Bonds, an increase in notes, subscriptions and leases payable of \$17.69 million, an increase in intergovernmental payable of \$14.92 million, offset by a decrease in payables to the City of \$8.06 million, and a decrease of \$1.97 million in advances from the Oklahoma City Airport Trust. At June 30, 2023, non-current liabilities decreased by \$33.02 million primarily due to a decrease in bonds payable of \$57.85 million, offset by an increase in payables to the City of \$12.85 million, an increase in notes, subscriptions and leases payable of \$8.31 million, an increase of \$2.15 million in advances from the Oklahoma City Airport Trust, and an increase of \$1.50 million in intergovernmental payables.

Deferred inflows of resources at June 30, 2024 decreased by \$622 thousand due to normal amortization of deferred amounts on refunding and amortization of leases. Deferred inflows of resources at June 30, 2023 increased by \$11.26 million due to the issuance of the 2022 series refunding bond of \$11.85 million, offset by \$550 thousand due to normal amortization of deferred amounts on refunding and amortization of leases.

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

**OKLAHOMA CITY**  
**WATER UTILITIES TRUST**

**Summary of Net Position**  
(dollars are in millions)  
as of June 30,



**Summary of Changes in Net Position**

	<u>2024</u>	<u>2023</u>	2024 - 2023 Amount of <u>Change</u>	2024 - 2023 % <u>Change</u>	<u>2022</u>	2023 - 2022 Amount of <u>Change</u>	2023 - 2022 % <u>Change</u>
<b>Operating revenues</b>							
Charges for services:							
Water	\$234,952,284	\$220,023,239	\$14,929,045	6.8%	\$199,741,995	\$20,281,244	10.2%
Wastewater	129,498,716	127,046,508	2,452,208	1.9	117,712,790	9,333,718	7.9
Solid Waste Management	72,468,859	68,325,009	4,143,850	6.1	64,772,764	3,552,245	5.5
Aliquot share charges	3,510,240	1,177,140	2,333,100	198.2	5,647,027	(4,469,887)	(79.2)
Other charges for services and other revenues	<u>11,516,160</u>	<u>18,133,135</u>	<u>(6,616,975)</u>	<u>(36.5)</u>	<u>2,971,238</u>	<u>15,161,897</u>	<u>510.3</u>
<b>Total operating revenues</b>	<b>451,946,259</b>	<b>434,705,031</b>	<b>17,241,228</b>	<b>4.0</b>	<b>390,845,814</b>	<b>43,859,217</b>	<b>11.2</b>
<b>Operating expenses</b>	<b><u>320,207,698</u></b>	<b><u>298,784,209</u></b>	<b><u>21,423,489</u></b>	<b>7.2</b>	<b><u>247,186,738</u></b>	<b><u>51,597,471</u></b>	<b>20.9</b>
<b>Operating income</b>	<b>131,738,561</b>	<b>135,920,822</b>	<b>(4,182,261)</b>	<b>(3.1)</b>	<b>143,659,076</b>	<b>(7,738,254)</b>	<b>(5.4)</b>
<b>Net non-operating expenses</b>	<b>(10,630,126)</b>	<b>(17,634,568)</b>	<b>7,004,442</b>	<b>39.7</b>	<b>(24,737,977)</b>	<b>7,103,409</b>	<b>28.7</b>
<b>Capital contributions</b>	<b><u>4,577,871</u></b>	<b><u>5,554,878</u></b>	<b><u>(977,007)</u></b>	<b>(17.6)</b>	<b><u>2,558,504</u></b>	<b><u>2,996,374</u></b>	<b>117.1</b>
<b>Changes in net position</b>	<b>125,686,306</b>	<b>123,841,132</b>	<b>1,845,174</b>	<b>1.5</b>	<b>121,479,603</b>	<b>2,361,529</b>	<b>1.9</b>
Beginning net position	<u>1,503,499,519</u>	<u>1,379,658,387</u>	<u>123,841,132</u>	<u>9.0</u>	<u>1,258,178,784</u>	<u>121,479,603</u>	<u>9.7</u>
<b>Ending net position</b>	<b><u>\$1,629,185,825</u></b>	<b><u>\$1,503,499,519</u></b>	<b><u>\$125,686,306</u></b>	<b>8.4</b>	<b><u>\$1,379,658,387</u></b>	<b><u>\$123,841,132</u></b>	<b>9.0</b>



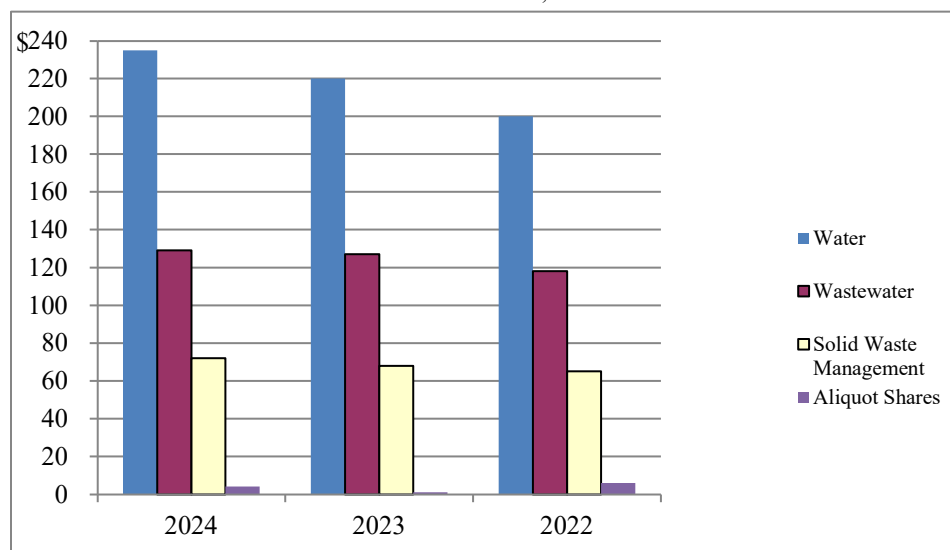
Operating revenues were \$451.95 million at June 30, 2024, compared to \$434.71 million at June 30, 2023, for an increase of 4.0% or \$17.24 million primarily in charges for services resulting from increased system usage, customer growth, and rate adjustments. Operating revenues were \$434.71 million at June 30, 2023, compared to \$390.85 million at June 30, 2022, for an increase of 11.2% or \$43.90 million primarily in water and wastewater charges resulting from increased system usage and customer growth.

For the fiscal year ended June 30, 2024 operating expenses increased \$21.42 million or 7.2% primarily due an increase of \$13.23 million in maintenance, operations, and contractual expenses, an increase of \$11.17 million in personal services due to an increase in salaries, offset by a decrease of \$1.57 million in materials and supplies expenses, and depreciation expense of \$1.41 million. For the fiscal year ended June 30, 2023 operating expenses increased \$51.60 million or 20.9% primarily due to an increase of \$24.96 million in maintenance, operations, and contractual expenses, an increase of \$10.4 million in personal services due to an increase in positions and salary increases, an increase of \$6.58 million in materials and supplies expenses, and depreciation expense of \$9.66 million.

During 2024 net non-operating expenses decreased \$7.00 million or 39.7%. This is primarily due to an decrease of \$16.67 million in other expenses, offset by an increase related to market rate fluctuations \$16.47 million, a decrease of \$2.15 million related to interest on bonds and a decrease of \$579 thousand related to reimbursements from the City for non-operating expenses. During 2023 net non-operating expenses decreased \$7.10 million or 28.7%. This is primarily due to a decrease of \$13.80 million in grant reimbursements and a decrease of \$943 thousand in bond issue costs, offset by an increase of \$16.66 million related to market rate fluctuations and an increase of \$5.95 million in other revenues.

Capital contributions decreased \$977 thousand or 17.6% primarily due to a one time contribution of \$1 million from the City for sanitary sewer improvements. Capital contributions increased \$3.00 million in fiscal year 2023 due to an increase in the monthly credit applied to Tinker Air Force Bases utility services charge for the purchases of the water and wastewater systems. This credit is offset by an intergovernmental payable for the purchase price of the Tinker Air Force Base water and wastewater systems.

**Charges for Services**  
(dollars are in millions)  
as of June 30,



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

**OKLAHOMA CITY**  
**WATER UTILITIES TRUST**

***Capital Assets***

The Consolidated Trust's investment in capital assets, net of accumulated depreciation, as of June 30, 2024 and 2023, was \$2,067,823,248 and \$1,825,344,017, respectively.

In fiscal year 2003, the water master plan was completed, which included a 50-year plan for water supply availability. In 2009, the wastewater system master plan was completed, which included plans for capital improvements through 2051. In 2014, the Southeast Oklahoma Raw Water Supply System Plan and the Hefner/Draper System Interconnection study were completed. These latest two studies enhance the water master plan and provide guidance for capital improvements for the next 40 years.

<b>Capital Assets</b>							
<b>Net of Accumulated Depreciation</b>							
	<u>2024</u>	<u>2023</u>	2024 - 2023 Amount of <u>Change</u>	2024 - 2023 % <u>Change</u>	<u>2022</u>	2023 - 2022 Amount of <u>Change</u>	2023 - 2022 % <u>Change</u>
<b>Non-Depreciable Assets</b>							
Land and water storage rights	\$122,360,966	\$123,125,686	(\$764,720)	(0.6%)	\$122,908,176	\$217,510	0.2%
Construction in progress	<u>741,829,984</u>	<u>484,344,863</u>	<u>257,485,121</u>	53.2	<u>462,973,672</u>	<u>21,371,191</u>	4.6
<b>Total non-depreciable assets</b>	<b><u>864,190,950</u></b>	<b><u>607,470,549</u></b>	<b><u>256,720,401</u></b>	42.3	<b><u>585,881,848</u></b>	<b><u>21,588,701</u></b>	3.7
<b>Depreciable Assets</b>							
Buildings	47,026,631	48,032,682	(1,006,051)	(2.1)	48,430,758	(398,076)	(0.8)
Right to use buildings	9,376,696	1,163,730	8,212,966	705.7	249,218	914,512	367.0
Improvements other than buildings	1,087,457,003	1,102,205,232	(14,748,229)	(1.3)	987,340,989	114,864,243	11.6
Furniture, machinery, and equipment	52,285,048	58,005,423	(5,720,375)	(9.9)	71,168,521	(13,163,098)	(18.5)
Right to use furniture, machinery, and equipment	140,239	472,522	(332,283)	(70.3)	804,805	(332,283)	(41.3)
Right to use SBITAs	<u>7,346,681</u>	<u>7,993,879</u>	<u>(647,198)</u>	(8.1)	<u>-</u>	<u>7,993,879</u>	100.0
<b>Total depreciable assets</b>	<b><u>1,203,632,298</u></b>	<b><u>1,217,873,468</u></b>	<b><u>(14,241,170)</u></b>	(1.2)	<b><u>1,107,994,291</u></b>	<b><u>109,879,177</u></b>	9.9
	<b><u>\$2,067,823,248</u></b>	<b><u>\$1,825,344,017</u></b>	<b><u>\$242,479,231</u></b>	13.3	<b><u>\$1,693,876,139</u></b>	<b><u>\$131,467,878</u></b>	7.8

Capital assets, net of accumulated depreciation, increased by \$242.48 million or 13.3% during 2024 due to OCWUT's construction and improvement projects for the solid waste management, water and wastewater utilities system. Depreciation expense decreased by \$1.41 million or 1.87% in 2024 due to completion of construction in progress projects during 2024. During the fiscal year 2024, OCWUT completed the construction of several projects including Draper Water Treatment Plant super scrapers, Draper Water Treatment Plant filter underdrain rehabilitation, and several water and sewer line replacements. In 2024, work continued at the South Canadian and North Canadian Wastewater Treatment Plants (WWTP). The South Canadian WWTP Project consists of modernizing the treatment plant to improve system efficiency and increase treatment capacities to keep up with the projected future demand. Work in progress continued at North Canadian WWTP which will upgrade the plant's electrical system and address other aging infrastructure. As of fiscal year 2024, five of the nine segments of the second Atoka pipeline continued construction progress with the remaining segments anticipated to be awarded by the end of 2025. Capital assets, net of accumulated depreciation, increased by \$131.47 million or 7.8% during 2023 due to OCWUT's construction and improvement projects for the solid waste management, water and wastewater utilities system. Depreciation expense increased by \$9.66 million or 14.7% in 2023 due to completion of construction in progress projects during 2023. During the fiscal year 2023, OCWUT completed the construction of several projects that included balancing tank replacement for Atoka pipeline pump stations, Stonewall, Ada & Konawa, various improvements at the Deer Creek Wastewater Treatment Plant (WWTP), and several water and sewer line replacements. OCWUT in FY23 initiated several improvement projects. The South Canadian and North Canadian Wastewater Treatment Plants (WWTP) had construction projects awarded in early FY23. The South Canadian WWTP Project consists of modernizing the treatment plant to improve system efficiency and increase treatment capacities to keep up the projected future demand. Work has begun on the construction of improvements at the North Canadian WWTP that will upgrade the plant's electrical system and address other aging infrastructures. Additionally, three more segments of the second Atoka Pipeline, the 100-mile, 72-inch pipeline that connects our raw water supply in Southeast Oklahoma to the Draper Water Treatment Plant, were awarded. As of FY 2023, five of the nine segments are under construction, and three of the four boreholes associated with the major crossing of the Canadian River have been completed. See Note II. F. for more information regarding capital assets.

#### ***Long-term Liabilities***

At the end of the 2024 and 2023 fiscal years, the Consolidated Trust had total debt outstanding of \$1,070,217,918 and \$757,773,663, respectively.

#### **OWRB Notes Payable**

The OWRB provided a portion of the debt funded capital through several clean water and drinking water state revolving fund programs since 2009. These agreements provided up to \$785.10 million in loans, of which \$458.93 million and \$447.25 million remained outstanding at June 30, 2024 and 2023, respectively. See Note III. D. for more information regarding notes payable.

#### **Revenue Bonds**

At June 30, 2024 and 2023, the Consolidated Trust had total revenue bond debt outstanding of \$545.74 million and \$267.27 million, respectively. See Note III. F. for more information regarding revenue bonds.

#### **OCWUT**

At June 30, 2024 and 2023, OCWUT had total revenue bond debt outstanding of \$545.74 million and \$267.27 million, respectively. This debt is supported by pledged water, wastewater and solid waste management revenues generated by OCWUT's utility services.

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

**OKLAHOMA CITY**  
**WATER UTILITIES TRUST**

Outstanding Long Term Debt							
			2024 - 2023	2024 - 2023		2023 - 2022	2023 - 2022
			Amount of	%		Amount of	%
	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>Change</u>	<u>2022</u>	<u>Change</u>	<u>Change</u>
Intergovernmental payable	\$50,245,100	\$35,329,268	\$14,915,832	42.2%	\$33,825,264	\$1,504,004	4.4%
OWRB notes payable	458,926,963	447,253,547	11,673,416	2.6	441,199,915	6,053,632	1.4
Leases payable	9,620,846	1,675,592	7,945,254	474.2	1,073,456	602,136	56.1
Revenue bonds	545,741,960	267,265,000	278,476,960	104.2	327,250,237	(59,985,237)	(18.3)
Subscriptions payable	<u>5,683,049</u>	<u>6,250,256</u>	<u>(567,207)</u>	(9.1)	<u>-</u>	<u>6,250,256</u>	100.0
	<b><u>\$1,070,217,918</u></b>	<b><u>\$757,773,663</u></b>	<b><u>\$312,444,255</u></b>	41.2	<b><u>\$803,348,872</u></b>	<b><u>(\$45,575,209)</u></b>	(5.7)

Intergovernmental payable increased \$14.92 million at June 30, 2024 primarily as a result of changes in unspent contributions from the Department of Defense of \$18.75 million, offset by regularly scheduled payments of \$3.84 million. Intergovernmental payable increased \$1.50 million at June 30, 2023 primarily as a result of changes in unspent contributions from the Department of Defense of \$5.34 million, offset by regularly scheduled payments of \$3.84 million.

As of June 30, 2024 and 2023, the Consolidated Trust had \$5.68 and \$6.25 million in subscriptions payable related to the implementation of GASB 96, Subscription-Based Information Technology Arrangements. See Note III.E for more information regarding subscriptions payable.

OWRB notes payable increased \$11.67 million at June 30, 2024 primarily as a result of draws on OWRB notes payable of \$33.48 million, offset by regularly scheduled payments of \$21.81 million. OWRB notes payable increased \$6.05 million at June 30, 2023 primarily as a result of draws on OWRB notes payable of \$23.54 million, offset by regularly scheduled payments of \$17.49 million.

Bond Ratings

On the OCWUT's bonded debt, as of June 30, 2024 and 2023, Standard and Poor's Rating Services reported a credit rating of AAA and Moody's Rating Services reported a credit rating of Aaa.

Commercial Paper ratings

As of June 30, 2024 and 2023, respectively, OCWUT's short-term credit rating for its commercial paper program is A-1 and A-1+ from Standard & Poor's and Aa1 and P1 from Moody's.

***Economic Factors and Rates***

**Economic Factors**

The primary factor that affects OCWUT's revenues is the weather. In years of heavy rain, demand for water decreases. Conversely, when the weather is hot or dry, demand for water increases. Significant weather events can lead to significant increases in repairs and maintenance to the system. Tornadoes and ice storms are examples of two weather events that can lead to significant damage to treatment plants as well as pump and lift stations.

**Utility Rates**

The City Council has a long-standing history of approving multi-year rate adjustments. The most recent adjustment series took effect on January 1, 2023, and subsequent adjustments go into effect on January 1 of 2024, 2025 and 2026 with an average annual rate adjustment of 5%. The residential customer class has a four-tier inclining volumetric rate of which the fourth-tier threshold was adjusted from 30,000 gallons down to 25,000 gallons to provide pricing signals for efficient use of water and adequate cost recovery based on usage. Additionally, a new customer class for multi-family customers, quadplexes and above were created.

**Aliquot Shares**

Payments from surrogates or designees of Participants may generate aliquot share revenue. The Authority uses OCWUT's cost of service study information as a basis for determining rates and changes. The most recent rate adjustment series went into effect on January 1, 2023, and subsequent adjustments going into effect on January 1 of 2024, 2025, and 2026, with an average annual rate adjustment of 5%.

***Contacting the Consolidated Trust's Financial Management***

This financial report is designed to provide a general overview of the Consolidated Trust'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 of Oklahoma City at [okc.gov/departments/finance](http://okc.gov/departments/finance).



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# **Basic Financial Statements**

## ***Proprietary Fund Financial Statements***

*Provide both long-term and short-term information about the Trust'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,**

**OKLAHOMA CITY**  
**WATER UTILITIES TRUST**

	2024				2023			
	Water	McGee Creek			Water	McGee Creek		
	Utilities Trust	Authority	Eliminations	Consolidated	Utilities Trust	Authority	Eliminations	Consolidated
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Non-pooled cash-----	\$28,585,072	\$208,033	\$ -	\$28,793,105	\$24,506,352	\$340,351	\$ -	\$24,846,703
Investments-----	677,694,052	-	-	677,694,052	500,790,292	-	-	500,790,292
Accounts receivable, net-----	54,573,091	91,999	-	54,665,090	47,921,971	85,219	-	48,007,190
Lease receivable-----	75,665	-	-	75,665	97,396	-	-	97,396
Interest, dividends, and royalties receivable-----	2,301,095	-	-	2,301,095	1,764,425	-	-	1,764,425
Receivable from City of Oklahoma City-----	4,462,337	3,115	-	4,465,452	8,025,668	-	-	8,025,668
Intergovernmental receivables-----	603,555	114,791	-	718,346	2,502,797	94,319	-	2,597,116
Note receivable-----	13,606	-	-	13,606	13,074	-	-	13,074
Inventories-----	1,135,399	-	-	1,135,399	987,022	-	-	987,022
Prepays-----	347,461	3,437	-	350,898	412,691	-	-	412,691
Total current assets-----	769,791,333	421,375	-	770,212,708	587,021,688	519,889	-	587,541,577
<b>NON-CURRENT ASSETS</b>								
Investments-----	651,392	-	-	651,392	619,017	-	-	619,017
Lease receivable-----	609,549	-	-	609,549	625,226	-	-	625,226
Note receivable-----	654,783	-	-	654,783	667,502	-	-	667,502
Advance to McGee Creek Authority-----	67,438,340	-	(67,438,340)	-	66,824,823	-	(66,824,823)	-
Intergovernmental aliquot share receivable-----	-	66,484,991	-	66,484,991	-	65,871,474	-	65,871,474
Other non-current assets-----	19,074	-	-	19,074	19,074	-	-	19,074
Prepays-----	-	7,590	-	7,590	-	-	-	-
Capital assets:								
Land, water storage rights								
and construction in progress-----	796,952,986	67,237,964	-	864,190,950	543,530,200	63,940,349	-	607,470,549
Other capital assets, net of								
accumulated depreciation-----	1,192,380,529	11,251,769	-	1,203,632,298	1,206,038,421	11,835,047	-	1,217,873,468
Total capital assets-----	1,989,333,515	78,489,733	-	2,067,823,248	1,749,568,621	75,775,396	-	1,825,344,017
Total non-current assets-----	2,058,706,653	144,982,314	(67,438,340)	2,136,250,627	1,818,324,263	141,646,870	(66,824,823)	1,893,146,310
<b>Total assets-----</b>	<b>2,828,497,986</b>	<b>145,403,689</b>	<b>(67,438,340)</b>	<b>2,906,463,335</b>	<b>2,405,345,951</b>	<b>142,166,759</b>	<b>(66,824,823)</b>	<b>2,480,687,887</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
	<b>1,126,461</b>	<b>-</b>	<b>-</b>	<b>1,126,461</b>	<b>1,195,782</b>	<b>-</b>	<b>-</b>	<b>1,195,782</b>
<b>LIABILITIES</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payable and accrued expenses-----	114,367,721	1,307,687	-	115,675,408	75,551,756	409,811	-	75,961,567
Wages and benefits payable-----	-	12,537	-	12,537	-	8,589	-	8,589
Payable to City of Oklahoma City-----	5,023,283	26,110	-	5,049,393	6,315,754	8,045	-	6,323,799
Interest payable-----	3,581,590	-	-	3,581,590	3,778,625	-	-	3,778,625
Compensated absences-----	-	17,971	-	17,971	-	17,021	-	17,021
Commercial paper-----	-	-	-	-	42,500,000	-	-	42,500,000
Notes, leases, and subscriptions payable-----	23,697,832	-	-	23,697,832	22,332,177	-	-	22,332,177
Estimated claims payable-----	2,500,000	-	-	2,500,000	1,414,140	-	-	1,414,140
Unearned revenue-----	-	-	-	-	80,907	-	-	80,907
Bond interest payable-----	6,309,014	-	-	6,309,014	5,363,672	-	-	5,363,672
Bonds payable-----	14,185,000	-	-	14,185,000	12,320,000	-	-	12,320,000
Intergovernmental payable-----	14,478,203	-	-	14,478,203	13,961,770	-	-	13,961,770
Total current liabilities-----	184,142,643	1,364,305	-	185,506,948	183,618,801	443,466	-	184,062,267
<b>NON-CURRENT LIABILITIES</b>								
Compensated absences-----	-	149,716	-	149,716	-	131,154	-	131,154
Payable to City of Oklahoma City-----	48,543,693	-	-	48,543,693	56,605,069	-	-	56,605,069
Intergovernmental payable-----	50,245,100	-	-	50,245,100	35,329,268	-	-	35,329,268
Notes, leases and subscriptions payable-----	450,533,026	-	-	450,533,026	432,847,218	-	-	432,847,218
Advance from component unit-----	171,569	67,438,340	(67,438,340)	171,569	2,145,695	66,824,823	(66,824,823)	2,145,695
Bonds payable, net-----	531,556,960	-	-	531,556,960	254,945,000	-	-	254,945,000
Total non-current liabilities-----	1,081,050,348	67,588,056	(67,438,340)	1,081,200,064	781,872,250	66,955,977	(66,824,823)	782,003,404
<b>Total liabilities-----</b>	<b>1,265,192,991</b>	<b>68,952,361</b>	<b>(67,438,340)</b>	<b>1,266,707,012</b>	<b>965,491,051</b>	<b>67,399,443</b>	<b>(66,824,823)</b>	<b>966,065,671</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
	<b>11,696,959</b>	<b>-</b>	<b>-</b>	<b>11,696,959</b>	<b>12,318,479</b>	<b>-</b>	<b>-</b>	<b>12,318,479</b>
<b>NET POSITION</b>								
Net investment in capital assets-----	977,027,201	77,212,394	-	1,054,239,595	921,190,991	75,383,369	-	996,574,360
Restricted for:								
Debt service-----	364,327	-	-	364,327	12,304,971	-	-	12,304,971
Unrestricted-----	575,342,969	(761,066)	-	574,581,903	495,236,241	(616,053)	-	494,620,188
<b>Total net position-----</b>	<b>\$1,552,734,497</b>	<b>\$76,451,328</b>	<b>\$ -</b>	<b>\$1,629,185,825</b>	<b>\$1,428,732,203</b>	<b>\$74,767,316</b>	<b>\$ -</b>	<b>\$1,503,499,519</b>

See accompanying notes to financial statements.

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

**OKLAHOMA CITY  
WATER UTILITIES TRUST**

**For the Years Ended June 30,**

	2024				2023			
	Water	McGee Creek			Water	McGee Creek		
	Utilities Trust	Authority	Eliminations	Consolidated	Utilities Trust	Authority	Eliminations	Consolidated
<b><u>OPERATING REVENUES</u></b>								
<b><u>CHARGES FOR SERVICES</u></b>								
Water charges-----	\$234,952,284	\$ -	\$ -	\$234,952,284	\$220,023,239	\$ -	\$ -	\$220,023,239
Wastewater charges-----	129,498,716	-	-	129,498,716	127,046,508	-	-	127,046,508
Solid waste management charges-----	72,468,859	-	-	72,468,859	68,325,009	-	-	68,325,009
Aliquot share charges-----	-	3,510,240	-	3,510,240	-	1,177,140	-	1,177,140
Other charges-----	1,383,553	-	-	1,383,553	1,381,172	-	-	1,381,172
Total charges for services-----	438,303,412	3,510,240	-	441,813,652	416,775,928	1,177,140	-	417,953,068
Lease income-----	464,259	-	-	464,259	352,473	-	-	352,473
Other-----	9,666,979	1,369	-	9,668,348	16,398,282	1,208	-	16,399,490
Total operating revenues-----	448,434,650	3,511,609	-	451,946,259	433,526,683	1,178,348	-	434,705,031
<b><u>OPERATING EXPENSES</u></b>								
Personal services-----	73,897,696	465,826	-	74,363,522	62,749,890	443,483	-	63,193,373
Maintenance, operations, and contractual services----	148,574,364	573,023	-	149,147,387	135,419,354	497,682	-	135,917,036
Materials and supplies-----	22,759,567	115,163	-	22,874,730	24,393,134	48,615	-	24,441,749
Depreciation and amortization-----	73,109,160	712,899	-	73,822,059	74,466,811	765,240	-	75,232,051
Total operating expenses-----	318,340,787	1,866,911	-	320,207,698	297,029,189	1,755,020	-	298,784,209
Operating income (loss)-----	130,093,863	1,644,698	-	131,738,561	136,497,494	(576,672)	-	135,920,822
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>								
Grant operating-----	273,187	-	-	273,187	302,000	-	-	302,000
Investment income-----	23,472,263	2,181	-	23,474,444	6,907,669	93,181	-	7,000,850
Interest on bonds and notes-----	(24,869,680)	-	-	(24,869,680)	(22,522,908)	(194,809)	-	(22,717,717)
Bond issue costs-----	(937,056)	-	-	(937,056)	(942,501)	-	-	(942,501)
Bond insurance-----	-	-	-	-	-	(1,424)	-	(1,424)
Oil and gas royalties-----	95,634	-	-	95,634	102,207	-	-	102,207
Payments from component units-----	1,974,126	-	-	1,974,126	55,420	-	-	55,420
Payments to City of Oklahoma City-----	(8,055,392)	-	-	(8,055,392)	(7,476,703)	-	-	(7,476,703)
Other revenue (expenses)-----	(2,622,522)	37,133	-	(2,585,389)	5,995,781	47,519	-	6,043,300
Net non-operating revenue (expenses)-----	(10,669,440)	39,314	-	(10,630,126)	(17,579,035)	(55,533)	-	(17,634,568)
Income (loss) before contributions and transfers--	119,424,423	1,684,012	-	121,108,435	118,918,459	(632,205)	-	118,286,254
<b><u>CONTRIBUTIONS AND TRANSFERS</u></b>								
Capital contribution-----	4,577,871	-	-	4,577,871	5,554,878	-	-	5,554,878
Total contributions and transfers-----	4,577,871	-	-	4,577,871	5,554,878	-	-	5,554,878
Changes in net position-----	124,002,294	1,684,012	-	125,686,306	124,473,337	(632,205)	-	123,841,132
Total net position, beginning-----	1,428,732,203	74,767,316	-	1,503,499,519	1,304,258,866	75,399,521	-	1,379,658,387
Total net position, ending-----	\$1,552,734,497	\$76,451,328	\$ -	\$1,629,185,825	\$1,428,732,203	\$74,767,316	\$ -	\$1,503,499,519

See accompanying notes to financial statements.



**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30,**

**OKLAHOMA CITY**  
**WATER UTILITIES TRUST**

	2024				2023			
	Water	McGee Creek			Water	McGee Creek		
	Utilities Trust	Authority	Eliminations	Consolidated	Utilities Trust	Authority	Eliminations	Consolidated
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>								
Cash received from customers-----	\$449,980,921	\$3,501,714	\$ -	\$453,482,635	\$440,108,953	\$2,989,955	\$ -	\$443,098,908
Cash payments to suppliers for goods and services-----	(138,450,011)	(668,585)	-	(139,118,596)	(84,573,977)	(560,131)	-	(85,134,108)
Cash payments to employees and professional contractors for services-----	-	(442,366)	-	(442,366)	-	(440,434)	-	(440,434)
Cash payments for internal services-----	(417,088)	-	-	(417,088)	(9,510,017)	-	-	(9,510,017)
Cost reimbursements from (to) other funds-----	(102,000,000)	-	-	(102,000,000)	(117,146,000)	-	-	(117,146,000)
Other cash receipts-----	(5,319,083)	49,392	-	(5,269,691)	1,080,862	56,687	-	1,137,549
Net cash provided by operating activities-----	<b>203,794,739</b>	<b>2,440,155</b>	<b>-</b>	<b>206,234,894</b>	<b>229,959,821</b>	<b>2,046,077</b>	<b>-</b>	<b>232,005,898</b>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>								
Non-financing payments to City of Oklahoma City-----	(8,055,392)	-	-	(8,055,392)	(7,420,113)	-	-	(7,420,113)
Net cash used by non-capital financing activities-----	<b>(8,055,392)</b>	<b>-</b>	<b>-</b>	<b>(8,055,392)</b>	<b>(7,420,113)</b>	<b>-</b>	<b>-</b>	<b>(7,420,113)</b>
<b><u>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</u></b>								
Proceeds from issuance of long-term debt and commercial paper-----	364,451,128	-	-	364,451,128	318,889,342	-	-	318,889,342
Payments for acquisition and construction of capital assets-----	(252,238,880)	(2,574,654)	-	(254,813,534)	(165,477,736)	(2,520,666)	-	(167,998,402)
Principal paid on long-term debt and commercial paper-----	(122,626,520)	-	-	(122,626,520)	(31,663,086)	(6,275,000)	-	(37,938,086)
Interest paid on long-term debt and commercial paper-----	(25,161,980)	-	-	(25,161,980)	(23,377,435)	(376,500)	-	(23,753,935)
Payments to defease bonds-----	-	-	-	-	(292,316,404)	-	-	(292,316,404)
Capital/financing payments from component units-----	-	-	-	-	2,201,115	-	-	2,201,115
Proceeds from sale of assets-----	(2,505,133)	-	-	(2,505,133)	5,228,791	-	-	5,228,791
Capital grants and contributions received-----	4,582,273	-	-	4,582,273	5,554,879	-	-	5,554,879
Other capital and capital related financing activities-----	(3,372,831)	-	-	(3,372,831)	1,139,734	-	-	1,139,734
Net cash used by capital financing activities-----	<b>(36,871,943)</b>	<b>(2,574,654)</b>	<b>-</b>	<b>(39,446,597)</b>	<b>(179,820,800)</b>	<b>(9,172,166)</b>	<b>-</b>	<b>(188,992,966)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>								
Purchase of investments-----	(293,597,256)	-	-	(293,597,256)	(172,239,650)	(6,439,118)	-	(178,678,768)
Proceeds from sale of investments-----	124,384,183	-	-	124,384,183	129,091,512	13,430,975	-	142,522,487
Investment income received-----	14,326,699	2,181	-	14,328,880	9,840,994	98,527	-	9,939,521
Purchased interest-----	(7,056)	-	-	(7,056)	47,606	-	-	47,606
Interest collected on leases-----	9,112	-	-	9,112	8,811	-	-	8,811
Receipts from oil and gas royalties-----	95,634	-	-	95,634	102,207	-	-	102,207
Net cash provided (used) by investing activities-----	<b>(154,788,684)</b>	<b>2,181</b>	<b>-</b>	<b>(154,786,503)</b>	<b>(33,148,520)</b>	<b>7,090,384</b>	<b>-</b>	<b>(26,058,136)</b>
Net increase (decrease) in cash-----	<b>4,078,720</b>	<b>(132,318)</b>	<b>-</b>	<b>3,946,402</b>	<b>9,570,388</b>	<b>(35,705)</b>	<b>-</b>	<b>9,534,683</b>
Cash, beginning-----	24,506,352	340,351	-	24,846,703	14,935,964	376,056	-	15,312,020
Cash, ending-----	<b>\$28,585,072</b>	<b>\$208,033</b>	<b>\$ -</b>	<b>\$28,793,105</b>	<b>\$24,506,352</b>	<b>\$340,351</b>	<b>\$ -</b>	<b>\$24,846,703</b>

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30,**

**OKLAHOMA CITY**  
**WATER UTILITIES TRUST**

	2024				2023			
	Water Utilities Trust	McGee Creek Authority	Eliminations	Consolidated	Water Utilities Trust	McGee Creek Authority	Eliminations	Consolidated
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS)</u></b>								
<b><u>PROVIDED BY OPERATING ACTIVITIES TO NET CASH</u></b>								
Operating income (loss)-----	\$130,093,863	\$1,644,698	\$ -	\$131,738,561	\$136,497,494	(\$576,672)	\$ -	\$135,920,822
<b><u>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)</u></b>								
<b><u>PROVIDED BY OPERATING ACTIVITIES TO NET CASH</u></b>								
Depreciation-----	73,109,160	712,899	-	73,822,059	74,466,811	765,240	-	75,232,051
Non-operating revenue (expense)-----	155,432	69,864	-	225,296	766,991	46,095	-	813,086
Changes in assets and liabilities:								
(Increase) decrease in accounts receivable-----	(6,651,120)	(6,780)	-	(6,657,900)	281,793	(18,235)	-	263,558
(Increase) decrease in leases receivable-----	37,408	-	-	37,408	39,840	-	-	39,840
(Increase) decrease in due from other funds-----	(613,517)	-	-	(613,517)	-	-	-	-
(Increase) decrease in receivable from component units-----	-	-	-	-	-	1,829,842	-	1,829,842
(Increase) decrease in receivable from City of Oklahoma City-----	3,563,331	(3,115)	-	3,560,216	8,416,364	-	-	8,416,364
(Increase) decrease in inventories-----	(148,377)	-	-	(148,377)	(211,144)	-	-	(211,144)
(Increase) decrease in prepaid assets-----	65,230	(11,027)	-	54,203	114,499	1,424	-	115,923
(Increase) decrease in notes receivable-----	12,187	-	-	12,187	12,561	-	-	12,561
(Increase) decrease in intergovernmental receivable-----	1,899,242	(20,472)	-	1,878,770	1,463,042	9,168	-	1,472,210
(Increase) decrease in Intergovernmental aliquot share receivable--	-	(613,517)	-	(613,517)	-	(981,740)	-	(981,740)
(Increase) decrease in other assets-----	-	-	-	-	267,879	-	-	267,879
Increase (decrease) in accounts payable and accrued expenses-----	9,251,166	12,563	-	9,263,729	8,686,377	15,246	-	8,701,623
Increase (decrease) in wages and benefits payable-----	-	3,948	-	3,948	-	(7,828)	-	(7,828)
Increase (decrease) in due to other funds-----	-	613,517	-	613,517	-	981,741	-	981,741
Increase (decrease) in payable to component unit-----	-	-	-	-	(1,829,842)	-	-	(1,829,842)
Increase (decrease) in payable to City of Oklahoma City-----	(8,470,073)	18,065	-	(8,452,008)	(369,055)	(879)	-	(369,934)
Increase (decrease) in compensated absences-----	-	19,512	-	19,512	-	10,876	-	10,876
Increase (decrease) in intergovernmental payable-----	516,433	-	-	516,433	(499)	(28,201)	-	(28,700)
Increase (decrease) in other payables-----	1,085,860	-	-	1,085,860	1,397,192	-	-	1,397,192
Increase (decrease) in unearned revenue-----	(80,907)	-	-	(80,907)	(4,187)	-	-	(4,187)
Increase (decrease) in deferred inflows-----	(30,579)	-	-	(30,579)	(36,295)	-	-	(36,295)
Total adjustments-----	73,700,876	795,457	-	74,496,333	93,462,327	2,622,749	-	96,085,076
Net cash provided by operating activities-----	<b>\$203,794,739</b>	<b>\$2,440,155</b>	<b>\$ -</b>	<b>\$206,234,894</b>	<b>\$229,959,821</b>	<b>\$2,046,077</b>	<b>\$ -</b>	<b>\$232,005,898</b>
<b><u>NON-CASH INVESTING, CAPITAL</u></b>								
<b><u>AND FINANCING ACTIVITIES</u></b>								
Net increase (decrease) in fair value of investments-----	\$7,723,061	\$ -	\$ -	\$7,723,061	(\$3,744,860)	\$ -	\$ -	(\$3,744,860)
Right to use lease - asset-----	9,197,729	-	-	9,197,729	1,065,908	-	-	1,065,908
Right to use subscription - asset-----	687,317	-	-	687,317	8,308,678	-	-	8,308,678
Total non-cash investing, capital, and financing activities-----	<b>\$17,608,107</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$17,608,107</b>	<b>\$5,629,726</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$5,629,726</b>

See accompanying notes to financial statements.

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## **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 are organized to provide explanations, including required disclosures, of the Oklahoma City Water Utilities Trust (Consolidated Trust) financial activities for the fiscal years ended June 30, 2024 and 2023.

### I. B. REPORTING ENTITY

#### *Fund Types and Major Funds*

##### **Major Proprietary Funds**

##### Oklahoma City Water Utilities Trust (OCWUT) Fund

Accounts for balances and transactions related to water, wastewater and solid waste management utilities operations, construction, contracting, related debt, and other matters requiring commitment for more than one fiscal year.

OCWUT was created as a public trust pursuant to Title 60 of the Oklahoma Statutes, section 176, et seq (Title 60). OCWUT was created on April 17, 1990, by renaming the Oklahoma City Municipal Improvement Authority (OCMIA) that had been established on August 1, 1960. The purpose of OCWUT, generally, is to provide financing, through loans and the issuance of revenue bonds or other debt instruments, for the construction and acquisition of water and wastewater facilities and other general improvements to and for the extension of the water, wastewater and solid waste management systems serving the City. The provisions of the trust indenture, as amended, provide that OCWUT will lease or otherwise manage the related water, wastewater and solid waste management systems. OCWUT will receive all revenues generated from the water, wastewater, and solid waste management systems to pay the debt service requirements on the revenue bonds or other debt instruments issued by OCWUT, plus costs and expenses incidental to operations and maintenance.

The City Manager, the Mayor, one Council person, and two citizens of the City who are appointed by the City Council serve as trustees of OCWUT. OCWUT does not have the power to levy taxes, but may, with City Council approval, fix, demand, and collect charges, rentals, and fees for the services and facilities of OCWUT. Although the City has no obligation for debt issued by OCWUT, the City must approve the issuance of debt.

##### McGee Creek Authority (MCA) Fund

Accounts for balances and transactions related to the purchase of water storage rights, related debt and operations of the McGee Creek Reservoir (Reservoir).

MCA is a public trust created pursuant to Title 60. MCA was established on August 1, 1977. The purpose of MCA is, generally, to act as the contracting party for acquiring land, constructing facilities, operating, and maintaining a water storage and transportation facility at the Reservoir. Recreation activities at the Reservoir are managed by the Oklahoma Department of Wildlife Conservation and the Oklahoma Tourism and Recreation Department. MCA does not manage recreation activities. The beneficiaries of MCA (Beneficiaries) are the City; City of Atoka, Oklahoma; Atoka County, Oklahoma; and the Southern Oklahoma Development Trust. The participants of MCA (Participants) are the Beneficiaries and 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 MCA. The Beneficiaries do not have an obligation for debt issued by MCA.

*Component Unit*

MCA

MCA was established to finance the purchase of water storage rights at the McGee Creek Reservoir for the benefit of the City of Atoka, the City of Oklahoma City and Atoka County, Oklahoma. MCA Trustees are the Mayors/Chairpersons of the respective participants.

MCA meets the criteria of a blended component unit of OCWUT because OCWUT is expected to fund the debt of MCA due to an agreement of support (OCWUT Agreement) between OCWUT, MCA, and the federal government dated October 11, 1979. 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 MCA to fund debt service requirements, operation and maintenance, extraordinary expenses and capital improvements, as well as funding to maintain the bond fund minimum required balance reserve. Additionally, MCA is a significant source of OCWUT's water supply. Therefore, MCA's balances and transactions are blended with OCWUT's in the Consolidated Trust annual financial statements.

MCA issues separate audited financial statements. The MCA annual statement may be obtained online at [okc.gov/departments/finance](http://okc.gov/departments/finance).

**I. B. 1. RELATIONSHIP WITH THE CITY**

Due to restrictions of the state constitution relating to the issuance of municipal debt, public trusts are created to finance City services with revenue bonds or other non-general obligation financing, and to provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City.

*Method of Reporting in the City's Annual Comprehensive Financial Report (ACFR)*

The Consolidated Trust is presented as a component unit because OCWUT utility rates and fees are set by City ordinance and the City must approve all debt issuances of OCWUT. The Consolidated Trust is discretely presented because the majority of the Board of Trustees of OCWUT is not the same as the voting majority of the City Council.

The Consolidated Trust is a component unit of the City and is included in the City's ACFR. Copies of the City ACFR financial statements may be obtained online at [okc.gov/departments/finance](http://okc.gov/departments/finance).

*Trust Administration*

All administrative functions are performed by City employees. MCA employees perform operational functions at the McGee Creek Reservoir. OCWUT transfers funds to the City for the cost of these services. MCA does not reimburse OCWUT for OCWUT's share of these costs.

**I. B. 2. 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 Consolidated Trust as a whole.

**I. B. 3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

*Generally Accepted Accounting Principles (U.S. GAAP)*

The financial statements of the Consolidated Trust are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The basic financial statements report 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 Consolidated Trust. 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**

***OCWUT***

Oklahoma Statutes require the submission of financial information for public trusts to the governing body. However, legal budgetary control levels are not specified. Accordingly, OCWUT's budget is submitted to its governing body for approval. Appropriations are recorded and available to pay expenses as revenue is received in cash. Budgetary control is exercised on a project-length basis. Therefore, appropriations are carried forward each year until projects are completed. Management's policy prohibits expenses to exceed appropriations. Management may transfer appropriations within OCWUT without governing body approval.

***MCA***

MCA submits financial information to its governing body, however, 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**

The Consolidated Trust 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 Trust's financial statements.

**I. D. 2. CASH AND INVESTMENTS**

OCWUT's governing board has formally adopted an investment policy (OCWUT Investment Policy) different from the City's investment policy. Unrestricted investments are managed by the City Treasurer. Management of the restricted investments is performed in accordance with applicable bond indentures and at the direction of trustee bank trust departments.

The MCA governing board has not formally adopted deposit and investment policies other than applicable deposit and investment policies specified in the bond indenture and state law.

Investments are reported at fair value 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 upon 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 customers for utility services and amounts due from Participants and surrogates or designees of Participants for actual water usage. Unbilled accounts receivable represent amounts recognized as revenue for which invoices have not yet been sent to customers. Unbilled receivables are calculated as a ratio of days of the total billing period for water meters read after year-end. Accounts receivable are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. The allowance amount is estimated using accounts receivable past due more than 90 days.

#### **I. D. 4. LEASE RECEIVABLES**

Lease receivables are reported for lease arrangements in which the Consolidated Trust is providing the right for another entity to use its nonfinancial assets as stated in a contract for a period of time in an exchange or exchange like transaction. Management determines the allowance for uncollectible leases by identifying known leases that will not be collected and by estimating the remaining leases that are likely not to be collected.

#### **I. D. 5. 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 minimus and are reported with expenses/expenditures in the year of payment.

#### **I. D. 6. RESTRICTED ASSETS**

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

When both restricted and unrestricted resources are available for use, it is the Consolidated Trust's policy to use restricted resources first, then unrestricted resources as needed.



#### I. D. 7. INTERFUND BALANCES

Balances between OCWUT and MCA that represent lending/borrowing arrangements outstanding at the end of the fiscal year are reported as due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans). Balances between OCWUT and MCA are eliminated on the statement of net position.

Balances between OCWUT and the City that represent amounts outstanding at the end of the fiscal year are reported as payable to the primary government and receivable from the primary government, depending on the nature of related transactions. Balances between OCWUT and component units of the City are reported as payable to component units or receivable from component units.

City employees perform certain administrative and management services for OCWUT. Reimbursements for the costs of these services, which includes salaries, pension, and other post-employment benefits are included with payments to the primary government. The payable to primary government represents the unfunded liabilities of the City Funds.

#### I. D. 8. CAPITAL ASSETS, DEPRECIATION, AND AMORTIZATION

Capital assets are stated at cost. Generally, assets costing \$10,000 or more are capitalized as purchases and construction outlays occur. Donated assets are stated at acquisition value. Depreciation and amortization is computed on the straight line method over the estimated useful life of the asset, as follows:

Buildings	10 - 50
Improvements	10 - 50
Mobile equipment, furniture, machinery, and equipment	5 - 20
Right to use building leases	10 - 50
Right to use mobile equipment, furniture, machinery, and equipment leases	5 - 20

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service.

Maintenance and repairs are charged to operations, while renewals and betterments are capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in non-operating revenues (expenses).

#### I. D. 9. BOND DISCOUNT/PREMIUM AND DEFERRED AMOUNTS ON REFUNDING

Bond discounts and premiums are capitalized and amortized over the term of the respective bonds using a method that approximates the effective interest method. Deferred charges on refunding of bonds results from a difference in the carrying value of refunded debt to its reacquisition price. The amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

#### I. D. 10. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In addition to assets and liabilities, the statement of net position may report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net assets that applies to a future period which will not be recognized as an inflow of resources until that time.

#### **I. D. 11. COMPENSATED ABSENCES**

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

#### **I. D. 12. RISK MANAGEMENT**

The Consolidated Trust'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 Consolidated Trust participates. These funds account for the risk financing activities of the Consolidated Trust and constitute a transfer of risk from the Consolidated Trust. OCWUT pays premiums through the Oklahoma City Utilities Fund and has no other costs or liabilities related to risk management activities. Costs and liabilities for commercial insurance, stop-loss insurance, and claims paid are recorded in the City Risk Management Fund and the OCMFA Services Fund.

Significant losses are covered by commercial insurance for the property and liability programs. The City offers several different employee health and life options which, except for the indemnity health plan are fully insured. The self-insured indemnity health plan is covered by stop-loss coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

#### **I. D. 13. 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 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 include unspent debt proceeds legally restricted for capital outlays. Restricted net position also includes purpose restrictions from enabling legislation and other external sources.

#### **I. D. 14. 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 those estimates.

#### **I. E. MAJOR REVENUES**

##### ***OCWUT***

The major revenues for OCWUT consist of water, wastewater and solid waste management system service charges to the residents and businesses of Oklahoma City and the metro area. Other non-utility revenues are generated by recreational facilities located at Lake Hefner, Lake Stanley Draper, and Lake Overholser reservoirs.

***MCA***

Aliquot share revenues represent revenues collected by MCA or collectible from Participants. The OCWUT aliquot share payments are reported as transfers to the MCA. The MCA trust indenture assigns the aliquot shares of the Participants and details the requirements of the Participants to fund MCA cash requirements based on the aliquot share ratio.

**I. F. TAX STATUS**

OCWUT and MCA are exempt from Federal and state income taxes under Section 115 of the Internal Revenue Code for any trade or business related to the tax-exempt purpose or function.

**I. G. RETAINAGES**

It is the policy of the Consolidated Trust 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 securities in lieu of retainage to OCWUT. OCWUT holds the securities, and the Consolidated Trust retains the risk of incurring costs related to a contractor's failure to perform. However, in the event of non-performance, OCWUT would call the securities and pay the proceeds to the Consolidated Trust to cover any costs incurred. The Consolidated Trust does not record the effect of holding the securities in lieu of retainage.

**II. ASSETS AND DEFERRED OUTFLOWS**

**II. A. DEPOSITS AND INVESTMENTS**

***Deposits***

Custodial credit risk for deposits is the risk that in the event of a bank failure, Consolidated Trust deposits may not be returned or the Consolidated Trust will not be able to recover collateral securities in the possession of an outside party. The OCWUT Investment Policy requires deposits to be 110 percent secured by collateral valued at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service, as determined by a rating of C minus or above by independent rating agencies. Collateral agreements must be approved prior to deposit of funds as provided by law. The City Council approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of the City Treasurer. Custodial credit risk for deposits is not addressed by bond indentures. Bond indentures require that restricted deposits be maintained by the trustee bank specified in the indenture. MCA 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 Consolidated Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate risk and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Consolidated Trust's financial position. Because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

**NOTES TO FINANCIAL STATEMENTS**  
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**OKLAHOMA CITY**  
**WATER UTILITIES TRUST**

<b>2024</b>								
	<u>Cost</u>	Fair Value/ Carrying <u>Amount</u>	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>	Measured at <u>NAV (1)</u>	Average Credit Quality/ <u>Ratings (2)</u>	Weighted Average <u>(months) (3)</u>
Money								
market (4)(5)	\$270,318,916	\$270,318,916	\$270,318,916	\$ -	\$ -	\$ -	AAA/Aaa	1.05
Fannie Mae	15,567,763	15,434,937	-	15,434,937	-	-	AA+/Aaa	34.63
U.S. Treasury								
notes	<u>393,491,882</u>	<u>392,591,591</u>	<u>-</u>	<u>392,591,591</u>	<u>-</u>	<u>-</u>	N/A	22.80
<b>Total</b>								
<b>investments</b>	<b><u>\$679,378,561</u></b>	<b><u>\$678,345,444</u></b>	<b><u>\$270,318,916</u></b>	<b><u>\$408,026,528</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>		
<b>2023</b>								
	<u>Cost</u>	Fair Value/ Carrying <u>Amount</u>	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>	Measured at <u>NAV (1)</u>	Average Credit Quality/ <u>Ratings (2)</u>	Weighted Average <u>(months) (3)</u>
Federal								
obligations	\$18,822,242	\$17,608,594	\$ -	\$17,608,594	\$ -	\$ -	AA+/Aaa	7.31
Money								
market (4)(5)	151,955,763	151,955,763	151,955,763	-	-	-	AAA/Aaa	1.06
Fannie Mae	6,718,978	6,458,694	-	6,458,694	-	-	AA+/Aaa	39.40
U.S. Treasury								
notes	<u>338,791,308</u>	<u>325,386,258</u>	<u>-</u>	<u>325,386,258</u>	<u>-</u>	<u>-</u>	N/A	22.30
<b>Total</b>								
<b>investments</b>	<b><u>\$516,288,291</u></b>	<b><u>\$501,409,309</u></b>	<b><u>\$151,955,763</u></b>	<b><u>\$349,453,546</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>		

- (1) The net asset value (NAV) is a practical expedient to estimate fair value.
- (2) Ratings are provided where applicable to indicate associated credit risk.
- (3) Interest rate risk is estimated using weighted average months to maturity.
- (4) Cost approximates fair value.
- (5) Consists solely of U.S. Treasury securities.

**Fair Value Measurement**

The following is a description of the valuation methodologies used for assets measured at fair value in the tables above. There have been no changes in the methodologies used at June 30, 2024 and 2023.

An investment's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Federal obligations consist of Federal Home Loan Bank, Freddie Mac, and Fannie Mae notes. These securities use pricing models that maximize the use of observable inputs for similar securities and are valued at level 2. U.S. Treasury notes use similar pricing models and are also valued at level 2.

Money market funds are reported at cost which approximates fair value, are traded on active markets at quoted prices, and are valued at level 1.

### OCWUT Investment Policy

OCWUT Trustees adopted a separate investment policy in addition to the investment provisions of bond indentures. OCWUT funds may be invested in: (1) direct obligations of the U.S. government, its agencies or instrumentalities, the payment of which the full faith and credit of the U.S. government is pledged; (2) obligations of the Government National Mortgage Association, Federal National Mortgage Association, or Federal Home Loan Mortgage Corporation, or any Federal farm credit bank, Federal land bank, or Federal home loan bank notes or bonds; (3) collateralized or insured certificates of deposit and other evidences of deposits at banks, savings and loan associations, and credit unions located in the City when secured by appropriate collateral; (4) repurchase agreements that have underlying collateral of obligations of the U.S. government, its agencies, and instrumentalities; and (5) money market funds regulated by the Securities and Exchange Commission which consist of authorized domestic securities with restrictions as specified in state law.

OCWUT may not invest in reverse repurchase agreements, derivative instruments created from, whose value depends on, or is derived from, the value of one or more underlying assets or indices of asset values and/or has no call options prior to OCWUT's desired maturity or is a variable rate instrument. Collateralization is further restricted to permitted investments shown in items (1) and (2) above.

The OCWUT Investment Policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. Unless matched to a specific cash flow, investments are not made in securities maturing more than five years from the date of purchase. Certificates of deposit may not be purchased with maturities greater than 365 days from date of purchase.

Concentration of credit risk is the risk of loss attributed to the magnitude of OCWUT's investments in a single issuer. Cumulatively, portfolios may not be invested in any given financial institution in excess of 5% of such institution's total assets. Additionally, no more than 5% of the OCWUT's total portfolio may be placed with any single financial institution with the exception of repurchase agreements and money market funds. U.S. government securities, State and Local Government Series (SLGS), and City judgments are excluded from these restrictions.

### Portfolio Structure (1)

Investment Type Limitations		Maturity Limitations	
Percentage of Total Invested Principal		Percentage of Total Invested Principal	
	<u>Maximum % (2)</u>		<u>Maximum % (4)</u>
Repurchase agreements	100%	0-1 year	100%
U.S. Treasury securities (3)	100	1-3 years	90
Certificates of deposit	50	3-5 years	90
Money market funds	100		
Savings accounts	100		

- (1) Specifically matched cash flows are excluded.
- (2) For investments listed, there is no minimum percentage specified under the policy.
- (3) Includes SLGS.
- (4) For maturities limited to 0-1 year, the minimum percentages allowed under the policy are 5-25%.

OCWUT's investment policy also allows surplus cash, certificates of deposit, and repurchase agreements to be collateralized with securities with longer maturities if such maturity does not exceed ten years.

### **Bond Indenture Restrictions**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The general bond indentures of OCWUT and MCA prescribe investing in (1) direct obligations unconditionally guaranteed by the U.S.; (2) bonds or debentures payable in cash issued by the following Federal agencies: (a) Export Import Bank of the U.S., (b) Federal Financing Bank, (c) Farmer's Home Administration, (d) Federal Housing Administration, (e) Maritime Administration, (f) Public Housing Authorities, and (g) Government National Mortgage Association; (3) investments fully insured by Federal deposit insurance: (a) certificates of deposit, (b) savings accounts, (c) deposit accounts, and (d) depository receipts; (4) certificates of deposit in excess of Federal deposit insurance properly secured by collateral security consisting of obligations described in (1) and (2) above; (5) commercial paper; (6) money market funds; (7) shares of mutual funds; and (8) investment agreements.

### OCWUT

Concentration of credit risk is the risk of loss attributed to the magnitude of OCWUT's investment in a single issuer. 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 rate changes. The bond indenture provides that investments mature not later than the respective dates, as estimated, when the monies in said funds and accounts shall be required for the purposes intended, but in no event more than six months for the interest account, twelve months for the principal account and sixty months for the renewal and replacement account and the bond reserve account.

The general bond indenture for the OCWUT water revenue bonds requires the use of trust accounts. The interest and principal bond accounts are used to segregate resources accumulated for debt service payments over the next twelve months. The bond reserve account is used for proceeds of revenue bond issuances set aside to pay the final year of debt service.

### MCA

Concentration of credit risk is the risk of loss attributed to the magnitude of the MCA's investment in a single issuer. 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 rate changes. The bond indenture provides that investments mature in no more than twelve months, depending on the purpose of the funds and the requirements of the account in which funds are deposited. This provision does not apply to the reserve fund which includes a guaranteed investment contract that is 105% collateralized with government backed securities.

The general bond indenture for the MCA Water Revenue Bonds requires the use of trust accounts. The interest and principal bond accounts are used to segregate resources accumulated for debt service payments over the next twelve months. The bond reserve account is used for proceeds of revenue bond issuances set aside to pay the final year of debt service.

### **Investments Held by Others**

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, OCWUT and MCA will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The OCWUT Investment Policy provides that investment collateral is held by a third party custodian with whom the City has a current custodial agreement in OCWUT's or the City's name or be held in the name of both parties by the Federal Reserve Bank servicing Oklahoma. Investments are insured or registered with securities held by OCWUT. MCA has not adopted policies addressing custodial credit risk, concentration of credit risk, or interest rate risk for deposits or investments other than restrictions specified in the bond indenture applicable to restricted accounts.

### **Compliance with State Requirements**

OCWUT and MCA investment practices are 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 defined by Title 60 of the Oklahoma Statutes. These statutes require public trusts to consider the purposes, terms, distribution requirements, and other circumstances of the Consolidated Trust and to exercise reasonable care, skill, and caution. Investment decisions must be evaluated not in isolation, but in the context of the trust portfolio as a whole and as a part of the overall investment strategy having risk and return objectives reasonably suited to the Trust.

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**Restricted Deposits and Investments**

Bond indentures require the use of trust accounts. The bond accounts are used to segregate resources accumulated for debt service payments over the next twelve months. The bond operating revenue account is used to receive gross revenues. The construction accounts are used for proceeds of commercial paper that is restricted for use in construction and new projects funded by initial bond proceeds. The bond reserve account is used for proceeds of revenue bond issuances set aside to make up potential future deficiencies in the bond accounts, or to make the final bond principal and interest payments.

	<u>2024</u>	<u>2023</u>
	<u>OCWUT</u>	<u>OCWUT</u>
Commercial paper construction account	\$466,273	\$183,690
Debt principal and interest accounts	9,447,930	20,683,123
Renewal and replacement fund	651,392	619,017
Bond construction account	146,019,771	-
Atoka and Sardis conservation escrow accounts	10,594,664	10,082,241
	<u><b>\$167,180,030</b></u>	<u><b>\$31,568,071</b></u>

**II. B. RECEIVABLES AND UNCOLLECTIBLE ACCOUNTS**

**OCWUT**

	<u>2024</u>	<u>2023</u>
<u>Accounts receivable</u>	\$67,667,569	\$58,494,316
Less: allowance for uncollectible accounts	(13,094,478)	(10,572,345)
<b>Net accounts receivable</b>	<u><b>\$54,573,091</b></u>	<u><b>\$47,921,971</b></u>
 <b>Affect on revenues for change in uncollectibles</b>	 <u><b>(\$2,522,133)</b></u>	 <u><b>(\$3,550,289)</b></u>

**MCA**

Receivables of \$91,999 and \$85,219 at June 30, 2024 and 2023, respectively, include billings for aliquot share services provided by MCA 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. LEASE RECEIVABLE AND REVENUE**

			<u>2024</u>			
	<u>Lease</u>	<u>Discount</u>	<u>Lease</u>	<u>Deferred</u>	<u>Lease</u>	<u>Interest</u>
	<u>Term</u>	<u>Rate</u>	<u>Receivable</u>	<u>Inflow</u>	<u>Revenue</u>	<u>Revenue</u>
Verizon Wireless	157 months	1.104%	\$200,190	\$188,228	\$20,728	\$2,245
New Cingular Wireless	110.9 months	0.474%	98,917	119,970	22,876	609
OneOk	480 months	1.920%	118,387	115,899	3,578	2,321
Enable Oklahoma Intrastate	240 months	1.564%	-	84,681	5,000	-
T-Mobile Lake Hefner Water	36 months	0.798%	-	14,282	31,070	120
Alltell Newco	120 months	0.901%	184,362	181,030	29,004	1,733
Cellco Verizon Stanley Draper	72 months	0.637%	<u>83,358</u>	<u>81,676</u>	<u>77,400</u>	<u>2,043</u>
			<u><b>\$685,214</b></u>	<u><b>\$785,766</b></u>	<u><b>\$189,656</b></u>	<u><b>\$9,071</b></u>

(continued)

**NOTES TO FINANCIAL STATEMENTS**  
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**OKLAHOMA CITY**  
**WATER UTILITIES TRUST**

***LEASE RECEIVABLE AND REVENUE (continued)***

	Lease <u>Term</u>	Discount <u>Rate</u>	2023			
			<u>Lease Receivable</u>	<u>Deferred Inflow</u>	<u>Lease Revenue</u>	<u>Interest Revenue</u>
Verizon Wireless	157 months	1.104%	\$218,024	\$208,956	\$20,728	\$2,446
New Cingular Wireless	110.9 months	0.474%	121,602	142,845	22,876	712
OneOk	480 months	1.920%	121,042	119,477	3,578	2,370
Enable Oklahoma Intrastate	240 months	1.564%	-	89,681	5,000	-
T-Mobile Lake Hefner Water	36 months	0.798%	50,430	45,352	47,857	944
Alltell Newco	120 months	0.901%	<u>211,524</u>	<u>210,034</u>	<u>29,004</u>	<u>1,977</u>
			<b><u>\$722,622</u></b>	<b><u>\$816,345</u></b>	<b><u>\$129,043</u></b>	<b><u>\$8,449</u></b>

The discount rates noted in the table above are incremental borrowing rates as required by GASB 87 due to the lease agreements' provisions and terms not including a stated discount rate. The incremental borrowing rates reflect market conditions at the commencement of the lease agreements. In 2024 and 2023, the Consolidated Trust recognized \$274,603 and \$223,430 of variable income related to these leases, respectively.

**II. D. PREPAIDS**

Prepays are payments to vendors that benefit future reporting periods and are also reported on the consumption basis. As of June 30, 2024 and 2023, the Consolidated Trust had prepaid items totaling \$358,488 and \$412,691, respectively.

	<u>2024</u>	<u>2023</u>
Memberships and dues	\$27,445	\$18,345
Software licenses and support	56,427	225,188
Other	<u>274,616</u>	<u>169,158</u>
	<b><u>\$358,488</u></b>	<b><u>\$412,691</u></b>

**II. E. INTERGOVERNMENTAL RECEIVABLE**

***Receivable from the Federal Emergency Management Agency (FEMA)***

A FEMA award was applied for in connection to a severe ice storm that occurred in October 2020 by the Consolidated Trust. In connection to these awards, OCWUT applied for assistance from the Oklahoma Emergency Management Agency to supplement matching fund requirements. At June 30, 2024, there was no FEMA receivable and the state match receivable balance was \$62,962. At June 30, 2023, the FEMA receivable was \$1,140,502 and the state match receivable balance was \$742,195.

A grant award of up to \$552,500 was received from the Oklahoma Water Resources Board through the FEMA High Hazard Potential Dams grant program, with a local cost share of up to \$297,500. The funding supports the Overholser Dam Structural Stability Project. As of June 30, 2024, the receivable from FEMA was \$273,586.

***Receivable from the United States Department of the Interior Bureau of Reclamation (Bureau)***

Every year MCA performs minimal maintenance tasks for the Bureau. Charges to the Bureau for these services are based on agreed upon rates. MCA had amounts receivable from the Bureau for services provided in 2024 and 2023 of \$114,791 and \$94,319, respectively.



***Receivable from the Oklahoma Department of Transportation (ODOT)***

OCWUT prefunds engineering costs for several ODOT constructed projects. Once the project is complete, ODOT reimburses OCWUT for the engineering costs. OCWUT reported a receivable balance of \$267,007 at June 30, 2024 and \$318,100 at June 30, 2023.

***Receivable from the Oklahoma Department of Environmental Quality (ODEQ)***

OCWUT entered into a grant agreement with ODEQ to receive financial assistance in order to replace eligible diesel vehicles/engines to reduce nitrogen oxides. There was no receivable balance at June 30, 2024. At June 30, 2023, OCWUT reported a receivable balance for vehicle purchases of \$302,000.

***Aliquot Share Receivable***

In August 1992 the MCA trust indenture was amended to define the relationship between MCA 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 MCA by the Participants for aliquot shares are a period cost. Unpaid aliquot share balances from the Participants are cumulative and recorded as non-current receivables in MCA. Payments to MCA from Participants reduce the amounts receivable from Participants for outstanding aliquot share payments receivable.

**II. F. OTHER ASSETS**

***Non-Current Receivables***

**OCWUT Security Deposit for 500 West Main Building Rental**

On June 19, 2018, OCWUT entered into an agreement with 500 West Main LLC to lease commercial office space at 500 West Main Street to meet the office space requirements of the Utilities Department from June 19, 2018 through June 30, 2023. The lease required a security deposit of \$9,806 that was paid in fiscal year 2019. On January 17, 2023, OCWUT entered into an amendment to the lease agreement, expanding the leased office space by an additional two units and extending the lease through March 21, 2028. An additional security deposit was posted upon possession of the additional units. The total security deposit for the leased office space is \$19,074, and is refundable when the lease expires.

***Non-Current Prepaids***

Prepaids are recorded when purchased and expensed when used. Prepaids consist of memberships and dues, subscriptions, bond insurance, and maintenance support agreements. Non-current prepaids will be expensed in periods beyond the twelve month period subsequent to the reporting date. As of June 30, 2024 and 2023, the non-current prepaid balance was \$7,590 and \$0, respectively.

**II. G. NOTES RECEIVABLE**

An agreement was established between the OCWUT and the Oklahoma City Metro Alliance for the expansion of the Firststep recovery center. The repayment of lease hold improvements will be repaid monthly for thirty years at an interest rate of 4% with the final payment to be made on December 4, 2051. The principal due at June 30, 2024 and 2023 is \$668,389 and \$680,576, of which \$13,606 and \$13,074 is reported as a current receivable.

NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

OKLAHOMA CITY  
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II. H. CAPITAL ASSETS

*Changes in Capital Assets*

2024								
Capital Assets, not depreciated								
	Land and Water Storage Rights	Construction In Progress	Total					
<u>CAPITAL ASSETS</u>								
Balance, June 30, 2023	\$123,125,686	\$484,344,863	\$607,470,549					
Increases	100,000	276,220,218	276,320,218					
Decreases	(864,720)	(32,731)	(897,451)					
Transfers	—	(18,702,366)	(18,702,366)					
Balance, June 30, 2024	<u>122,360,966</u>	<u>741,829,984</u>	<u>864,190,950</u>					
Capital Assets, net	<u>\$122,360,966</u>	<u>\$741,829,984</u>	<u>\$864,190,950</u>					

2024								
Capital Assets, depreciated								
	Right To Use Building Buildings	Right To Use Lease	Improvements Other Than Buildings	Furniture, Machinery, & Equipment	Furniture, Machinery, & Equipment	Right To Use Leases	SBITAs	Total Capital Assets, net
<u>CAPITAL ASSETS</u>								
Balance, June 30, 2023	\$106,558,860	\$1,543,922	\$1,768,791,554	\$201,597,624	\$1,469,371	\$8,308,678	\$2,088,270,009	\$2,695,740,558
Increases	56,768	9,197,729	20,181,057	10,755,652	-	687,317	40,878,523	317,198,741
Decreases	(5,558)	-	(106,306,053)	(97,726)	-	-	(106,409,337)	(107,306,788)
Transfers	<u>5,455</u>	<u>—</u>	<u>17,873,750</u>	<u>823,161</u>	<u>—</u>	<u>—</u>	<u>18,702,366</u>	<u>—</u>
Balance, June 30, 2024	<u>106,615,525</u>	<u>10,741,651</u>	<u>1,700,540,308</u>	<u>213,078,711</u>	<u>1,469,371</u>	<u>8,995,995</u>	<u>2,041,441,561</u>	<u>2,905,632,511</u>
<u>ACCUMULATED DEPRECIATION</u>								
Balance, June 30, 2023	58,526,178	380,192	666,586,322	143,592,201	996,849	314,799	870,396,541	870,396,541
Increases	1,068,274	984,763	52,803,036	17,299,188	332,283	1,334,515	73,822,059	73,822,059
Decreases	<u>(5,558)</u>	<u>—</u>	<u>(106,306,053)</u>	<u>(97,726)</u>	<u>—</u>	<u>—</u>	<u>(106,409,337)</u>	<u>(106,409,337)</u>
Balance, June 30, 2024	<u>59,588,894</u>	<u>1,364,955</u>	<u>613,083,305</u>	<u>160,793,663</u>	<u>1,329,132</u>	<u>1,649,314</u>	<u>837,809,263</u>	<u>837,809,263</u>
Capital Assets, net	<u>\$47,026,631</u>	<u>\$9,376,696</u>	<u>\$1,087,457,003</u>	<u>\$52,285,048</u>	<u>\$140,239</u>	<u>\$7,346,681</u>	<u>\$1,203,632,298</u>	<u>\$2,067,823,248</u>

(continued)

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024 and 2023**

**OKLAHOMA CITY**  
**WATER UTILITIES TRUST**

***Changes in Capital Assets (continued)***

<b>2023</b>								
Capital Assets, not depreciated								
	Land and Water Storage Rights	Construction In Progress	Total					
<b>CAPITAL ASSETS</b>								
Balance, June 30, 2022	\$122,908,176	\$462,973,672	\$585,881,848					
Increases	217,510	165,758,981	165,976,491					
Decreases	-	6,330	6,330					
Transfers	-	(144,394,120)	(144,394,120)					
Balance, June 30, 2023	<u>123,125,686</u>	<u>484,344,863</u>	<u>607,470,549</u>					
Capital Assets, net	<b><u>\$123,125,686</u></b>	<b><u>\$484,344,863</u></b>	<b><u>\$607,470,549</u></b>					

<b>2023</b>								
Capital Assets, depreciated								
	Right To Use Building	Improvements Other Than Buildings	Furniture, Machinery, & Equipment	Furniture, Machinery, & Equipment Leases	Right To Use SBITAs	Total	Total Capital Assets, net	
<b>CAPITAL ASSETS</b>								
Balance, June 30, 2022	\$105,043,749	\$478,013	\$1,597,611,347	\$215,457,223	\$1,469,371	\$ -	\$1,920,059,703	\$2,505,941,551
Increases	24,474	1,065,909	21,236,405	12,291,623	-	8,308,678	42,927,089	208,903,580
Decreases	(15,364)	-	-	(19,095,539)	-	-	(19,110,903)	(19,104,573)
Transfers	<u>1,506,001</u>	<u>-</u>	<u>149,943,802</u>	<u>(7,055,683)</u>	<u>-</u>	<u>-</u>	<u>144,394,120</u>	<u>-</u>
Balance, June 30, 2023	<u>106,558,860</u>	<u>1,543,922</u>	<u>1,768,791,554</u>	<u>201,597,624</u>	<u>1,469,371</u>	<u>8,308,678</u>	<u>2,088,270,009</u>	<u>2,695,740,558</u>
<b>ACCUMULATED DEPRECIATION</b>								
Balance, June 30, 2022	56,612,991	228,795	610,270,358	144,288,702	664,566	-	812,065,412	812,065,412
Increases	1,928,483	151,397	56,315,964	16,189,125	332,283	314,799	75,232,051	75,232,051
Decreases	<u>(15,296)</u>	<u>-</u>	<u>-</u>	<u>(16,885,626)</u>	<u>-</u>	<u>-</u>	<u>(16,900,922)</u>	<u>(16,900,922)</u>
Balance, June 30, 2023	<u>58,526,178</u>	<u>380,192</u>	<u>666,586,322</u>	<u>143,592,201</u>	<u>996,849</u>	<u>314,799</u>	<u>870,396,541</u>	<u>870,396,541</u>
Capital Assets, net	<b><u>\$48,032,682</u></b>	<b><u>\$1,163,730</u></b>	<b><u>\$1,102,205,232</u></b>	<b><u>\$58,005,423</u></b>	<b><u>\$472,522</u></b>	<b><u>\$7,993,879</u></b>	<b><u>\$1,217,873,468</u></b>	<b><u>\$1,825,344,017</u></b>

***Depreciation Expense***

Depreciation expense of \$73,822,059 in fiscal year 2024 and \$75,232,051 in 2023 was charged to the Consolidated Trust's utilities function.

**II. I. DEFERRED OUTFLOW**

***Deferred Amount on Bond Refunding***

Deferred charges on refunding of bonds results from a difference in the carrying value of refunded debt to its reacquisition price. The amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

Original Bond Issue	Refunding Bond Issue	2024	2023
OCWUT Series 2011 Bonds	OCWUT Series 2020D FAP Note	<b><u>\$1,126,461</u></b>	<b><u>\$1,195,782</u></b>

### III. LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

#### III. A. COMMERCIAL PAPER

##### *Commercial Paper*

On January 17, 2006, OCWUT established a commercial paper program authorizing the issuance of tax-exempt commercial paper notes with letter of credit security. On May 26, 2020, OCWUT approved a resolution to issue commercial paper notes, Series A (tax-exempt) and commercial paper notes, Series B (taxable) in a combined aggregate principal amount not to exceed \$350 million outstanding at any one time and \$700 million in total aggregate principal amount issued. The commercial paper program provides interim financing for OCWUT's ongoing capital program. Maturity of commercial paper may range from 1 to 270 days, depending on market conditions at the time of issue.

During fiscal year 2024 new commercial paper issuances totaled \$40,000,000; and in June 2024, \$82,500,000 of the outstanding commercial paper was paid off with the issuance of the OCWUT Water and Sewer Revenue Bonds, 2024 Series. In 2023, new commercial paper issuances totaled \$27,000,000. The total outstanding balance at June 30, 2024 and 2023, was \$0 and \$42,500,000, respectively, and the weighted average interest rate for the year was 3.67% and 3.35%, respectively.

##### *Commercial Paper Changes in Short-Term Debt*

	Date	Total Amount	Outstanding Balance	Remaining
	<u>Authorized</u>	<u>Authorized</u>	<u>as of 06/30/2024</u>	<u>Authorized</u>
Commercial paper	5/26/2020	<u>\$350,000,000</u>	<u>\$ -</u>	<u>\$350,000,000</u>

#### III. B. INTERGOVERNMENTAL PAYABLE

##### *Payable to Atoka and Sardis Conservation Projects Fund*

During fiscal year 2017, OCWUT entered into an agreement with the Chickasaw Nation, the Choctaw Nation and the State of Oklahoma to create the Atoka and Sardis conservation projects fund for the benefit of Atoka and Sardis Lake areas. OCWUT is acting as the escrow agent. At June 30, 2024 and 2023, the amount in the Atoka conservation projects fund consists of \$5,318,786 and \$5,060,570 respectively. At June 30, 2024 and 2023, the amount in the Sardis Lake conservation projects fund consists of \$5,318,786 and \$5,060,570, respectively.

##### *Payable to the Oklahoma Department of Transportation (ODOT)*

In April 2022, ODOT prepaid the total estimated engineering costs for a water line relocation project. As of June 30, 2024, OCWUT has completed \$23,523 of various services. OCWUT reported a payable of \$2,875 at 2024 and 2023, respectively.

##### *Payable to the Department of Defense (DOD)*

As part of the municipalization of the water and wastewater systems at Tinker Air Force Base, each month the DOD pays OCWUT a tariff for provision of utility services, including operations and maintenance and renewals and replacements. If the contract were to terminate, any unspent contributions would be owed back to the DOD. At June 30, 2024 and 2023, OCWUT reported a non-current payable of \$25,939,387 and \$7,185,799, respectively.

On November 1, 2021 a bill of sale was made by the United States of America to OCWUT to transfer title and interest of the Tinker Air Force Base water and wastewater systems. At June 30, 2024 and 2023, OCWUT reported a current payable of \$3,837,756 and \$3,837,756 and a non-current payable of \$24,305,713 and \$28,143,469, respectively.

### **III. C. NOTES PAYABLE**

#### ***Notes Payable Revolving Loans***

The Consolidated Trust borrows funds from time to time for water and wastewater improvements from the Oklahoma Water Resources Board (OWRB) utilizing the Drinking Water State Revolving Fund (DWSRF) and the Clean Water State Revolving Fund (CWSRF) loans. Upon completion of the construction projects allocated to each loan, the final loan amounts are determined and closed to a long-term debt schedule. The term of the loans are 30 years, except for the 2009 CWSRF, 2021 CWSRF and 2023 DWSRF, which are 20, 15 and 15 years respectively. Principal and interest payments are semi-annual on September 15 and March 15.

Additionally, the 2009 CWSRF loan had a provision for a \$2,000,000 match in the form of principal forgiveness from the American Recovery and Reinvestment Act (ARRA) of 2009. This amount was deducted from the loan amount for calculation of its respective debt repayment schedule.

On April 25, 2023, the Consolidated Trust approved a DWSRF loan for a maximum of \$2,225,000 to finance the identification, planning, and design of a lead service line replacement project. The 2023 DWSRF Loan is expected to receive \$734,250 of principal forgiveness funds. The interim effective interest rate of the 2023 DWSRF loan is 2.53%, payable on March 15 and September 15. Principal payments will commence on March 15 or September 15, following the date the project is completed or March 15, 2024, and will continue semiannually for the term of the loan.

On October 24, 2023, the Consolidated Trust approved a CWSRF loan for a maximum of \$53,938,500 to finance Wastewater Treatment Plant improvements. On February 27, 2024, the 2023A CWSRF Loan was amended to adjust the loan amount maximum to \$54,788,500 to provide for additional funding for sewer line installation. The interim effective interest rate of the 2023A CWSRF loan is 3.37%, payable on March 15 and September 15. Principal payments will commence on March 15 or September 15, following the date the project is completed or March 15, 2027, and will continue semiannually for the term of the loan.

On February 13, 2024, OCWUT approved a revolving loan for a maximum of \$370 thousand to assess emerging contaminants in wastewater treatment plants. The note is eligible for 100% principal forgiveness, unless OCWUT does not comply with requirements directed by the Oklahoma Water Resources Board. The note shall also bear no interest. Principal payments will commence on March 15, 2025 if the requirements are not met. As of June 30, 2024, there is no balance outstanding.

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Agreement Date	Loan Name	Loan Amount	Interest Rate	Maturity Date	2024 Outstanding Balance	2023 Outstanding Balance
11/1/2009	2009 CWSRF (1)	\$6,167,735	2.86%	3/15/2031	\$2,572,102	\$2,898,839
3/1/2015	2015 DWSRF	35,838,000	2.93	3/15/2046	29,227,438	30,127,398
6/1/2015	2015 CWSRF	611,235	2.71	3/15/2046	493,608	509,726
4/1/2016	2016 DWSRF	65,550,000	2.55	9/15/2047	54,672,161	56,341,716
11/1/2016	2017 DWSRF	57,300,000	2.98	9/15/2049	50,963,178	52,270,701
12/1/2017	2018A CWSRF	15,550,000	2.43	3/15/2043	12,541,160	13,052,498
12/1/2017	2018B CWSRF	15,550,000	2.50	3/15/2043	13,896,709	14,279,589
12/1/2017	2018C CWSRF (2)	37,700,000	2.50	3/15/2043	24,506,471	27,019,805
1/1/2018	2018 DWSRF	52,500,000	2.78	9/15/2049	46,297,105	47,520,888
1/1/2019	2019 DWSRF	20,000,000	3.00	3/15/2050	18,258,506	18,712,650
1/1/2019	2019 CWSRF	34,150,000	2.65	9/15/2050	30,700,115	31,484,355
10/9/2019	2020 DWSRF (2)	21,750,014	2.78	9/15/2051	17,527,268	15,754,680
10/9/2019	2020 CWSRF (2)	1,947,000	2.51	3/15/2050	586,774	651,674
6/17/2020	2020A CWSRF (2)	4,650,000	1.80	9/15/2051	1,801,923	1,956,923
6/17/2020	2020B DWSRF (2)	74,000,000	2.03	9/15/2052	53,021,592	39,600,553
7/8/2020	2020C FAP Loan (4)	43,565,000	2.27 - 4.15	9/15/2049	39,893,630	43,595,217
11/1/2020	2020D FAP Loan	52,935,000	0.42 - 2.90	9/15/2040	45,920,000	48,270,000
6/1/2021	2021 CWSRF (2)	55,000,000	1.43	9/15/2039	1,588,408	3,121,698
4/1/2022	2022 DWSRF (2)(5)	30,545,000	2.90	3/15/2055	1,036,125	67,137
9/1/2022	2022A CWSRF (2)(6)	103,513,000	2.92	3/15/2055	12,106,875	17,500
4/1/2023	2023 DWSRF (7)	1,490,750	2.53	9/15/2038	1,315,815	-
10/1/2023	2023A CWSRF (3)(8)	54,788,500	3.37	9/15/2056	-	-
2/1/2024	2024A CWSRF (3)(9)	370,000	-	9/15/2044	-	-
					<b><u>\$458,926,963</u></b>	<b><u>\$447,253,547</u></b>

- (1) The 2009 CWSRF loan amount is net of the \$2,000,000 ARRA Grant.
- (2) Financing is not finalized.
- (3) There are no draws on this loan as of June 30, 2024.
- (4) Balance as of June 30, 2024 and 2023 includes unamortized premium of \$4,578,630 and \$4,925,217, respectively.
- (5) The 2022 DWSRF loan amount is net of the \$1.1 million loan forgiveness program by the ODEQ.
- (6) The 2022A CWSRF is net of the \$600,000 sponsorship credit.
- (7) The 2023 DWSRF is net of the \$672,607 principal loan forgiveness.
- (8) The 2023A CWSRF is eligible for a sponsorship principal credit of \$850,000.
- (9) The 2024A CWSRF loan is eligible for 100% principal forgiveness.

**NOTES TO FINANCIAL STATEMENTS**  
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**OKLAHOMA CITY**  
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***Notes Payable Requirements to Maturity***

OCWUT's outstanding notes payable related to the state revolving fund loans of \$458,926,963 contain a provision that in the event of a default, all payments payable to the end of the agreement become immediately due if OCWUT is unable to make a payment.

	Notes Payable (1)	
	<u>Principal</u>	<u>Interest</u>
2025	\$21,301,621	\$12,004,543
2026	25,017,294	11,500,461
2027	19,783,781	10,988,189
2028	20,103,774	10,500,068
2029	20,500,847	9,962,471
2030-2034	96,663,293	42,054,810
2035-2039	89,166,776	29,992,762
2040-2044	88,215,950	17,839,721
2045-2049	69,861,019	6,226,849
2050-2054	<u>8,312,608</u>	<u>166,861</u>
	<b><u>\$458,926,963</u></b>	<b><u>\$151,236,735</u></b>

(1) All notes payable are from private placements.

**III. D. LEASES PAYABLE**

	<u>Lease term</u>	<u>Interest Rate</u>	<u>2024 Outstanding balance</u>	<u>2023 Outstanding balance</u>
500 West Main, LLC	92 months	0.746%	\$469,860	\$1,182,504
Clifford Power Systems, Inc.	60 months	0.474%	164,753	493,088
500 West Main, LLC	60 months	2.582%	485,369	-
Clifford Power Systems, Inc.	120 months	2.600%	<u>8,500,864</u>	<u>-</u>
			<b><u>\$9,620,846</u></b>	<b><u>\$1,675,592</u></b>

***Principal and Interest Requirements to Maturity***

Year ending	Total to be		
<u>June 30,</u>	<u>Paid</u>	<u>Principal</u>	<u>Interest</u>
2025	\$1,459,723	\$1,235,414	\$224,309
2026	1,302,339	1,104,224	198,115
2027	1,310,103	1,138,812	171,291
2028	1,247,598	1,103,374	144,224
2029	1,042,216	923,252	118,964
2030-2034	<u>4,342,222</u>	<u>4,115,770</u>	<u>226,452</u>
	<b><u>\$10,704,201</u></b>	<b><u>\$9,620,846</u></b>	<b><u>\$1,083,355</u></b>

In 2024 and 2023, the Consolidated Trust recognized \$3,271,334 and \$3,114,321 of variable payments related to a utility lease agreement between OCWUT and the City. Please see note VI. C. for more information.

### III. E. SUBSCRIPTIONS PAYABLE

	Lease term	Interest Rate	2024 Outstanding balance	2023 Outstanding balance
SAP America, Inc	80 months	2.59%	\$5,158,817	\$5,621,286
SAP Industries, Inc.	80 months	2.59%	<u>524,600</u>	<u>628,970</u>
			<b><u>\$5,683,417</u></b>	<b><u>\$6,250,256</u></b>

#### *Principal and Interest Requirements to Maturity*

Year ending <u>June 30,</u>	Total to be <u>Paid</u>	<u>Principal</u>	<u>Interest</u>
2025	\$1,302,336	\$1,161,165	\$141,171
2026	1,302,140	1,191,243	110,897
2027	1,301,937	1,222,487	79,450
2028	1,302,321	1,254,397	47,924
2029	870,996	854,125	16,871
	<b><u>\$6,079,730</u></b>	<b><u>\$5,683,417</u></b>	<b><u>\$396,313</u></b>

### III. F. ESTIMATED CLAIMS PAYABLE

During fiscal year 2022, a ruling from the US Environmental Protection Agency was issued that required the replacement of lead services utility lines due to their potential contamination. At June 30, 2024 and 2023, a liability of \$2,500,000 and \$1,414,140 was recorded for costs related to a partial survey associated with the implementation of a lead service line identification program.

### III. G. COMPENSATED ABSENCES

MCA 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. H. REVENUE BONDS

#### *Unamortized Bond Discount/Premium*

	2024	2023
	<u>OCWUT</u>	<u>OCWUT</u>
Bonds payable	\$517,695,000	\$267,265,000
Unamortized bond premium (discount)	<u>28,046,960</u>	<u>-</u>
Bonds payable, net	<b><u>\$545,741,960</u></b>	<b><u>\$267,265,000</u></b>

#### *OCWUT Revenue Bond Indentures and Covenants*

#### **OCWUT**

OCWUT had issued bonds to finance the acquisition, constructions, and equipping of the City's utility systems. The bonds are collateralized by a lien on all facilities constructed with the bond proceeds and by the OCWUT's leasehold interest in the presently existing water, wastewater and solid waste management systems of the City.



The general bond indenture and its supplements require the use of revenue, bond, operations and maintenance, reserve, construction, and renewal and replacement accounts, which have been combined for financial reporting purposes. These accounts are held in trust by banks and managed pursuant to terms of the indenture agreement. The indenture provides that gross revenues from operations will be deposited into the revenue account and transfers will be made to the other accounts for current requirements on a monthly basis.

However, if the payments and deposits required by the general bond indenture are made on or before the 20th day of the month, then during the subsequent month, the gross revenues may be deposited as received directly into OCWUT's operating fund, which is not subject to the lien of the indenture. For the years ended June 30, 2024 and 2023, required accounts were maintained in accordance with the bond indenture.

The bonds are generally subject to prior redemption, in part or in whole, at the option of the Trustees. Certain bonds are subject to a redemption premium of up to 2% of par value, as described in the various bond indentures, if redeemed prior to scheduled dates.

The general bond indenture provides the OCWUT Trustees will fix, maintain, charge, and collect a schedule of rates for use of the facilities of the Trust estate that will provide, in every year, net revenues which provide at least 120% of the maximum amount required for debt service. For the years ended June 30, 2024 and 2023, the schedule of rates in effect provided revenues in excess of the minimum requirements.

Bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

#### **MCA**

In fiscal year 1993 MCA issued Series 1992 Water Revenue Bonds in the amount of \$91,860,000. The bonds are secured by the OCWUT Agreement, dated December 1, 1992, which 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 MCA. Pursuant to the OCWUT Agreement, OCWUT granted a security interest in its revenues, which are not required for debt service, reserves, other outstanding requirements, and operations and maintenance expenses. OCWUT is required to transfer the funds necessary for MCA to pay the principal and interest on the bonds annually, net of funds available from MCA. MCA has recorded an advance from OCWUT to recognize the amount due under the OCWUT Agreement.

The general bond indenture provides the Trustees of MCA will generate an amount annually to equal 100% of the annual principal and interest requirements on the bonds for the year, plus generate an amount necessary to comply in all respects with the terms and provisions of the bond indenture. The MCA trust indenture details how the revenues will be generated from aliquot share payments from Participants for this purpose. Amounts received from Participants and OCWUT are considered in determining the amount needed to comply with the indenture requirements.

The bond indenture and its supplement require the use of bond proceeds, project, revenue, and bond accounts. These accounts are held in trust by banks and managed pursuant to terms of the indenture agreement. The indenture provides that gross revenues from operations will be deposited in the revenue account and transfers will be made to the other accounts for current requirements on a monthly basis. However, if the payments and deposits required by the bond indenture are made on or before the 25th day of the month, then during the subsequent month, the gross revenues may be deposited as received directly into MCA's operating fund, which is not subject to the lien of the indenture. For the years ended June 30, 2024 and 2023, required accounts were maintained in accordance with the bond indenture.

The Series 1992 Water Revenue Bonds matured on January 1, 2023. The fiscal year 2023 principal and interest payments were made out of the reserve funds.

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***Issuances***

On July 26, 2022, OCWUT issued \$267,265,000 Utility System Revenue Refunding Bonds, Taxable Series 2022, with an average interest rate (coupon) of 4.319%. Issuance costs were \$942,501. Net proceeds of \$266,322,499 were used to provide funds to refund the Water and Sewer Revenue System Bonds, Series 2013, 2015, and 2016. The bonds mature on July 1, 2046.

On May 29, 2024, OCWUT issued \$262,750,000 Utility System Revenue Refunding and Improvement Bonds, Series 2024, with an average interest rate (coupon) of 5.154%. Issuance costs were \$937,056. Net proceeds of \$290,032,303 were used to refund \$82,500,000 in commercial paper notes issued for water and sewer improvements and finance certain water and sewer improvements previously approved by the Issuer's capital improvement plan. The bonds mature on July 1, 2064.

***Bonded Debt Service to Maturity***

<u>Fiscal Year</u>	<u>OCWUT</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$14,185,000	\$18,046,272	\$32,231,272
2026	12,095,000	23,147,724	35,242,724
2027	14,555,000	22,685,043	37,240,043
2028	14,955,000	22,141,981	37,096,981
2029	15,460,000	21,568,980	37,028,980
2030-2034	85,130,000	98,127,490	183,257,490
2035-2039	83,650,000	79,665,932	163,315,932
2040-2044	61,820,000	62,411,845	124,231,845
2045-2049	46,555,000	48,763,182	95,318,182
2050-2054	38,855,000	39,177,250	78,032,250
2055-2059	50,100,000	27,926,881	78,026,881
2060-2064	65,130,000	12,898,463	78,028,463
2065-2069	<u>15,205,000</u>	<u>399,131</u>	<u>15,604,131</u>
	<b><u>\$517,695,000</u></b>	<b><u>\$476,960,174</u></b>	<b><u>\$994,655,174</u></b>

***Revenue Bonds Outstanding***

Water and Sewer System Bonds	Original Amount Issued	Interest Rate	Issue Date	Final Maturity	<u>Principal Balance</u>	
					2024	2023
OCWUT Series 2022	267,265,000	3.01% to 4.74%	7/26/2022	2046	254,945,000	267,265,000
OCWUT Series 2024	262,750,000	5.00% to 5.25%	5/29/2024	2065	<u>262,750,000</u>	<u>-</u>
					<b><u>\$517,695,000</u></b>	<b><u>\$267,265,000</u></b>

***Bond Defeasance***

On July 26, 2022, OCWUT placed \$266.32 million of the proceeds from the Utility System Revenue Refunding Bonds, Taxable Series 2022 and \$26.008 million of bond reserve funds in an irrevocable escrow account to officially defease the outstanding maturities of the Water and Sewer Revenue System Bonds, Series 2013, 2015, and 2016. As a result, Series 2013, 2015, and 2016 are considered to be defeased and the liability for those bonds removed from the financial statements in the period of defeasance. This achieved a cash flow saving of approximately \$8.70 million and an economic gain of approximately \$8.70 million.

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OCWUT defeased certain outstanding revenue bonds by placing proceeds of new bonds in an irrevocable escrow account to provide for all future debt service payments on the old bonds. This resulted in a transfer of the liability to the irrevocable escrow account. Accordingly, the trust accounts and the defeased bonds are not included in the Consolidated Trust's financial statements.

***Bond Coverage***

	<u>2024</u>	<u>2023</u>
	<u>OCWUT</u>	<u>OCWUT</u>
Gross revenue, including non-operating revenues and transfers in	\$478,827,731	\$452,444,638
Expenses and transfers, excluding depreciation and amortization	<u>255,909,541</u>	<u>230,039,081</u>
<b>Net revenue available for debt service</b>	<b><u>\$222,918,190</u></b>	<b><u>\$222,405,557</u></b>
Principal amounts	\$14,555,000	\$14,185,000
Interest amounts	<u>22,685,043</u>	<u>10,130,972</u>
<b>Total debt service requirements</b>	<b><u>\$37,240,043</u></b>	<b><u>\$24,315,972</u></b>
<b>Revenue bond coverage</b>	<b><u>5.99</u></b>	<b><u>9.15</u></b>

The OCWUT bond indentures require the payment of principal and interest before any other expenditures may be made. In addition, depreciation and amortization expenses are excluded from the direct expenses as they do not affect funds available for debt service. Per the bond indenture, principal and interest amounts are derived from the highest aggregate annual principal and interest amounts outstanding. The required revenue bond coverage for OCWUT is 1.2.

**III. I. CHANGES IN LONG-TERM LIABILITIES**

	<b>2024</b>					
	Balance July 1, 2023	Issued	Retired	Balance June 30, 2024	Due Within One Year	Due After One Year
Intergovernmental payable (1)	\$35,329,268	\$18,753,588	\$3,837,756	\$50,245,100	\$ -	\$50,245,100
Compensated absences	148,175	36,389	16,877	167,687	17,971	149,716
Notes payable (2)	447,253,547	33,481,768	21,808,352	458,926,963	21,301,621	437,625,342
Leases Payable	1,675,592	9,197,729	1,252,475	9,620,846	1,235,414	8,385,432
Subscriptions payable	6,250,256	687,317	1,254,524	5,683,049	1,160,797	4,522,252
OCWUT revenue bonds	<u>267,265,000</u>	<u>290,969,359</u>	<u>12,492,399</u>	<u>545,741,960</u>	<u>14,185,000</u>	<u>531,556,960</u>
	<b><u>\$757,921,838</u></b>	<b><u>\$353,126,150</u></b>	<b><u>\$40,662,383</u></b>	<b><u>\$1,070,385,605</u></b>	<b><u>\$37,900,803</u></b>	<b><u>\$1,032,484,802</u></b>

(1) Intergovernmental payable does not include amounts payable within one year.

(2) All notes payable are from private placements.

*(continued)*

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024 and 2023**

**OKLAHOMA CITY**  
**WATER UTILITIES TRUST**

***CHANGES IN LONG-TERM LIABILITIES (continued)***

	2023					
	Balance July 1, 2022	Issued	Retired	Balance June 30, 2023	Due Within One Year	Due After One Year
Intergovernmental payable (1)	\$33,825,264	\$5,341,760	\$3,837,756	\$35,329,268	\$ -	\$35,329,268
Compensated absences	137,299	36,686	25,810	148,175	17,021	131,154
Notes payable (2)	441,199,915	23,543,480	17,489,848	447,253,547	20,739,467	426,514,080
Leases payable	1,073,456	1,065,909	463,773	1,675,592	555,609	1,119,983
Subscriptions payable	-	8,308,678	2,058,422	6,250,256	1,037,101	5,213,155
OCWUT revenue bonds	320,981,796	267,265,000	320,981,796	267,265,000	12,320,000	254,945,000
MCA revenue bonds	6,268,441	-	6,268,441	-	-	-
	<b>\$803,486,171</b>	<b>\$305,561,513</b>	<b>\$351,125,846</b>	<b>\$757,921,838</b>	<b>\$34,669,198</b>	<b>\$723,252,640</b>

(1) Intergovernmental payable does not include amounts payable within one year.

(2) All notes payable are from private placements.

**III. J. SEGMENT INFORMATION AND PLEDGED REVENUES**

OCWUT issued revenue bonds to support their water, wastewater and solid waste management activities. The financial statements report revenue-supported debt. OCWUT recognized \$234,952,284 and \$220,023,239 in water charges and \$129,498,716 and \$127,046,508 in wastewater charges and \$72,468,859 and \$68,325,009 in solid waste management charges in 2024 and 2023, respectively. MCA recognized \$3,510,240 and \$1,177,140 in aliquot share revenues in 2024 and 2023, respectively.

**III. K. DEFERRED INFLOWS OF RESOURCES**

***Deferred Amount on Bond Refunding***

Deferred charges on refunding of bonds results from a difference in the carrying value of refunded debt to its reacquisition price. The amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

Original Bond Issue	Refunding Bond Issue	<b>2024</b>	<b>2023</b>
OCWUT Series 2009B Bonds	OCWUT Series 2020C FAP Note	\$8,101	\$105,317
OCWUT Series 2013, 2015, 2016 Bonds	OCWUT Series 2022 Bonds	<u>10,903,092</u>	<u>11,396,817</u>
		<b><u>\$10,911,193</u></b>	<b><u>\$11,502,134</u></b>

***Leases***

The Consolidated Trust reported deferred inflows in the amount of \$785,766 and \$816,345 related to lease receivables at June 30, 2024 and 2023, respectively.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024 and 2023**

**OKLAHOMA CITY**  
**WATER UTILITIES TRUST**

**IV. NET POSITION**

*Net Investment in Capital Assets*

	<b>2024</b>		<b>2023</b>	
	<b><u>OCWUT</u></b>	<b><u>MCA</u></b>	<b><u>OCWUT</u></b>	<b><u>MCA</u></b>
Capital assets, net	\$1,989,333,515	\$78,489,733	\$1,749,568,621	\$75,775,396
Retainages and accounts payable	(81,351,072)	(1,277,339)	(19,605,613)	(392,027)
Intergovernmental payable	(50,245,100)	-	(35,329,268)	-
Notes payable	(458,926,963)	-	(447,253,547)	-
Leases payable	(9,620,846)	-	(1,675,592)	-
Subscriptions payable	(5,683,049)	-	(6,250,256)	-
Commercial paper	-	-	(42,500,000)	-
Construction accounts funded with proceeds	146,486,044	-	183,690	-
Bonds payable, net	(545,741,960)	-	(267,265,000)	-
Deferred amount on refunding	(9,784,732)	-	(10,306,352)	-
Bond issuance costs paid with bond proceeds	<u>2,561,364</u>	<u>-</u>	<u>1,624,308</u>	<u>-</u>
	<b><u>\$977,027,201</u></b>	<b><u>\$77,212,394</u></b>	<b><u>\$921,190,991</u></b>	<b><u>\$75,383,369</u></b>

*Restricted for Capital Projects*

	<b>2024</b>		<b>2023</b>	
	<b><u>OCWUT</u></b>	<b><u>MCA</u></b>	<b><u>OCWUT</u></b>	<b><u>MCA</u></b>
Commercial paper reserve for construction projects	\$146,486,044	\$ -	\$183,690	\$ -
Commercial paper construction account funded with proceeds	<u>(146,486,044)</u>	<u>-</u>	<u>(183,690)</u>	<u>-</u>
	<b><u>\$-</u></b>	<b><u>\$-</u></b>	<b><u>\$-</u></b>	<b><u>\$-</u></b>

*Restricted for Debt Service*

	<b>2024</b>		<b>2023</b>	
	<b><u>OCWUT</u></b>	<b><u>MCA</u></b>	<b><u>OCWUT</u></b>	<b><u>MCA</u></b>
Debt principal and interest accounts	\$9,447,930	\$ -	\$20,683,123	\$ -
Renewal and replacement fund	651,392	-	619,017	-
Interest receivable on bond investments	155,609	-	145,128	-
Current bond interest payable and commercial paper	<u>(9,890,604)</u>	<u>-</u>	<u>(9,142,297)</u>	<u>-</u>
	<b><u>\$364,327</u></b>	<b><u>\$-</u></b>	<b><u>\$12,304,971</u></b>	<b><u>\$-</u></b>

*Unrestricted*

	<b>2024</b>		<b>2023</b>	
	<b><u>OCWUT</u></b>	<b><u>MCA</u></b>	<b><u>OCWUT</u></b>	<b><u>MCA</u></b>
Unrestricted	<b><u>\$575,342,969</u></b>	<b><u>(\$761,066)</u></b>	<b><u>\$495,236,241</u></b>	<b><u>(\$616,053)</u></b>

## V. REVENUES AND EXPENSES

### *Special Assessments*

Water or sewer special assessments are levied against a group of homes to pay for construction or extension of service by OCWUT. OCWUT charges each homeowner for their individual share of the construction cost, amortized over a 10-year period. Amounts receivable are reported with accounts receivable. On March 27, 2018 the City Council adopted and set the assessment roll for the Water Improvement District for the Clifford Farms Subdivision. The total cost of improvements at Clifford Farms was \$445,555 to be paid equally by all residents over a 10-year period with an interest rate of 4.1%.

In fiscal year 2024 and 2023, OCWUT collected special assessment revenue of \$4,402 and \$23,090, respectively.

## VI. INTERFUND TRANSACTIONS

### VI. A. INTERFUND BALANCES

#### *Advances Within the Consolidated Trust*

##### **Advance to MCA**

The McGee Creek Project is a water supply reservoir constructed by the Federal government and accepted by the MCA in fiscal year 1991. MCA was required to repay the municipal and industrial portion of the construction costs, plus interest, to the Federal government. The original amount of the obligation to the Federal government was \$129,311,452. During fiscal year 1992, the U.S. Department of Interior, in response to MCA's protest, reduced the liability for reimbursable costs to \$86,045,326, provided that the buy-out would be financed with tax-exempt debt.

In fiscal year 1993, MCA sold Series 1992 Water Revenue Bonds in the amount of \$91,860,000. Proceeds from the Series 1992 Water Revenue Bonds, supplemented by an advance in the amount of \$5,500,000 from OCWUT, funded the prepayment of MCA's obligation to the Federal government along with costs of issuance and necessary bond reserves.

In August 1992, the MCA trust indenture was amended to define the relationship between MCA 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 to MCA by the Participants for aliquot shares are a period cost. Payments to MCA from Participants reduce the aliquot share payments receivable.

Under the OCWUT Agreement, OCWUT is expected to fund the debt service requirements of MCA, operation and maintenance, extraordinary expenses, and capital improvements.

OCWUT has transferred funds in excess of its aliquot share to MCA under the OCWUT Agreement. The amount of funds advanced to MCA was \$67,438,340 and \$66,824,823 as of June 30, 2024 and 2023, respectively.

#### *Receivable from the City*

	<u>Purpose</u>	<u>2024</u>	<u>2023</u>
City General Fund	Deposits held by City	\$154,746	\$288,209
City General Fund	Utility billing	31	9,059
City Utilities Fund	Utility billing	4,290,864	5,544,833
City Medical Services Fund	Utility billing	3,768	957,193
City Stormwater Drainage Fund	Utility billing	<u>16,043</u>	<u>1,226,374</u>
		<b><u>\$4,465,452</u></b>	<b><u>\$8,025,668</u></b>

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024 and 2023**

**OKLAHOMA CITY**  
**WATER UTILITIES TRUST**

***Payable to the City***

<u><b>CURRENT</b></u>	<u><b>Purpose</b></u>	<u><b>2024</b></u>	<u><b>2023</b></u>
City General Fund	Payment in lieu of franchise fees (PILOT), utility cut repairs, mowing and utility lease	\$4,729,777	\$5,498,344
City General Fund	Procurement reimbursements	221,718	61,377
City General Fund	Utility billing	82,100	400,030
City Fleet Service Fund	Utility billing	-	18,853
City Medical Services Fund	Utility billing	580	955
City Utilities Fund	Utility billing	14,099	342,286
City Stormwater Drainage Fund	Utility billing	1,119	1,954
		<u><b>\$5,049,393</b></u>	<u><b>\$6,323,799</b></u>
<u><b>NON-CURRENT</b></u>			
City Utilities Fund	Cost reimbursement	<u><b>\$48,543,693</b></u>	<u><b>\$56,605,069</b></u>

***Cost Reimbursement Receivable (Payable) From City Utilities Fund***

City employees perform all administrative and management services for OCWUT. Reimbursements for the costs of these services are included in OCWUT's expenses. The advance represents the unfunded non-current liabilities of the City Utilities Fund.

	<u><b>2024</b></u>	<u><b>2023</b></u>
Beginning balance	(\$56,605,069)	(\$60,124,464)
Personal Services	(73,897,697)	(62,749,890)
Other services	(22,746,299)	(37,003,232)
Material and supplies	(3,436,544)	(14,119,632)
Interest income	885,340	292,094
Other non operating revenue	(390,896)	12,878
Lease interest	(1,565)	(2,233)
Capital outlay reimbursement	-	(56,590)
Reimbursement to the City	<u>107,649,037</u>	<u>117,146,000</u>
<b>Advance from City Utilities Fund</b>	<u><b>(\$48,543,693)</b></u>	<u><b>(\$56,605,069)</b></u>

**VI. B. INTERFUND PAYMENTS**

***Payments To and From the City***

**PAYMENTS TO THE CITY**

<u><b>NON-OPERATING</b></u>		<u><b>2024</b></u>	<u><b>2023</b></u>
City General Fund	PILOT fees	<u><b>\$8,055,392</b></u>	<u><b>\$7,476,703</b></u>

## PILOT

OCWUT pays a fee to the City calculated on two percent of water and wastewater receipts from customers inside Oklahoma City. A franchise fee is also paid to the City of Warr Acres, the Town of Lake Aluma and the City of the Village based on the same calculation for customers in each respective city.

## VI. C. OTHER INTERFUND TRANSACTIONS

### *Aliquot Share Payments to MCA*

Cash payments from OCWUT to MCA during fiscal year 2024 and 2023 were \$2,975,000 and \$2,485,000, respectively for OCWUT's aliquot share requirements.

### *Utility Lease Agreement*

A water lease agreement dated August 1, 1960, amended July 1, 1986, and a separate wastewater lease agreement dated July 1, 1986, between OCWUT and the City provide that all City-owned water and wastewater system assets (as of the date of the lease, as well as property acquired thereafter) be leased to the OCWUT. The lease also provides that all revenue generated by these assets will accrue to OCWUT. Pursuant to a lease extension dated May 20, 2003, the water and wastewater lease term continues until June 30, 2050, or until all bonded debt has been paid or provision has been made for it to be paid, whichever is later. In connection with the lease extension, OCWUT is required to pay an annual lease payment of one percent of gross revenue receipts from water and wastewater residential and commercial utilities sales. Due to payments being variable, no lease liability or right to use asset is reported.

### *Solid Waste Utility Lease Agreement*

A solid waste management lease agreement dated March 31, 2021, between OCWUT and the City provide that all City-owned solid waste management assets (as of the date of the lease, as well as property acquired thereafter) be leased to the OCWUT. The lease also provides that all revenue generated by these assets will accrue to OCWUT. The solid waste management lease term continues until March 31, 2071, or until all bonded debt has been paid or provision has been made for it to be paid, whichever is later. There is no consideration for this lease.

### *OCWUT Administration*

City employees perform administrative and management services for the Consolidated Trust. OCWUT reimburses the City for the cost of services. MCA does not reimburse OCWUT for OCWUT's share of these costs.

### *OCWUT Parks Charges*

OCWUT pays the City Parks Department a fee based on costs incurred for services performed by the Parks Department.

### *Billing Services*

In order to reduce cost and simplify payment for services by citizens, OCWUT bills the City for services provided by the City Stormwater Drainage Fund and the City Medical Services Fund. Each fund pays OCWUT a fee for the cost of these services.

## VII. DEFINED CONTRIBUTION PENSION

MCA 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 MCA. Participants of the Plan are comprised of all eligible employees of MCA. All full-time employees are eligible. At June 30, 2024 and 2023, all eligible employees were participating in the Plan.



**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024 and 2023**

**OKLAHOMA CITY**  
**WATER UTILITIES TRUST**

MCA 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 Plan annual financial report, which includes financial statements and required supplementary information for the Plan, may be obtained from Nationwide Retirement Solutions, P.O. Box 182787, Columbus, Ohio 43218-2797.

**VIII. COMMITMENTS**

***OCWUT***

	<u>2024</u>	<u>2023</u>
Construction projects - system improvements	\$235,154,895	\$362,029,531
Contracted wastewater treatment services	<u>32,774,708</u>	<u>45,884,591</u>
	<b><u>\$267,929,603</u></b>	<b><u>\$407,914,122</u></b>

Construction projects are funded with commercial paper, utility charges, and OWRB loans.

***Service Contract Commitments***

Significant service contract commitments at June 30, 2024 and 2023, include \$278.62 and \$264.15 million for OCWUT solid waste management service contracts funded by charges to users.

<u>Fiscal Year</u>	<u>Refuse Collection</u>	<u>Landfill</u>	<u>Recycling</u>	<u>Street Sweeping</u>	<u>City Facility Collection</u>	<u>Fleet Maintenance</u>	<u>Total</u>
2025	\$35,248,000	\$7,423,000	\$1,785,000	\$865,000	\$250,000	\$3,700,000	\$49,271,000
2026	37,539,120	7,757,035	1,901,025	903,925	266,250	3,940,500	\$52,307,855
2027	39,979,163	8,106,102	2,024,592	944,602	283,556	4,196,633	\$55,534,648
2028	42,577,808	8,470,876	2,156,190	987,109	301,987	4,469,414	\$58,963,384
2029	<u>45,345,366</u>	<u>8,852,066</u>	<u>2,296,342</u>	<u>1,031,529</u>	<u>321,617</u>	<u>4,692,884</u>	<u>\$62,539,804</u>
	<b><u>\$200,689,457</u></b>	<b><u>\$40,609,079</u></b>	<b><u>\$10,163,149</u></b>	<b><u>\$4,732,165</u></b>	<b><u>\$1,423,410</u></b>	<b><u>\$20,999,431</u></b>	<b><u>\$278,616,691</u></b>

**IX. CONTINGENCIES**

***Litigation***

At June 30, 2024 and 2023, the Consolidated Trust was party to legal proceedings which normally occur in utility operations. These legal proceedings are not likely to have a material adverse impact on the Consolidated Trust's financial position. The Consolidated Trust has not accrued any amounts related to pending litigation.

## X. RELATED PARTY TRANSACTIONS

### *Lake Atoka Reservation Association (LARA) - Jointly Governed Organizations*

LARA was formed under the provisions of an interlocal agreement. The agreement provides that OCWUT will reimburse LARA for the budgeted or actual expenditures. OCWUT reimbursed LARA for actual expenditures in fiscal year 2024 and 2023 in the amount of \$416,202 and \$370,711, respectively.

### *Oklahoma City Airport Trust*

In December 2022 OCWUT provided the Oklahoma City Airport Trust funding for costs associated with an Airport fire extension project. At the end of the project OCWUT will own the asset and be responsible for operating, managing, and maintaining this fire suppression system at the Airport. OCWUT has provided funds of \$2,201,115, of which \$2,029,546 and \$55,420 was spent as of June 30, 2024 and 2023.

## XI. SUBSEQUENT EVENT

### *Revolving Loans*

On July 16, 2024, OCWUT approved an OWRB revolving loan for a maximum of \$75,261,000 for cleanwater system improvements with an expected principal forgiveness amount of \$1,000,000. The loan has not been drawn on at this time. The 2024b drinking water state revolving fund loan will bear interest at a rate of 2.95% per annum, plus an administrative fee at the rate of 0.5% per annum on the outstanding balance of disbursed loan proceeds.

On January 28, 2025, OCWUT approved an OWRB revolving loan for a maximum of \$2,500,000 for cleanwater system improvements with an expected principal forgiveness amount of \$1,250,000. The loan has not been drawn on at this time. The 2025 drinking water state revolving fund loan shall bear no interest.

### *Utility Rates*

On November 5, 2024, City Council approved utility rate adjustments for water, wastewater, and solid waste management service fees and charges to meet operating, debt, and capital expenditures for fiscal year 2025 through 2029. Utility rate adjustments are proposed to be effective January 1 for the first adjustment and November 1 for each fiscal year thereafter, with an average annual rate adjustment of 9%.

### *Commercial Paper*

On April 22, 2025, OCWUT approved a resolution to issue commercial paper notes, Series A (tax-exempt) and commercial paper notes, Series B (taxable) in a combined aggregate principal amount not to exceed \$500 million outstanding at any one time and \$700 million in total aggregate principal amount issued. The commercial paper program provides interim financing for OCWUT's ongoing capital program.

# **Combining Financial Statements**

## ***Combining Statements for OCWUT***

- \* ***Water*** – Established to account for the water utilities operations.
- \* ***Wastewater*** – Established to account for wastewater utilities operations.
- \* ***Solid Waste Management*** – Established to account for solid waste management utilities operations.
- \* ***McGee Creek*** – Established to account for advances made to the McGee Creek Authority for debt service requirements, operation and maintenance, minimum required bond reserves and capital improvements.
- \* ***Tinker*** – Established to account for Tinker Air Force Base's water and wastewater utilities operations.
- \* ***Debt*** – Established to account for debt financing through loans, issuance of revenue bonds and issuance of commercial paper.

**COMBINING STATEMENT OF NET POSITION**  
**June 30, 2024**

**OKLAHOMA CITY**  
**WATER UTILITIES TRUST**

	OCWUT							
	Water	Waste Water	Solid Waste Management	McGee Creek	Tinker	Debt	Eliminations	Total
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Non-pooled cash-----	\$ -	\$ -	\$ -	\$ -	\$28,585,072	\$ -	-	\$28,585,072
Investments-----	270,931,811	199,114,343	48,014,631	-	3,699,292	155,933,975	-	677,694,052
Accounts receivable, net-----	30,689,837	13,482,364	10,400,890	-	-	-	-	54,573,091
Lease receivable-----	75,665	-	-	-	-	-	-	75,665
Interest, dividends, and royalties receivable-----	1,221,180	736,608	158,392	-	72,214	112,701	-	2,301,095
Due from other funds-----	(5,894,046)	(56,433,661)	42,479,549	-	-	19,848,158	-	-
Receivable from City of Oklahoma City-----	2,404,687	1,172,597	885,053	-	-	-	-	4,462,337
Intergovernmental receivables-----	419,476	121,117	62,962	-	-	-	-	603,555
Note receivable-----	-	13,606	-	-	-	-	-	13,606
Inventories-----	-	-	1,135,399	-	-	-	-	1,135,399
Prepays-----	245,433	102,028	-	-	-	-	-	347,461
Total current assets-----	300,094,043	158,309,002	103,136,876	-	32,356,578	175,894,834	-	769,791,333
<b>NON-CURRENT ASSETS</b>								
Investments-----	-	-	-	-	-	651,392	-	651,392
Lease receivable-----	609,549	-	-	-	-	-	-	609,549
Notes receivable-----	-	654,783	-	-	-	-	-	654,783
Advance to McGee Creek Authority-----	-	-	-	67,438,340	-	-	-	67,438,340
Other non-current assets-----	9,537	9,537	-	-	-	-	-	19,074
Capital assets:								
Land, water storage rights								
and construction in progress-----	568,425,439	224,785,045	2,719,508	-	1,022,994	-	-	796,952,986
Other capital assets,								
net of accumulated depreciation-----	836,100,756	309,363,792	9,227,408	-	34,154,979	3,533,594	-	1,192,380,529
Capital assets, net-----	1,404,526,195	534,148,837	11,946,916	-	35,177,973	3,533,594	-	1,989,333,515
Total non-current assets-----	1,405,145,281	534,813,157	11,946,916	67,438,340	35,177,973	4,184,986	-	2,058,706,653
Total assets-----	1,705,239,324	693,122,159	115,083,792	67,438,340	67,534,551	180,079,820	-	2,828,497,986
<b>DEFERRED OUTFLOWS OF RESOURCES-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,126,461</b>	<b>-</b>	<b>1,126,461</b>
<b>LIABILITIES</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payable and accrued expenses-----	59,420,803	42,135,597	11,461,796	-	1,349,525	-	-	114,367,721
Payable to City of Oklahoma City-----	2,499,299	1,668,140	855,221	-	623	-	-	5,023,283
Interest payable-----	29,998	19,038	-	-	-	3,532,554	-	3,581,590
Notes, leases, and subscriptions payable-----	1,696,540	699,671	-	-	-	21,301,621	-	23,697,832
Estimated claims payable-----	2,500,000	-	-	-	-	-	-	2,500,000
Bond interest payable-----	-	-	-	-	-	6,309,014	-	6,309,014
Bonds payable-----	-	-	-	-	-	14,185,000	-	14,185,000
Intergovernmental payable-----	10,653,246	(12,799)	-	-	3,837,756	-	-	14,478,203
Total current liabilities-----	76,799,886	44,509,647	12,317,017	-	5,187,904	45,328,189	-	184,142,643
<b>NON-CURRENT LIABILITIES</b>								
Payable to City of Oklahoma City-----	18,579,885	19,939,846	10,023,962	-	-	-	-	48,543,693
Intergovernmental payable-----	-	-	-	-	50,245,100	-	-	50,245,100
Notes, leases and subscriptions payable-----	10,288,215	2,619,469	-	-	-	437,625,342	-	450,533,026
Advance from component Unit-----	171,569	-	-	-	-	-	-	171,569
Bonds payable, net-----	-	-	-	-	-	531,556,960	-	531,556,960
Total non-current liabilities-----	29,039,669	22,559,315	10,023,962	-	50,245,100	969,182,302	-	1,081,050,348
Total liabilities-----	105,839,555	67,068,962	22,340,979	-	55,433,004	1,014,510,491	-	1,265,192,991
<b>DEFERRED INFLOWS OF RESOURCES-----</b>	<b>785,766</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,911,193</b>	<b>-</b>	<b>11,696,959</b>
<b>NET POSITION</b>								
Net investment in capital assets-----	1,345,501,903	497,286,841	11,474,205	-	(15,363,096)	(861,872,652)	-	977,027,201
Debt service-----	12,910	(19,038)	-	-	-	370,455	-	364,327
Unrestricted-----	253,099,190	128,785,394	81,268,608	67,438,340	27,464,643	17,286,794	-	575,342,969
Total net position-----	\$1,598,614,003	\$626,053,197	\$92,742,813	\$67,438,340	\$12,101,547	(\$844,215,403)	\$ -	\$1,552,734,499

**COMBINING STATEMENT OF NET POSITION**  
**June 30, 2023**

**OKLAHOMA CITY**  
**WATER UTILITIES TRUST**

	OCWUT							
	Water	Waste Water	Solid Waste Management	McGee Creek	Tinker	Debt	Eliminations	Total
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Non-pooled cash-----	\$ -	\$ -	\$ -	\$ -	\$12,640,978	\$11,865,374	-	\$24,506,352
Investments-----	256,147,920	191,627,541	43,528,392	-	-	9,486,439	-	500,790,292
Accounts receivable, net-----	24,373,945	12,826,396	10,721,630	-	-	-	-	47,921,971
Lease receivable-----	97,396	-	-	-	-	-	-	97,396
Interest, dividends, and royalties receivable-----	953,620	606,216	98,358	-	-	106,231	-	1,764,425
Due from other funds-----	(14,000,263)	(26,449,342)	34,146,306	-	-	6,303,299	-	-
Receivable from City of Oklahoma City-----	4,676,266	1,592,297	1,757,105	-	-	-	-	8,025,668
Intergovernmental receivables-----	175,416	142,684	2,184,697	-	-	-	-	2,502,797
Note receivable-----	-	13,074	-	-	-	-	-	13,074
Inventories-----	-	-	987,022	-	-	-	-	987,022
Prepays-----	278,490	134,201	-	-	-	-	-	412,691
Total current assets-----	272,702,790	180,493,067	93,423,510	-	12,640,978	27,761,343	-	587,021,688
<b>NON-CURRENT ASSETS</b>								
Investments-----	-	-	-	-	-	619,017	-	619,017
Lease receivable-----	625,226	-	-	-	-	-	-	625,226
Notes receivable-----	-	667,502	-	-	-	-	-	667,502
Advance to McGee Creek Authority-----	-	-	-	66,824,823	-	-	-	66,824,823
Other non-current assets-----	9,537	9,537	-	-	-	-	-	19,074
Capital assets:								
Land, water storage rights								
and construction in progress-----	436,334,908	107,061,547	-	-	133,745	-	-	543,530,200
Other capital assets,								
net of accumulated depreciation-----	824,567,650	329,859,872	12,116,771	-	35,850,412	3,643,716	-	1,206,038,421
Capital assets, net-----	1,260,902,558	436,921,419	12,116,771	-	35,984,157	3,643,716	-	1,749,568,621
Total non-current assets-----	1,261,537,321	437,598,458	12,116,771	66,824,823	35,984,157	4,262,733	-	1,818,324,263
<b>Total assets-----</b>	<b>1,534,240,111</b>	<b>618,091,525</b>	<b>105,540,281</b>	<b>66,824,823</b>	<b>48,625,135</b>	<b>32,024,076</b>	<b>-</b>	<b>2,405,345,951</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
	-	-	-	-	-	1,195,782	-	1,195,782
<b>LIABILITIES</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payable and accrued expenses-----	45,858,751	20,667,098	8,128,085	-	897,822	-	-	75,551,756
Payable to City of Oklahoma City-----	5,206,570	983,445	125,739	-	-	-	-	6,315,754
Interest payable-----	21,204	21,024	-	-	-	3,736,397	-	3,778,625
Commercial paper-----	-	-	-	-	-	42,500,000	-	42,500,000
Notes and leases payable-----	960,522	632,188	-	-	-	20,739,467	-	22,332,177
Notes, leases, and estimated claims payable-----	1,414,140	-	-	-	-	-	-	1,414,140
Unearned revenue-----	80,907	-	-	-	-	-	-	80,907
Bond interest payable-----	-	-	-	-	-	5,363,672	-	5,363,672
Bonds payable-----	-	-	-	-	-	12,320,000	-	12,320,000
Intergovernmental payable-----	10,136,813	(12,799)	-	-	3,837,756	-	-	13,961,770
Total current liabilities-----	63,678,907	22,290,956	8,253,824	-	4,735,578	84,659,536	-	183,618,801
<b>NON-CURRENT LIABILITIES</b>								
Payable to City of Oklahoma City-----	25,403,926	21,102,860	10,098,283	-	-	-	-	56,605,069
Intergovernmental payable-----	-	-	-	-	35,329,268	-	-	35,329,268
Notes and leases payable-----	3,248,946	3,084,192	-	-	-	426,514,080	-	432,847,218
Advance from OCWUT-----	2,145,695	-	-	-	-	-	-	2,145,695
Bonds payable, net-----	-	-	-	-	-	254,945,000	-	254,945,000
Total non-current liabilities-----	30,798,567	24,187,052	10,098,283	-	35,329,268	681,459,080	-	781,872,250
<b>Total liabilities-----</b>	<b>94,477,474</b>	<b>46,478,008</b>	<b>18,352,107</b>	<b>-</b>	<b>40,064,846</b>	<b>766,118,616</b>	<b>-</b>	<b>965,491,051</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
	816,345	-	-	-	-	11,502,134	-	12,318,479
<b>NET POSITION</b>								
Net investment in capital assets-----	1,241,945,474	428,530,313	11,933,501	-	654,888	(761,873,185)	-	921,190,991
Debt service-----	17,694	(21,024)	-	-	-	12,308,301	-	12,304,971
Unrestricted-----	196,983,124	143,104,228	75,254,673	66,824,823	7,905,401	5,163,992	-	495,236,241
<b>Total net position-----</b>	<b>\$1,438,946,292</b>	<b>\$571,613,517</b>	<b>\$87,188,174</b>	<b>\$66,824,823</b>	<b>\$8,560,289</b>	<b>(\$744,400,892)</b>	<b>\$ -</b>	<b>\$1,428,732,203</b>

**STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
For the Year Ended June 30, 2024**

**OKLAHOMA CITY  
WATER UTILITIES TRUST**

	OCWUT							
	Water	Waste Water	Solid Waste Management	McGee Creek	Tinker	Debt	Eliminations	Total
<b><u>OPERATING REVENUES</u></b>								
Water charges-----	\$234,952,284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$234,952,284
Wastewater charges-----	-	129,498,716	-	-	-	-	-	129,498,716
Solid waste management charges-----	-	-	72,468,859	-	-	-	-	72,468,859
Other charges-----	2,637,695	2,558,374	-	-	-	-	(3,812,516)	1,383,553
Total charges for services-----	237,589,979	132,057,090	72,468,859	-	-	-	(3,812,516)	438,303,412
Lease and rental income-----	464,259	-	-	-	-	-	-	464,259
Other-----	1,142,990	116,422	6,547	-	8,401,020	-	-	9,666,979
<b>Total operating revenues-----</b>	<b>239,197,228</b>	<b>132,173,512</b>	<b>72,475,406</b>	<b>-</b>	<b>8,401,020</b>	<b>-</b>	<b>(3,812,516)</b>	<b>448,434,650</b>
<b><u>OPERATING EXPENSES</u></b>								
Personal services-----	39,592,251	24,952,149	9,353,296	-	-	-	-	73,897,696
Maintenance, operations, and contractual services-----	49,179,779	66,588,752	28,779,029	2,361,483	6,408,025	99	(4,742,803)	148,574,364
Materials and supplies-----	16,191,203	2,667,513	3,741,928	-	158,923	-	-	22,759,567
Depreciation and amortization-----	39,401,056	28,506,909	3,269,941	-	1,821,132	110,122	-	73,109,160
<b>Total operating expenses-----</b>	<b>144,364,289</b>	<b>122,715,323</b>	<b>45,144,194</b>	<b>2,361,483</b>	<b>8,388,080</b>	<b>110,221</b>	<b>(4,742,803)</b>	<b>318,340,787</b>
<b>Operating income (loss)-----</b>	<b>94,832,939</b>	<b>9,458,189</b>	<b>27,331,212</b>	<b>(2,361,483)</b>	<b>12,940</b>	<b>(110,221)</b>	<b>930,287</b>	<b>130,093,863</b>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>								
Grant operating-----	273,187	-	-	-	-	-	-	273,187
Investment income-----	11,538,377	6,641,152	3,668,412	-	733,624	890,698	-	23,472,263
Interest on bonds, leases and notes-----	(279,885)	(93,277)	-	-	-	(24,496,518)	-	(24,869,680)
Bond issue costs-----	-	-	-	-	-	(937,056)	-	(937,056)
Oil and gas royalties-----	95,634	-	-	-	-	-	-	95,634
Payments from component units-----	1,974,126	-	-	-	-	-	-	1,974,126
Payments to City of Oklahoma City-----	(4,048,834)	(2,493,834)	(1,512,724)	-	-	-	-	(8,055,392)
Payments from City of Oklahoma City-----	3,144,722	21,004,273	(24,148,995)	-	-	-	-	-
Other revenue (expenses)-----	(2,944,251)	362,701	216,734	-	(26)	672,607	(930,287)	(2,622,522)
<b>Net non-operating expenses--</b>	<b>9,753,076</b>	<b>25,421,015</b>	<b>(21,776,573)</b>	<b>-</b>	<b>733,598</b>	<b>(23,870,269)</b>	<b>(930,287)</b>	<b>(10,669,440)</b>
<b>Income (loss) before contributions and transfers-----</b>	<b>104,586,015</b>	<b>34,879,204</b>	<b>5,554,639</b>	<b>(2,361,483)</b>	<b>746,538</b>	<b>(23,980,490)</b>	<b>-</b>	<b>119,424,423</b>
<b><u>CONTRIBUTIONS AND TRANSFERS</u></b>								
Capital contributions-----	-	-	-	-	3,837,756	-	-	3,837,756
Other capital contributions-----	-	8,488	-	-	731,627	-	-	740,115
Transfers from other funds-----	55,081,696	19,551,988	-	2,975,000	-	-	-	77,608,684
Transfers to other funds-----	-	-	-	-	(1,774,663)	(75,834,021)	-	(77,608,684)
<b>Total contributions and transfers-----</b>	<b>55,081,696</b>	<b>19,560,476</b>	<b>-</b>	<b>2,975,000</b>	<b>2,794,720</b>	<b>(75,834,021)</b>	<b>-</b>	<b>4,577,871</b>
<b>Changes in net position-----</b>	<b>159,667,711</b>	<b>54,439,680</b>	<b>5,554,639</b>	<b>613,517</b>	<b>3,541,258</b>	<b>(99,814,511)</b>	<b>-</b>	<b>124,002,294</b>
Total net position, beginning-----	1,438,946,292	571,613,517	87,188,174	66,824,823	8,560,289	(744,400,892)	-	1,428,732,203
<b>Total net position, ending-----</b>	<b>\$1,598,614,003</b>	<b>\$626,053,197</b>	<b>\$92,742,813</b>	<b>\$67,438,340</b>	<b>\$12,101,547</b>	<b>(\$844,215,403)</b>	<b>\$ -</b>	<b>\$1,552,734,497</b>

**STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
For the Year Ended June 30, 2023**

**OKLAHOMA CITY  
WATER UTILITIES TRUST**

	OCWUT							
	Water	Waste Water	Solid Waste Management	McGee Creek	Tinker	Debt	Eliminations	Total
<b><u>OPERATING REVENUES</u></b>								
Water charges-----	\$220,023,239	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$220,023,239
Wastewater charges-----	-	127,046,508	-	-	-	-	-	127,046,508
Solid waste management charges-----	-	-	68,325,009	-	-	-	-	68,325,009
Other charges-----	2,621,547	2,245,710	15,915	-	-	-	(3,502,000)	1,381,172
Total charges for services-----	222,644,786	129,292,218	68,340,924	-	-	-	(3,502,000)	416,775,928
Lease and rental income-----	352,473	-	-	-	-	-	-	352,473
Other-----	1,982,248	2,025,939	5,201	-	12,384,894	-	-	16,398,282
<b>Total operating revenues-----</b>	<b>224,979,507</b>	<b>131,318,157</b>	<b>68,346,125</b>	<b>-</b>	<b>12,384,894</b>	<b>-</b>	<b>(3,502,000)</b>	<b>433,526,683</b>
<b><u>OPERATING EXPENSES</u></b>								
Personal services-----	32,986,084	21,226,949	8,536,857	-	-	-	-	62,749,890
Maintenance, operations, and contractual services-----	52,154,538	36,104,842	45,388,735	(326,583)	6,603,253	-	(4,505,431)	135,419,354
Materials and supplies-----	15,989,034	3,517,235	4,028,293	-	858,572	-	-	24,393,134
Depreciation and amortization-----	40,936,373	28,014,429	3,537,319	-	1,868,568	110,122	-	74,466,811
<b>Total operating expenses-----</b>	<b>142,066,029</b>	<b>88,863,455</b>	<b>61,491,204</b>	<b>(326,583)</b>	<b>9,330,393</b>	<b>110,122</b>	<b>(4,505,431)</b>	<b>297,029,189</b>
<b>Operating income (loss)-----</b>	<b>82,913,478</b>	<b>42,454,702</b>	<b>6,854,921</b>	<b>326,583</b>	<b>3,054,501</b>	<b>(110,122)</b>	<b>1,003,431</b>	<b>136,497,494</b>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>								
Grant operating-----	-	-	302,000	-	-	-	-	302,000
Investment income-----	2,997,618	2,343,477	960,989	-	-	605,585	-	6,907,669
Interest on bonds and notes-----	35,367	(87,368)	-	-	-	(22,470,907)	-	(22,522,908)
Bond issue costs-----	-	-	-	-	-	(942,501)	-	(942,501)
Oil and gas royalties-----	102,207	-	-	-	-	-	-	102,207
Payments from component units-----	55,420	-	-	-	-	-	-	55,420
Payments to City of Oklahoma City-----	(3,891,175)	(2,394,057)	(1,191,471)	-	-	-	-	(7,476,703)
Other revenue (expenses)-----	5,139,792	2,954	775,603	-	-	1,080,863	(1,003,431)	5,995,781
<b>Net non-operating expenses--</b>	<b>4,439,229</b>	<b>(134,994)</b>	<b>847,121</b>	<b>-</b>	<b>-</b>	<b>(21,726,960)</b>	<b>(1,003,431)</b>	<b>(17,579,035)</b>
<b>Income (loss) before contributions and transfers-----</b>	<b>87,352,707</b>	<b>42,319,708</b>	<b>7,702,042</b>	<b>326,583</b>	<b>3,054,501</b>	<b>(21,837,082)</b>	<b>-</b>	<b>118,918,459</b>
<b><u>CONTRIBUTIONS AND TRANSFERS</u></b>								
Grant capital-----	-	1,000,000	-	-	3,837,756	-	-	4,837,756
Other capital contributions-----	12,497	-	-	-	704,625	-	-	717,122
Transfers from other funds-----	12,184,682	-	-	2,485,000	-	1,228,506	-	15,898,188
Transfers to other funds-----	-	(14,001,406)	-	-	(1,896,782)	-	-	(15,898,188)
<b>Total contributions and transfers-----</b>	<b>12,197,179</b>	<b>(13,001,406)</b>	<b>-</b>	<b>2,485,000</b>	<b>2,645,599</b>	<b>1,228,506</b>	<b>-</b>	<b>5,554,878</b>
<b>Changes in net position-----</b>	<b>99,549,886</b>	<b>29,318,302</b>	<b>7,702,042</b>	<b>2,811,583</b>	<b>5,700,100</b>	<b>(20,608,576)</b>	<b>-</b>	<b>124,473,337</b>
Total net position, beginning-----	1,339,396,406	542,295,215	79,486,132	64,013,240	2,860,189	(723,792,316)	-	1,304,258,866
<b>Total net position, ending-----</b>	<b>\$1,438,946,292</b>	<b>\$571,613,517</b>	<b>\$87,188,174</b>	<b>\$66,824,823</b>	<b>\$8,560,289</b>	<b>(\$744,400,892)</b>	<b>\$ -</b>	<b>\$1,428,732,203</b>



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*

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To the Board of Trustees  
**Oklahoma City Water Utilities Trust**  
Oklahoma City, 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 business-type activities and each major fund of the Oklahoma City Water Utilities Trust (Trust), a discrete component unit of the City of Oklahoma City, Oklahoma, as of and for the years ended June 30, 2024 and 2023, and the related notes to financial statements, which collectively comprise the Trust'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 Trust'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal controls, described in the accompanying *Schedule of Finding and Response* as item 2024-001 that we consider to be a material weakness.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust'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*.

### **Trust's Response to the Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Trust's response to the finding identified in our audit and described in the accompanying *Schedule of Finding and Response*. The Trust's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 Trust'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 Trust'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

**OKLAHOMA WATER UTILITIES TRUST**  
**SCHEDULE OF FINDING AND RESPONSE**  
**YEAR ENDED JUNE 30, 2024**

**Finding 2024-001: Financial Reporting (Material Weakness)**

**Condition:** We noted the Trust implemented a new enterprise resource planning (ERP) system, Oracle Cloud Financials (Oracle), during the fiscal year. Following the implementation, the Trust experienced disruptions to its financial reporting processes, including delays in completing month-end and year-end closings and challenges in generating accurate reports. These issues contributed to material audit adjustments as summarized previously that were required in order to present the financial statements in accordance with generally accepted accounting principles (GAAP).

**Criteria or Specific Requirement:** Effective internal control over financial reporting requires that financial data be recorded accurately, completely, and in a timely manner to ensure that the financial statements are reliable and that deadlines - particularly those related to external audit and compliance - are met.

**Cause:** The deficiencies were primarily caused by implementation challenges related to report development which resulted in delays obtaining accurate information in a timely manner to complete month-end and year-end reconciliations and financial statement preparation.

**Effect:** These issues resulted in delays in the Trust's financial reporting process. Month-end and year-end closes were prolonged, and key reconciliations could not be carried out timely. Material audit adjustments were required to correct misstatements as summarized previously. These delays not only impeded the timely completion of the audit but also exposed the Trust to risks of noncompliance with financial reporting requirements.

**Recommendations:** The Trust has been working on developing new Oracle reporting tools and re-configuring current Oracle reporting tools that will provide them accurate information needed to timely complete month-end and year-end closes. We recommend the Trust continue working on finalizing reporting tools that reconcile to the general ledger, which will improve accuracy and timeliness of financial reporting.

**Views of Responsible Officials (Unaudited):** Management concurs with the finding. The Trust is prioritizing risk mitigation in financial reporting through strengthened internal controls, process improvements, and enhanced Oracle reporting tools. External consultants are assisting with system stabilization and accounting support, but the Trust's primary focus remains on restoring timely, accurate reporting consistent with prior standards.