



# Oklahoma City Water Utilities Trust

A discrete component unit of The City of Oklahoma City, Oklahoma  
Annual Financial Report | for the Fiscal Year ended June 30, 2022





# **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 Year Ended June 30, 2022**

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



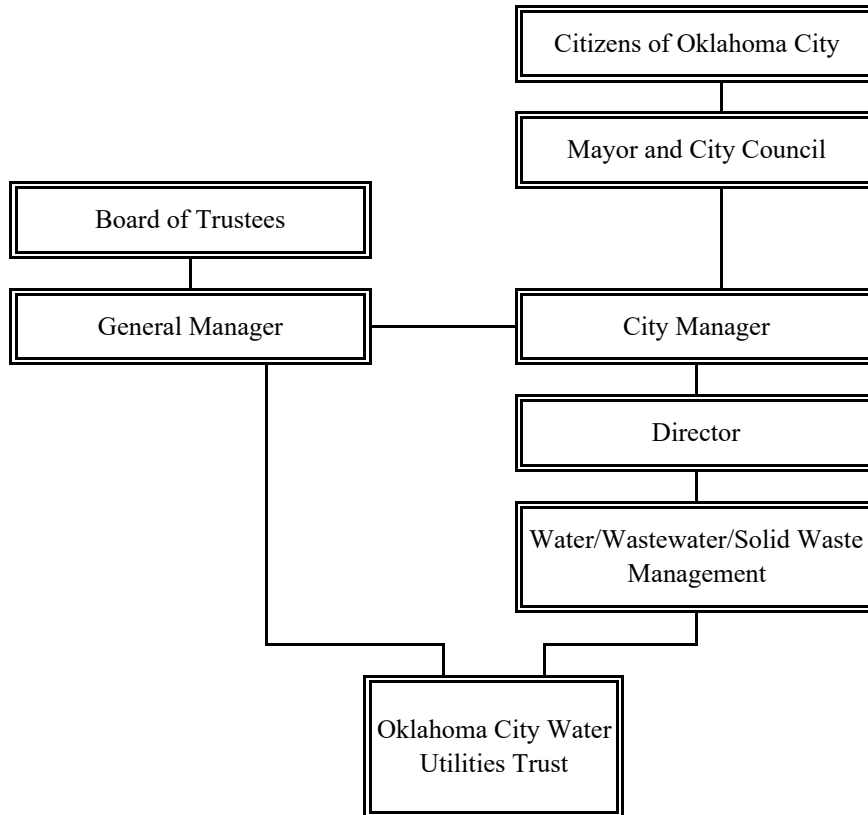
**OKLAHOMA CITY WATER UTILITIES TRUST**

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# Oklahoma City Water Utilities Trust Organization Chart



# **Introductory Section**







November 23, 2022

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, 2022 and 2021. 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, 2022 and 2021, 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 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 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 of MCA due to an agreement of support (OCWUT Agreement) between OCWUT and MCA dated December 1, 1992. 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, provides an annual economic outlook to City leaders in February. This year's forecast highlighted substantial recent economic growth that reflects national trends and artificial support from federal policy and is therefore not sustainable. The forecast was that Oklahoma City would continue to see strong growth in fiscal year 2022 with weaker growth and possible declines in 2023. He presented two baseline scenarios which incorporate consumer pricing and inflation expectations into the forecast as well as a scenario for a mild recession. All three scenarios predicted significant economic expansion in fiscal year 2022 eventually levelling off and declining in 2023. Per-capita personal income in Oklahoma City is expected to increase to \$58,989 in 2022, aided by recent fiscal stimulus. The forecast for nonfarm employment in Oklahoma City was for 4.1% growth in the number of people employed. Dr. Evans' forecast predicted sales tax growth of 16.5% for fiscal year 2022, boosted by fiscal policy to augment household income during the COVID-19 pandemic.

In September 2022, Dr. Evans provided a mid-year update which took into consideration the current inflationary cycle and tightening monetary policy. The likelihood of the U.S. entering a recession in late 2022 or early 2023 has increased, although Oklahoma will enter such a period with a strong labor market and after sustained economic growth. Oklahoma City is expected to maintain positive fiscal performance further into fiscal year 2023, before growth begins to decline leading into fiscal year 2024. Dr. Evans presented two plausible paths for sales tax collections in fiscal year 2023 which predict different impacts from federal monetary policy. The "soft landing" scenario in which a strong recession is averted has sales tax growth of 6.3% in fiscal year 2023, while a "hard landing" approach in which an outright recession materializes has growth of 1.9%.

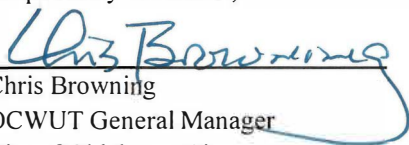
Going forward, there are several factors that position Oklahoma City to successfully weather a period of economic slowdown. The cost of living and the cost of doing business remain highly competitive among large cities in the U.S. In addition, low commuting times, convenient airline travel, and excellent entertainment and sports opportunities make Oklahoma City a great place for businesses and residents. Oklahoma City received \$123 million from the American Rescue Plan Act (ARPA) and has allocated 6% to the public health response to the COVID-19 pandemic, 30% to tourism and combating the negative economic impacts of the pandemic, and 64% to capital investments in infrastructure and public amenities.

The Oklahoma City Water Utilities Trust (OCWUT) continues to be the state's largest provider of drinking water, treating and delivering an average of 100 million gallons of water every day to more than 1.4 million residents through retail and wholesale service connections. The trends indicate that OCWUT adds 4,000 new customer accounts every year. During the fiscal year 2022, OCWUT completed or started multiple improvement projects, including two construction projects for the second Atoka pipeline, allowing OCWUT to bring water from Atoka and McGee Creek reservoirs in Southeast Oklahoma via a 100-mile, 72-inch pipeline to Oklahoma City. A cost-of-service study on utility systems was conducted, resulting in a new, five-year rate plan that balances affordability with sustainability. In the future, several factors position OCWUT to meet public health needs, economic prosperity, and the environment. The reaffirmation of long-standing superior AAA and Aaa bond ratings places the Trust among the top 3% of utilities nationwide. The recent resident satisfaction with the utility services ranks OCWUT higher than other larger cities across the country.

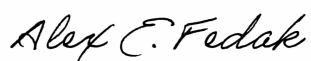
OCWUT and MCA participate in the City's comprehensive accounting and budgetary system. Semi-annual financial statements provide OCWUT and MCA management and other interested readers with regular financial analysis. Additionally, OCWUT and MCA management maintain budgetary controls to ensure compliance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

  
Bret Weingart  
City of Oklahoma City  
Utilities Department Assistant Director

  
Alex E. Fedak, CPA  
City of Oklahoma City  
Controller

# **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, 2022 and 2021, 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, 2022 and 2021, 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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, 2022 and 2021, 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.

As discussed in Note IV.A. to the financial statements, the Trust adopted GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

As discussed in Note I.D.I. to the financial statements, the Trust adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. 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 auditing standards generally accepted in the United States of America, 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 auditing standards generally accepted in the United States of America. 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 November 23, 2022 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

November 23, 2022  
Wichita, KS

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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, 2022 and 2021. 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*

- In 2022, the Consolidated Trust implemented GASB Statement No. 87. This standard was applied retrospectively, which required a restatement of the 2021 financials.
- Consolidated Trust assets and deferred outflows of resources exceeded liabilities by \$1,379,658,387 (net position) for 2022. This compares to the previous year when assets exceeded liabilities by \$1,258,178,784.
- Total assets for the Consolidated Trust increased \$152,743,155 to \$2,315,907,447 during the fiscal year. This compares to the previous year when assets increased \$181,942,752 to \$2,163,164,292.
- Total liabilities for the Consolidated Trust increased \$30,923,141 to \$945,942,673 during the fiscal year. This compares to the previous year when liabilities increased \$39,996,396 to \$915,019,532.
- Total net position is comprised of the following:
  - (1) Net investment in capital assets, of \$880,317,375 and \$847,467,431 for the years ended June 30, 2022 and 2021, 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 \$26,957,851 and \$32,150,360 for the years ended June 30, 2022 and 2021, respectively, is restricted for capital projects and by debt service constraints imposed by debt covenants.
  - (3) Unrestricted net position of \$472,383,161 and \$378,560,993 is reported for the years ended June 30, 2022 and 2021, respectively.
- 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 (merger). The merger became effective July 1, 2020. The merger is reported as a special item in 2021.

### *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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2022 and 2021**

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

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.

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, 2022, is \$1,379,658,387. This is an increase of \$121,479,603 over fiscal year 2021 net position of \$1,258,178,784. The overall financial position of the Consolidated Trust improved during the 2022 fiscal year.

**Summary of Net Position**

	2022	2021	2022 - 2021 Amount of Change	2022 - 2021 %	2020	2021 - 2020 Amount of Change	2021 - 2020 %
<b>Assets</b>							
Current assets	\$528,889,747	\$440,708,619	\$88,181,128	20.0%	\$338,692,750	\$102,015,869	30.1%
Capital assets, net	1,693,876,139	1,618,894,849	74,981,290	4.6	1,535,602,888	83,291,961	5.4
Other non-current assets	<u>93,141,561</u>	<u>103,560,824</u>	<u>(10,419,263)</u>	(10.1)	<u>106,925,902</u>	<u>(3,365,078)</u>	(3.1)
<b>Total assets</b>	<b><u>2,315,907,447</u></b>	<b><u>2,163,164,292</u></b>	<b><u>152,743,155</u></b>	7.1	<b><u>1,981,221,540</u></b>	<b><u>181,942,752</u></b>	9.2
<b>Deferred Outflows</b>							
<b>of Resources</b>	<b><u>10,748,785</u></b>	<b><u>11,280,068</u></b>	<b><u>(531,283)</u></b>	(4.7)	<b><u>10,407,607</u></b>	<b><u>872,461</u></b>	8.4
<b>Liabilities</b>							
Current liabilities	130,918,598	98,472,295	32,446,303	32.9	130,619,811	(32,147,516)	(24.6)
Non-current liabilities	<u>815,024,075</u>	<u>816,547,237</u>	<u>(1,523,162)</u>	(0.2)	<u>744,403,325</u>	<u>72,143,912</u>	9.7
<b>Total liabilities</b>	<b><u>945,942,673</u></b>	<b><u>915,019,532</u></b>	<b><u>30,923,141</u></b>	3.4	<b><u>875,023,136</u></b>	<b><u>39,996,396</u></b>	4.6
<b>Deferred Inflows</b>							
<b>of Resources</b>	<b><u>1,055,172</u></b>	<b><u>1,246,044</u></b>	<b><u>(190,872)</u></b>	(15.3)	-	<b><u>1,246,044</u></b>	100.0
<b>Net position</b>							
Net investment							
in capital assets	880,317,375	847,467,431	32,849,944	3.9	789,775,177	57,692,254	7.3
Restricted	26,957,851	32,150,360	(5,192,509)	(16.2)	39,632,070	(7,481,710)	(18.9)
Unrestricted	<u>472,383,161</u>	<u>378,560,993</u>	<u>93,822,168</u>	24.8	<u>287,198,764</u>	<u>91,362,229</u>	31.8
<b>Total net position</b>	<b><u>\$1,379,658,387</u></b>	<b><u>\$1,258,178,784</u></b>	<b><u>\$121,479,603</u></b>	9.7	<b><u>\$1,116,606,011</u></b>	<b><u>\$141,572,773</u></b>	12.7

Current assets increased by \$88.18 million in 2022 primarily due to an increase in cash and investments of \$68.22 million, receivable from the City of \$13.92 million, accounts receivable of \$4.08 million and intergovernmental receivable of \$2.38 million. Current assets increased by \$102.02 million in 2021, of which \$78.98 million was due to the merger. Investments increased \$48.75 million, offset by a decrease in cash of \$21.26 million, a decrease in accounts receivable of \$1.13 million and a decrease in intergovernmental receivables of \$3.84 million.

The \$74.98 million increase in capital assets for fiscal year 2022 is primarily the result of continued construction and purchase of capital assets of \$140.90 million, offset by normal depreciation of \$65.58 million. Capital assets increased by \$83.29 million in 2021 of which \$21.79 million was due to the merger. The net \$61.50 million increase in capital assets for fiscal year 2021 is primarily a result of continued construction and purchases of capital assets of \$130.87 million, offset by normal depreciation of \$69.35 million.

Other non-current assets decreased \$10.42 million during 2022 primarily due to a decrease in investments of \$7.56 million and other non-current of \$5.55 million, offset by an increase in aliquot share receivable of \$2.10 million related to increased cash requirements. Other non-current assets decreased \$3.37 million during 2021, of which \$1.32 million was an increase due to the merger. The net \$4.69 million decrease was primarily due to a decrease in investments of \$9.90 million, offset by an increase in non-current receivables of \$2.69 million, an increase aliquot share receivable of \$1.83 million related to increased cash requirements and an increase in non-current lease receivable of \$762 thousand.

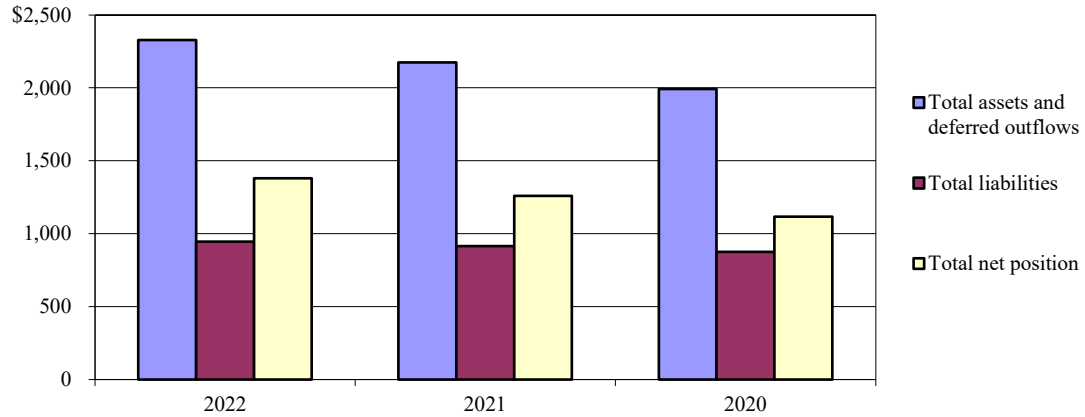
Deferred outflows of resources decreased by \$531 thousand at June 30, 2022 due to normal amortization of deferred amounts on refunding. Deferred outflows of resources increased by \$872 thousand at June 30, 2021, of which \$15 thousand was due to the merger. The increase of \$857 thousand was due to the deferred amount on the issuance of the Oklahoma Water Resources Boards (OWRB) Financial Assistance Program (FAP) Series 2020D loan of \$1.38 million offset by \$508 thousand due to normal amortization of deferred amounts on refunding.

Current liabilities increased at June 30, 2022 by \$32.45 million primarily due to an increase in payable to the City of \$14.67 million, an increase in commercial paper of \$8.50 million, an increase in intergovernmental payable of \$3.88 million, an increase in accounts payable of \$3.04 million due to timing of vendor payments and an increase in notes and leases payable of \$1.98 million. Current liabilities decreased at June 30, 2021 by \$32.14 million, of a which \$7.78 million increase was due to the merger. Commercial paper decreased \$31.00 million due to a decrease of \$38 million offset by sales of \$7 million, bonds payable decreased \$6.91 due to the defeasance of the 2009A, 2009B, and 2011 bonds and accounts payable decreased \$4.99 million due to timing of vendor payments, offset by an increase of \$4.64 million in notes payable, a \$1.12 million increase in interest payable and a \$441 thousand increase in leases payable.

At June 30, 2022, non-current liabilities decreased by \$1.52 million primarily due to decrease in payables to the City of \$27.42 million, a decrease in bonds payable of \$17.28 million, a decrease in lease payables of \$327 thousand, offset by an increase of \$33.80 million related to the municipalization of Tinker Air Force Bases water and wastewater systems, loan draws of the 2020 drinking water note and 2020B drinking water note of \$27.40 million less payments of \$15.32 million. At June 30, 2021, non-current liabilities increased by \$72.14 million, of which \$22.04 million was due to the merger. Notes payable increased \$145.57 million which was due to the issuance of the of the 2020C and 2020D OWRB FAP loans and loan draws of the 2018 drinking water, 2018C clean water and 2019 clean water notes and an increase in non-current leases payable of \$957 thousand, offset by a decrease of \$100.41 million related to the defeasance of the 2009A, 2009B, and 2011 bonds and regularly scheduled bond payments.

Deferred inflows of resources at June 30, 2022 decreased by \$191 thousand due to normal amortization of deferred amounts on refunding and amortization of leases. Deferred inflows of resources at June 30, 2021 increased by \$1.25 million due to the deferred amount on leases of \$946 thousand and the deferred amount on the issuance of the OWRB FAP Series 2020C loan of \$397 thousand, offset by \$97 thousand due to normal amortization of deferred amounts on refunding.

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



Summary of Changes in Net Position

	2022	2021	2022 - 2021 Amount of Change	2022 - 2021 %	2020	2021 - 2020 Amount of Change	2021 - 2020 %
<b>Operating revenues</b>							
Charges for services:							
Water	\$199,741,995	\$182,760,372	\$16,981,623	9.3%	\$173,851,562	\$8,908,810	5.1%
Wastewater	117,712,790	108,131,580	9,581,210	8.9	104,680,128	3,451,452	3.3
Solid Waste Management	64,772,764	61,547,730	3,225,034	5.2	-	61,547,730	100.0
Aliquot share charges	5,647,027	7,143,424	(1,496,397)	(20.9)	7,506,581	(363,157)	(4.8)
Other charges for services and other revenues	2,971,238	2,608,922	362,316	13.9	4,895,048	(2,286,126)	(46.7)
<b>Total operating revenues</b>	<b>390,845,814</b>	<b>362,192,028</b>	<b>28,653,786</b>	<b>7.9</b>	<b>290,933,319</b>	<b>71,258,709</b>	<b>24.5</b>
<b>Operating expenses</b>	<b>247,186,738</b>	<b>275,764,114</b>	<b>(28,577,376)</b>	<b>(10.4)</b>	<b>195,341,575</b>	<b>80,422,539</b>	<b>41.2</b>
<b>Operating income</b>	<b>143,659,076</b>	<b>86,427,914</b>	<b>57,231,162</b>	<b>66.2</b>	<b>95,591,744</b>	<b>(9,163,830)</b>	<b>(9.6)</b>
<b>Net non-operating expenses</b>	<b>(24,737,977)</b>	<b>(17,152,576)</b>	<b>(7,585,401)</b>	<b>(44.2)</b>	<b>(9,680,711)</b>	<b>(7,471,865)</b>	<b>(77.2)</b>
<b>Capital contributions</b>	<b>2,558,504</b>	<b>-</b>	<b>2,558,504</b>	<b>100.0</b>	<b>-</b>	<b>-</b>	<b>0.0</b>
<b>Special items</b>	<b>-</b>	<b>72,297,435</b>	<b>(72,297,435)</b>	<b>(100.0)</b>	<b>-</b>	<b>72,297,435</b>	<b>100.0</b>
<b>Changes in net position</b>	<b>121,479,603</b>	<b>141,572,773</b>	<b>(20,093,170)</b>	<b>(14.2)</b>	<b>85,911,033</b>	<b>55,661,740</b>	<b>64.8</b>
Beginning net position	1,258,178,784	1,116,606,011	141,572,773	12.7	1,030,694,978	85,911,033	8.3
<b>Ending net position</b>	<b>\$1,379,658,387</b>	<b>\$1,258,178,784</b>	<b>\$121,479,603</b>	<b>9.7</b>	<b>\$1,116,606,011</b>	<b>\$141,572,773</b>	<b>12.7</b>



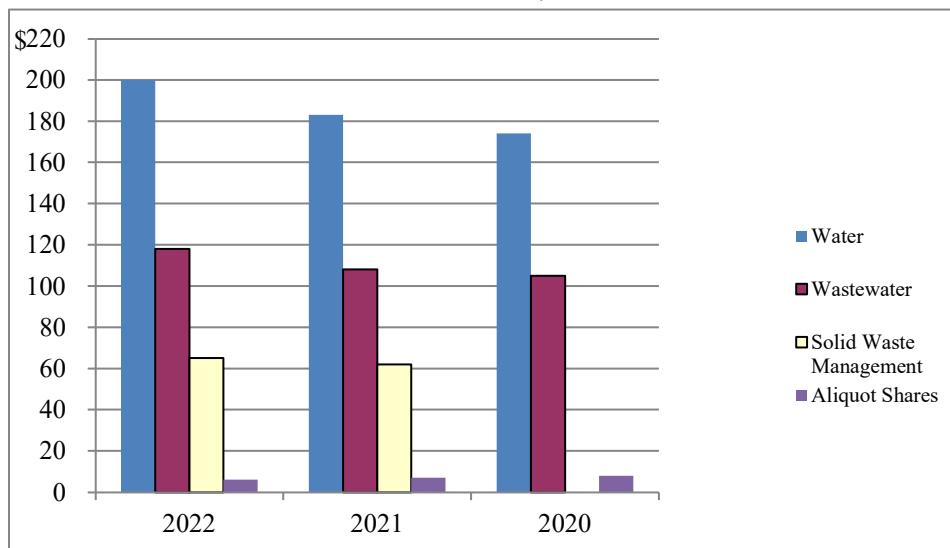
Operating revenues were \$390.85 million at June 30, 2022, compared to \$362.19 million at June 30, 2021, for an increase of 7.9% or \$26.56 million in water and wastewater charges resulting from increased system usage and customer growth. Operating revenues were \$362.19 million at June 30, 2021, compared to \$290.93 million at June 30, 2020, for an increase of 24.5% or \$71.26 million, of which \$61.56 million was due to the merger. Water and wastewater service charges increased \$12.36 million resulting from a rate increase and increased water consumption.

For the fiscal year ended June 30, 2022 operating expenses decreased \$28.58 million or 10.4% primarily due to a decrease of \$13.93 million related to storm debris removal in the prior year, \$6.91 million to reimburse the City for operating expenses and depreciation expense of \$3.78 million. For the fiscal year ended June 30, 2021, operating expenses increased \$80.42 million or 41.2%, of which \$71.96 million was due to the merger. Depreciation expense increased \$7.65 million, and reimbursement to the City for operating expenses increased \$4.88 million.

During 2022 net non-operating expenses increased \$7.59 million or 44.2%. This is primarily due to an decrease of \$10.89 million related to market rate fluctuations, \$9.67 million related to interest on bonds and \$1.22 million related to reimbursements from the City for non-operating expenses, offset by an increase of \$14.10 million for Federal Emergency Management Agency reimbursements related to ice storm damages in October 2020. During 2021 net non-operating expenses increased \$7.47 million or 77.2%, of which \$520 thousand was due to the merger. The was primarily due to a decrease in investment income of \$8.87 million related to market rate fluctuations and decreased investments, offset by a decrease in bond interest of \$1.61 million and \$1.05 million for payments from the City for capital improvement projects.

Capital contributions increased \$2.56 million in fiscal year 2022 due to 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. At June 30, 2021, OCWUT did not have any capital contributions.

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



*Capital Assets*

The Consolidated Trust's investment in capital assets, net of accumulated depreciation, as of June 30, 2022 and 2021, was \$1,693,876,139 and \$1,618,894,849, 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 two studies enhance the water master plan and provide guidance for capital improvements for the next 40 years.

	Capital Assets						
	Net of Accumulated Depreciation						
	2022	2021	2022 - 2021 Amount of Change	2022 - 2021 %	2020	2021 - 2020 Amount of Change	2021 - 2020 %
<b>Non-Depreciable Assets</b>							
Land and water storage rights	\$122,908,176	\$122,596,148	\$312,028	0.3%	\$122,567,449	\$28,699	0.0%
Construction in progress	<u>462,973,672</u>	<u>374,126,115</u>	<u>88,847,557</u>	23.7	<u>312,925,977</u>	<u>61,200,138</u>	19.6
<b>Total non-depreciable assets</b>	<b><u>585,881,848</u></b>	<b><u>496,722,263</u></b>	<b><u>89,159,585</u></b>	17.9	<b><u>435,493,426</u></b>	<b><u>61,228,837</u></b>	14.1
<b>Depreciable Assets</b>							
Buildings	48,430,758	50,308,231	(1,877,473)	(3.7)	48,701,191	1,607,040	3.3
Right to use buildings	249,218	247,409	1,809	0.7	-	247,409	100.0
Improvements other than buildings	987,340,989	992,134,565	(4,793,576)	(0.5)	982,075,429	10,059,136	1.0
Furniture, machinery, and equipment	71,168,521	78,345,293	(7,176,772)	(9.2)	69,332,842	9,012,451	13.0
Right to use furniture, machinery, and equipment	<u>804,805</u>	<u>1,137,088</u>	<u>(332,283)</u>	(29.2)	<u>-</u>	<u>1,137,088</u>	100.0
<b>Total depreciable assets</b>	<b><u>1,107,994,291</u></b>	<b><u>1,122,172,586</u></b>	<b><u>(14,178,295)</u></b>	(1.3)	<b><u>1,100,109,462</u></b>	<b><u>22,063,124</u></b>	2.0
	<b><u>\$1,693,876,139</u></b>	<b><u>\$1,618,894,849</u></b>	<b><u>\$74,981,290</u></b>	4.6	<b><u>\$1,535,602,888</u></b>	<b><u>\$83,291,961</u></b>	5.4

Capital assets, net of accumulated depreciation, increased by \$74.98 million or 4.6% during 2022 due to OCWUT's construction and improvement projects for the water utilities system. Depreciation expense decreased by \$3.78 million or 5.44% in 2022 due to retirement of capital assets during 2022. There were no major construction projects completed during 2022. Major construction projects in progress at June 30, 2022 included the 10 million gallon clear well project and solids removal improvements project at Draper Water Treatment Plant, automated meter reading project, improvements at the Hefner Water Treatment Plant, two segments of the second Atoka raw water pipeline, and replacement of balancing tanks along the existing Atoka pipeline at Ada, Konawa, and Stonewall sites. Capital assets, net of accumulated depreciation, increased by \$83.29 million or 5.4% during 2021 due to OCWUT's construction and improvement projects for the water utilities system. Right to use assets, net of accumulated amortization, increased by \$1.09 million. Depreciation expense increased by \$13.04 million or 23.16%, of which \$4.67 million was due to the merger. In 2021, depreciation expense increased \$8.37 million due to construction projects completed during 2020. Major construction projects completed during 2021 include: Deer Creek Wastewater Treatment Plant improvements and upgraded various lift stations around the city. Major construction projects in progress at June 30, 2021, included the 10 million gallon clearwell project at Draper Water Treatment Plant, improvements at the Hefner Water Treatment Plant, and the Atoka dam and spillway rehabilitation. See Note II. F. for more information regarding capital assets.

**Long-term Liabilities**

At the end of the 2022 and 2021 fiscal years, the Consolidated Trust had total debt outstanding of \$803,348,872 and \$774,823,316, respectively.

**OWRB Notes Payable**

The OWRB provided a portion of the debt funded capital through several clean water and drinking water programs since 2009. These agreements provided up to \$626.41 million in loans, of which \$441.20 million and \$429.52 million remained outstanding at June 30, 2022 and 2021, respectively. See Note III. D. for more information regarding notes payable.

**Revenue Bonds**

At June 30, 2022 and 2021, the Consolidated Trust had total revenue bond debt outstanding of \$327.25 million and \$343.87 million, respectively. See Note III. F. for more information regarding revenue bonds.

OCWUT

At June 30, 2022 and 2021, OCWUT had total revenue bond debt outstanding of \$320.98 million and \$331.70 million, respectively. This debt is supported by pledged water, wastewater and solid waste management revenues generated by OCWUT's utility services.

MCA

MCA issued Series 1992 Water Revenue Bonds to purchase water storage rights and related assets, which in effect, repaid construction costs to the Bureau of Reclamation for the McGee Creek Reservoir. These bonds are secured by aliquot share revenues from participants of MCA and an agreement of support with OCWUT. At June 30, 2022 and 2021, MCA had total revenue bond debt outstanding of \$6.27 million and \$12.17 million, respectively.

	<b>Outstanding Long Term Debt</b>						
			2022 - 2021	2022 - 2021	2021 - 2020		2021 - 2020
			Amount of	%	Amount of	%	
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Change</u>	<u>2020</u>	<u>Change</u>	<u>Change</u>
Intergovernmental payable	\$33,825,264	\$28,201	\$33,797,063	119843.5%	\$32,371	(\$4,170)	(12.9%)
OWRB notes payable	441,199,915	429,522,555	11,677,360	2.7	279,311,804	150,210,751	53.8
Leases payable	1,073,456	1,397,607	(324,151)	(23.2)	-	1,397,607	100.0
Revenue bonds	<u>327,250,237</u>	<u>343,874,953</u>	<u>(16,624,716)</u>	(4.8)	<u>438,150,740</u>	<u>(94,275,787)</u>	(21.5)
	<b><u>\$803,348,872</u></b>	<b><u>\$774,823,316</u></b>	<b><u>\$28,525,556</u></b>	3.7	<b><u>\$717,494,915</u></b>	<b><u>\$57,328,401</u></b>	8.0

Intergovernmental payable increased \$33.80 million at June 30, 2022 primarily as a result of the purchase of Tinker Air Force Base's water and wastewater systems of \$38.31 million offset by regularly scheduled payments of \$2.56 million.

OWRB notes payable increased \$11.68 million at June 30, 2022 primarily as a result of draws on OWRB notes payable of \$27.40 million, offset by regularly scheduled payments of \$15.72 million. OWRB notes payable increased \$150.21 million at June 30, 2021 primarily as a result of the issuance of the 2020C and 2020D FAP loans of \$102.62 million and draws on OWRB notes payable of \$58.41 million, offset by regularly scheduled payments of \$10.82 million.

Bond Ratings

On the OCWUT's bonded debt, as of June 30, 2022 and 2021, Standard and Poor's Rating Services reported a credit rating of AAA and Moody's Rating Services reported a credit rating of Aaa.

On the MCA's debt, as of June 30, 2022 and 2021, Moody's Rating Services reported a credit rating of Baa2. The MCA bonds are fully insured and the rating represents the credit rating of the insurer of the bonds.

Commercial Paper ratings

As of June 30, 2022 and 2021, respectively, OCWUT's short-term credit rating for its commercial paper program is A-1+ and P1 from Standard & Poor's and Moody's, these are the highest credit ratings available for commercial paper from each firm.

*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**

Since 2004, the Issuer and City Council have voted for multi-year rate adjustments six times. The sixth adjustment series went into effect on June 1, 2022, and subsequent adjustments going into effect on January 1st of 2023, 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 was created.

**Aliquot Shares**

Aliquot share revenue are generated by payments from surrogates or designees of Participants. MCA uses OCWUT's rate study information as a basis for determining these charges. The sixth adjustment series went into effect on June 1, 2022, and subsequent adjustments going into effect on January 1st of 2023, 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's Finance Department, Accounting Services Division, at 100 North Walker, Suite 300, Oklahoma City, Oklahoma 73102.

# **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, 2022**

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

	2022				2021 (Restated)			
	Water	McGee Creek	Eliminations	Consolidated	Water	McGee Creek	Eliminations	Consolidated
	Utilities Trust	Authority			Utilities Trust	Authority		
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Non-pooled cash-----	\$14,935,964	\$376,056	\$ -	\$15,312,020	\$13,684,868	\$195,591	\$ -	\$13,880,459
Investments-----	435,417,039	6,991,858	-	442,408,897	371,528,836	4,094,371	-	375,623,207
Accounts receivable, net-----	48,203,764	66,984	-	48,270,748	44,145,807	41,841	-	44,187,648
Lease receivable-----	67,155	-	-	67,155	85,778	-	-	85,778
Interest, dividends, and royalties receivable-----	1,299,167	5,348	-	1,304,515	1,267,084	384,968	-	1,652,052
Receivable from component unit-----	-	1,829,842	(1,829,842)	-	-	-	-	-
Receivable from City of Oklahoma City-----	16,442,032	-	-	16,442,032	2,486,012	40,683	-	2,526,695
Intergovernmental receivables-----	3,663,839	103,487	-	3,767,326	1,244,914	140,818	-	1,385,732
Note receivable-----	12,562	-	-	12,562	-	-	-	-
Inventories-----	775,878	-	-	775,878	798,004	-	-	798,004
Prepays-----	527,190	1,424	-	528,614	555,287	13,757	-	569,044
Total current assets-----	<b>521,344,590</b>	<b>9,374,999</b>	<b>(1,829,842)</b>	<b>528,889,747</b>	<b>435,796,590</b>	<b>4,912,029</b>	<b>-</b>	<b>440,708,619</b>
<b>NON-CURRENT ASSETS</b>								
Investments-----	26,588,992	-	-	26,588,992	27,056,966	7,089,325	-	34,146,291
Lease receivable-----	695,307	-	-	695,307	762,462	-	-	762,462
Note receivable-----	680,575	-	-	680,575	-	-	-	-
Advance to McGee Creek Authority-----	65,843,082	-	(65,843,082)	-	63,747,498	-	(63,747,498)	-
Intergovernmental aliquot share receivable-----	-	64,889,734	-	64,889,734	-	62,794,151	-	62,794,151
Other non-current assets-----	286,953	-	-	286,953	5,837,330	-	-	5,837,330
Prepays-----	-	-	-	-	19,166	1,424	-	20,590
Capital assets:								
Land, water storage rights and construction in progress-----	523,135,045	62,746,803	-	585,881,848	433,271,595	63,450,668	-	496,722,263
Other capital assets, net of accumulated depreciation-----	1,096,897,772	11,096,519	-	1,107,994,291	1,111,753,211	10,419,375	-	1,122,172,586
Total capital assets-----	<b>1,620,032,817</b>	<b>73,843,322</b>	<b>-</b>	<b>1,693,876,139</b>	<b>1,545,024,806</b>	<b>73,870,043</b>	<b>-</b>	<b>1,618,894,849</b>
Total non-current assets-----	<b>1,714,127,726</b>	<b>138,733,056</b>	<b>(65,843,082)</b>	<b>1,787,017,700</b>	<b>1,642,448,228</b>	<b>143,754,943</b>	<b>(63,747,498)</b>	<b>1,722,455,673</b>
<b>Total assets-----</b>	<b>2,235,472,316</b>	<b>148,108,055</b>	<b>(67,672,924)</b>	<b>2,315,907,447</b>	<b>2,078,244,818</b>	<b>148,666,972</b>	<b>(63,747,498)</b>	<b>2,163,164,292</b>
<b>DEFERRED OUTFLOWS OF RESOURCES-----</b>	<b>10,748,785</b>	<b>-</b>	<b>-</b>	<b>10,748,785</b>	<b>11,280,068</b>	<b>-</b>	<b>-</b>	<b>11,280,068</b>
<b>LIABILITIES</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payable and accrued expenses-----	39,910,692	217,920	-	40,128,612	36,534,931	555,517	-	37,090,448
Wages and benefits payable-----	-	16,417	-	16,417	-	9,014	-	9,014
Payable to component units-----	1,829,842	-	(1,829,842)	-	-	-	-	-
Payable to City of Oklahoma City-----	18,781,612	8,924	-	18,790,536	4,118,421	5,884	-	4,124,305
Interest payable-----	3,462,012	-	-	3,462,012	3,353,962	-	-	3,353,962
Compensated absences-----	-	26,627	-	26,627	-	19,102	-	19,102
Commercial paper-----	15,500,000	-	-	15,500,000	7,000,000	-	-	7,000,000
Notes and leases payable-----	17,736,824	-	-	17,736,824	15,759,452	-	-	15,759,452
Unearned revenue-----	85,094	-	-	85,094	100,707	-	-	100,707
Bond interest payable-----	6,535,315	188,250	-	6,723,565	6,732,440	365,850	-	7,098,290
Bonds payable-----	8,190,000	6,268,441	-	14,458,441	7,885,000	5,920,000	-	13,805,000
Intergovernmental payable-----	13,962,269	28,201	-	13,990,470	10,112,015	-	-	10,112,015
Total current liabilities-----	<b>125,993,660</b>	<b>6,754,780</b>	<b>(1,829,842)</b>	<b>130,918,598</b>	<b>91,596,928</b>	<b>6,875,367</b>	<b>-</b>	<b>98,472,295</b>
<b>NON-CURRENT LIABILITIES</b>								
Compensated absences-----	-	110,672	-	110,672	-	109,939	-	109,939
Payable to City of Oklahoma City-----	43,759,796	-	-	43,759,796	71,178,434	-	-	71,178,434
Intergovernmental payable-----	33,825,264	-	-	33,825,264	-	28,201	-	28,201
Notes and leases payable-----	424,536,547	-	-	424,536,547	415,160,710	-	-	415,160,710
Advance from OCWUT-----	-	65,843,082	(65,843,082)	-	-	63,747,498	(63,747,498)	-
Bonds payable, net-----	312,791,796	-	-	312,791,796	323,818,944	6,251,009	-	330,069,953
Total non-current liabilities-----	<b>814,913,403</b>	<b>65,953,754</b>	<b>(65,843,082)</b>	<b>815,024,075</b>	<b>810,158,088</b>	<b>70,136,647</b>	<b>(63,747,498)</b>	<b>816,547,237</b>
<b>Total liabilities-----</b>	<b>940,907,063</b>	<b>72,708,534</b>	<b>(67,672,924)</b>	<b>945,942,673</b>	<b>901,755,016</b>	<b>77,012,014</b>	<b>(63,747,498)</b>	<b>915,019,532</b>
<b>DEFERRED INFLOWS OF RESOURCES-----</b>	<b>1,055,172</b>	<b>-</b>	<b>-</b>	<b>1,055,172</b>	<b>1,246,044</b>	<b>-</b>	<b>-</b>	<b>1,246,044</b>
<b>NET POSITION</b>								
Net investment in capital assets-----	810,908,296	69,409,079	-	880,317,375	784,258,969	63,208,462	-	847,467,431
Restricted for:								
Capital projects-----	114	-	-	114	392	-	-	392
Debt service-----	21,113,031	5,844,706	-	26,957,737	22,099,654	10,050,314	-	32,149,968
Unrestricted-----	472,237,425	145,736	-	472,383,161	380,164,811	(1,603,818)	-	378,560,993
<b>Total net position-----</b>	<b>\$1,304,258,866</b>	<b>\$75,399,521</b>	<b>\$ -</b>	<b>\$1,379,658,387</b>	<b>\$1,186,523,826</b>	<b>\$71,654,958</b>	<b>\$ -</b>	<b>\$1,258,178,784</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, 2022**

	2022				2021 (Restated)			
	Water	McGee Creek	Eliminations	Consolidated	Water	McGee Creek	Eliminations	Consolidated
	Utilities Trust	Authority			Utilities Trust	Authority		
<b>OPERATING REVENUES</b>								
<b>CHARGES FOR SERVICES</b>								
Water charges-----	\$199,741,995	\$ -	\$ -	\$199,741,995	\$182,760,372	\$ -	\$ -	\$182,760,372
Wastewater charges-----	117,712,790	-	-	117,712,790	108,131,580	-	-	108,131,580
Solid waste management charges-----	64,772,764	-	-	64,772,764	61,547,730	-	-	61,547,730
Aliquot share charges-----	-	5,647,027	-	5,647,027	-	7,143,424	-	7,143,424
Other charges-----	1,464,072	-	-	1,464,072	1,395,952	-	-	1,395,952
Total charges for services-----	383,691,621	5,647,027	-	389,338,648	353,835,634	7,143,424	-	360,979,058
Lease income-----	325,571	-	-	325,571	320,743	-	-	320,743
Other-----	1,180,598	997	-	1,181,595	891,837	390	-	892,227
<b>Total operating revenues-----</b>	<b>385,197,790</b>	<b>5,648,024</b>	<b>-</b>	<b>390,845,814</b>	<b>355,048,214</b>	<b>7,143,814</b>	<b>-</b>	<b>362,192,028</b>
<b>OPERATING EXPENSES</b>								
Personal services-----	52,391,696	397,791	-	52,789,487	62,345,813	423,828	-	62,769,641
Maintenance, operations, and contractual services----	110,507,204	450,477	-	110,957,681	126,125,782	435,704	-	126,561,486
Materials and supplies-----	17,797,593	65,063	-	17,862,656	17,044,420	36,332	-	17,080,752
Depreciation and amortization-----	64,861,515	715,399	-	65,576,914	68,620,088	732,147	-	69,352,235
<b>Total operating expenses-----</b>	<b>245,558,008</b>	<b>1,628,730</b>	<b>-</b>	<b>247,186,738</b>	<b>274,136,103</b>	<b>1,628,011</b>	<b>-</b>	<b>275,764,114</b>
<b>Operating income-----</b>	<b>139,639,782</b>	<b>4,019,294</b>	<b>-</b>	<b>143,659,076</b>	<b>80,912,111</b>	<b>5,515,803</b>	<b>-</b>	<b>86,427,914</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>								
Grant operating-----	14,101,707	-	-	14,101,707	-	-	-	-
Investment income-----	(9,960,532)	299,909	-	(9,660,623)	535,593	691,283	-	1,226,876
Interest on bonds and notes-----	(22,016,630)	(571,532)	-	(22,588,162)	(11,991,746)	(926,940)	-	(12,918,686)
Bond issue costs-----	-	-	-	-	(951,806)	-	-	(951,806)
Bond insurance-----	-	(3,785)	-	(3,785)	-	(6,012)	-	(6,012)
Arbitrage-----	-	-	-	-	-	4,170	-	4,170
Oil and gas royalties-----	99,434	-	-	99,434	31,116	-	-	31,116
Payments to City of Oklahoma City-----	(6,719,802)	-	-	(6,719,802)	(6,263,727)	-	-	(6,263,727)
Payments from City of Oklahoma City-----	-	-	-	-	1,218,127	-	-	1,218,127
Other revenue (expenses)-----	32,577	677	-	33,254	429,308	78,058	-	507,366
<b>Net non-operating expenses-----</b>	<b>(24,463,246)</b>	<b>(274,731)</b>	<b>-</b>	<b>(24,737,977)</b>	<b>(16,993,135)</b>	<b>(159,441)</b>	<b>-</b>	<b>(17,152,576)</b>
<b>Income before contributions and transfers-----</b>	<b>115,176,536</b>	<b>3,744,563</b>	<b>-</b>	<b>118,921,099</b>	<b>63,918,976</b>	<b>5,356,362</b>	<b>-</b>	<b>69,275,338</b>
<b>CONTRIBUTIONS AND TRANSFERS</b>								
Capital contribution-----	2,558,504	-	-	2,558,504	-	-	-	-
<b>Total contributions and transfers-----</b>	<b>2,558,504</b>	<b>-</b>	<b>-</b>	<b>2,558,504</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SPECIAL ITEM</b>								
Special item-----	-	-	-	-	72,297,435	-	-	72,297,435
<b>Changes in net position-----</b>	<b>117,735,040</b>	<b>3,744,563</b>	<b>-</b>	<b>121,479,603</b>	<b>136,216,411</b>	<b>5,356,362</b>	<b>-</b>	<b>141,572,773</b>
Total net position, beginning-----	1,186,523,826	71,654,958	-	1,258,178,784	1,050,307,415	66,298,596	-	1,116,606,011
<b>Total net position, ending-----</b>	<b>\$1,304,258,866</b>	<b>\$75,399,521</b>	<b>\$ -</b>	<b>\$1,379,658,387</b>	<b>\$1,186,523,826</b>	<b>\$71,654,958</b>	<b>\$ -</b>	<b>\$1,258,178,784</b>

See accompanying notes to financial statements.

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2022**

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

	2022				2021 (restated)			
	Water	McGee Creek	Eliminations	Consolidated	Water	McGee Creek	Eliminations	Consolidated
	Utilities Trust	Authority			Utilities Trust	Authority		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Cash received from customers-----	\$368,641,008	\$3,833,722	\$ -	\$372,474,730	\$352,523,301	\$7,992,219	\$ -	\$360,515,520
Cash payments to suppliers for goods and services-----	(78,925,739)	(516,820)	-	(79,442,559)	(102,738,907)	(549,037)	-	(103,287,944)
Cash payments to employees and professional contractors for services-----	-	(382,130)	-	(382,130)	-	(386,554)	-	(386,554)
Cash payments for internal services-----	(8,305,816)	-	-	(8,305,816)	(7,552,118)	-	-	(7,552,118)
Cost reimbursements from (to) other funds-----	(101,310,000)	-	-	(101,310,000)	(94,293,000)	-	-	(94,293,000)
Other cash receipts-----	2,663,279	38,008	-	2,701,287	214,857	-	-	214,857
<b>Net cash provided by operating activities-----</b>	<b>182,762,732</b>	<b>2,972,780</b>	<b>-</b>	<b>185,735,512</b>	<b>148,154,133</b>	<b>7,056,628</b>	<b>-</b>	<b>155,210,761</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>								
Cash received from operating grants-----	14,101,707	-	-	14,101,707	-	-	-	-
Non-financing payments from City of Oklahoma City-----	-	-	-	-	117,000	-	-	117,000
Non-financing payments to City of Oklahoma City-----	(6,719,802)	-	-	(6,719,802)	(6,263,727)	-	-	(6,263,727)
<b>Net cash provided (used) by non-capital financing activities-----</b>	<b>7,381,905</b>	<b>-</b>	<b>-</b>	<b>7,381,905</b>	<b>(6,146,727)</b>	<b>-</b>	<b>-</b>	<b>(6,146,727)</b>
<b>CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES</b>								
Proceeds from issuance of long-term debt and commercial paper-----	35,896,438	-	-	35,896,438	167,078,005	-	-	167,078,005
Payments for acquisition and construction of capital assets-----	(102,728,613)	(1,011,982)	-	(103,740,595)	(122,964,282)	(218,842)	-	(123,183,124)
Principal paid on long-term debt and commercial paper-----	(23,644,193)	(5,920,000)	-	(29,564,193)	(63,964,789)	(5,585,000)	-	(69,549,789)
Interest paid on long-term debt and commercial paper-----	(24,812,022)	(731,700)	-	(25,543,722)	(25,456,298)	(1,066,800)	-	(26,523,098)
Payments to defease bonds-----	-	-	-	-	(86,299,616)	-	-	(86,299,616)
Proceeds from sale of assets-----	496,582	-	-	496,582	2,047,896	12,349	-	2,060,245
Other capital and capital related financing activities-----	(1,211,545)	-	-	(1,211,545)	3,750,000	-	-	3,750,000
<b>Net cash used by capital financing activities-----</b>	<b>(116,003,353)</b>	<b>(7,663,682)</b>	<b>-</b>	<b>(123,667,035)</b>	<b>(125,809,084)</b>	<b>(6,858,293)</b>	<b>-</b>	<b>(132,667,377)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Purchase of investments-----	(696,347,237)	(21,096,054)	-	(717,443,291)	(761,264,041)	(23,458,250)	-	(784,722,291)
Proceeds from sale of investments-----	619,763,489	25,205,943	-	644,969,432	719,628,676	22,161,731	-	741,790,407
Changes in pooled investments-----	2,410	-	-	2,410	-	-	-	-
Investment income received-----	3,583,258	761,478	-	4,344,736	4,706,216	572,893	-	5,279,109
Purchased interest-----	-	-	-	-	(34,513)	-	-	(34,513)
Interest collected on leases-----	8,458	-	-	8,458	1,520	-	-	1,520
Receipts from oil and gas royalties-----	99,434	-	-	99,434	31,116	-	-	31,116
<b>Net cash provided (used) by investing activities-----</b>	<b>(72,890,188)</b>	<b>4,871,367</b>	<b>-</b>	<b>(68,018,821)</b>	<b>(36,931,026)</b>	<b>(723,626)</b>	<b>-</b>	<b>(37,654,652)</b>
<b>Net increase (decrease) in cash-----</b>	<b>1,251,096</b>	<b>180,465</b>	<b>-</b>	<b>1,431,561</b>	<b>(20,732,704)</b>	<b>(525,291)</b>	<b>-</b>	<b>(21,257,995)</b>
Cash, beginning-----	13,684,868	195,591	-	13,880,459	34,417,572	720,882	-	35,138,454
<b>Cash, ending-----</b>	<b>\$14,935,964</b>	<b>\$376,056</b>	<b>\$ -</b>	<b>\$15,312,020</b>	<b>\$13,684,868</b>	<b>\$195,591</b>	<b>\$ -</b>	<b>\$13,880,459</b>

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2022**

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

	2022				2021 (Restated)			
	Water Utilities Trust	McGee Creek Authority	Eliminations	Consolidated	Water Utilities Trust	McGee Creek Authority	Eliminations	Consolidated
<b>RECONCILIATION OF OPERATING INCOME</b>								
<b>PROVIDED BY OPERATING ACTIVITIES TO NET CASH</b>								
Operating income-----	\$139,639,782	\$4,019,294	\$ -	\$143,659,076	\$80,912,114	\$5,515,803	\$ -	\$86,427,917
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME</b>								
<b>PROVIDED BY OPERATING ACTIVITIES TO NET CASH</b>								
Depreciation-----	64,861,515	715,399	-	65,576,914	68,620,086	732,147	-	69,352,233
Non-operating revenue (expense)-----	1,741,401	(3,108)	-	1,738,293	(1,230,805)	59,699	-	(1,171,106)
Changes in assets and liabilities:								
(Increase) decrease in accounts receivable-----	(4,057,957)	(25,143)	-	(4,083,100)	1,242,299	32,694	-	1,274,993
(Increase) decrease in leases receivable-----	85,778	-	-	85,778	64,694	-	-	64,694
(Increase) decrease in due from other funds-----	-	-	-	-	1,005,193	77,971	-	1,083,164
(Increase) decrease in receivable from component units-----	-	(1,829,842)	-	(1,829,842)	21,993	-	-	21,993
(Increase) decrease in receivable from City of Oklahoma City-----	(13,956,020)	40,683	-	(13,915,337)	(1,530,562)	(40,668)	-	(1,571,230)
(Increase) decrease in inventories-----	22,126	-	-	22,126	(1,800)	-	-	(1,800)
(Increase) decrease in prepaid assets-----	47,263	13,757	-	61,020	(18,569)	(3,961)	-	(22,530)
(Increase) decrease in intergovernmental receivable-----	-	37,331	-	37,331	-	(65,709)	-	(65,709)
(Increase) decrease in Intergovernmental aliquot share receivable--	-	(2,095,583)	-	(2,095,583)	-	(1,829,155)	-	(1,829,155)
(Increase) decrease in other assets-----	5,550,377	-	-	5,550,377	(2,687,692)	-	-	(2,687,692)
Increase (decrease) in accounts payable and accrued expenses-----	(1,370,893)	(14,293)	-	(1,385,186)	197,043	(67,666)	-	129,377
Increase (decrease) in wages and benefits payable-----	-	7,403	-	7,403	-	(3,477)	-	(3,477)
Increase (decrease) in due to other funds-----	-	2,095,584	-	2,095,584	(11,321,662)	2,607,569	-	(8,714,093)
Increase (decrease) in payable to component unit-----	1,829,842	-	-	1,829,842	(5,351)	-	-	(5,351)
Increase (decrease) in payable to City of Oklahoma City-----	(15,274,251)	3,040	-	(15,271,211)	12,787,386	635	-	12,788,021
Increase (decrease) in compensated absences-----	-	8,258	-	8,258	-	40,746	-	40,746
Increase (decrease) in intergovernmental payable-----	3,850,254	-	-	3,850,254	-	-	-	-
Increase (decrease) in unearned revenue-----	(15,613)	-	-	(15,613)	(19,374)	-	-	(19,374)
Increase (decrease) in deferred inflows-----	(190,872)	-	-	(190,872)	119,140	-	-	119,140
Total adjustments-----	43,122,950	(1,046,514)	-	42,076,436	67,242,019	1,540,825	-	68,782,844
<b>Net cash provided by operating activities-----</b>	<b>\$182,762,732</b>	<b>\$2,972,780</b>	<b>\$ -</b>	<b>\$185,735,512</b>	<b>\$148,154,133</b>	<b>\$7,056,628</b>	<b>\$ -</b>	<b>\$155,210,761</b>
<b>NON-CASH INVESTING, CAPITAL</b>								
<b>AND FINANCING ACTIVITIES</b>								
Net increase (decrease) in fair value of investments-----	(\$13,163,520)	(\$81,950)	\$ -	(\$13,245,470)	(\$4,089,567)	\$6,273	\$ -	(\$4,083,294)
Right to use lease - asset-----	116,415	-	-	116,415	1,830,969	-	-	1,830,969
Leases issued-----	-	-	-	-	827,156	-	-	827,156
Transfer of solid waste management system operations-----	-	-	-	-	69,619,995	-	-	69,619,995
<b>Total non-cash investing, capital,</b>								
<b>and financing activities-----</b>	<b>(\$13,047,105)</b>	<b>(\$81,950)</b>	<b>\$ -</b>	<b>(\$13,129,055)</b>	<b>\$68,188,553</b>	<b>\$6,273</b>	<b>\$ -</b>	<b>\$68,194,826</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, 2022 and 2021.

### 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 and wastewater system serving the City. The provisions of the trust indenture, as amended, provide that OCWUT will lease or otherwise manage the related water and wastewater system. OCWUT will receive all revenues generated from the water and wastewater system 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. 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 (OCEAT), with the water and wastewater systems under OCWUT (merger). The merger became effective July 1, 2020. OCWUT now provides services and on behalf of Oklahoma City (City) that include financing and operating of the City's solid waste activities relating to solid waste management collection and waste disposal. See Note III. I. for additional information.

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 and MCA dated December 1, 1992. 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. Copies of MCA's financial statements may be obtained from the City's Finance Department, Accounting Services Division, at 100 N. Walker Avenue, Suite 300, Oklahoma City, Oklahoma 73102.

**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 from the City's Finance Department, Accounting Services Division, 100 N. Walker Avenue, Suite 300, Oklahoma City, OK 73102.

***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 No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This standard was applied retrospectively. This standard did have an impact on the Consolidated Trust's financial statements. See Note IV. A. for additional information.

The Consolidated Trust implemented GASB statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The primary objectives of this statement are to improve the consistency of comparability of financial reporting in financial statements using both economic resources measurement focus and the current financial resources measurement focus. Prior to this statement funds using the economic resources measurement focus were capitalizing interest costs incurred before the end of a construction period and governmental funds using the current financial resources measurement focus were expensing these costs as period costs. Going forward all funds will expense interest costs incurred before the end of a construction period as period costs. This standard has been applied prospectively and the implementation of this standard did have a material impact on the Consolidated Trust's financial statements. See Note I. D. 8. for additional information.

The Consolidated Trust implemented GASB Statement No. 92, Omnibus 2020. The objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. There was no effect of adopting GASB Statement No. 92 to the financial statements.

The Consolidated Trust implemented all requirements of GASB statement No. 93, Replacement of Interbank Offered Rate (IBOR)-most notably, the London Interbank Offered Rate (LIBOR) effective for the City in fiscal year 2022. The primary purpose of this statement is to preserve the consistency and comparability of reporting hedging derivative instruments and leases after amending or replacing agreements to replace an Interbank Offered Rate. As a result of global reference rate reform, LIBOR is being phased out and will cease to exist at the end of fiscal year 2023, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. All Consolidated Trust agreements referencing the use of LIBOR rates have been adjusted. There was no material impact to the Consolidated Trust's financial statements.

The Consolidated Trust implemented GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans effective for the City in fiscal year 2022. This statement provides guidance on financial reporting for certain 457 deferred compensation plans amending prior pronouncements No. 14 and No. 84. The implementation of this standard did not impact the Consolidated Trust.

## **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. CAPITALIZED INTEREST**

In 2021, interest costs incurred on commercial paper and tax-exempt bonds from which proceeds were used to finance the construction of assets are capitalized during the construction period. In 2022, the Consolidated Trust implemented GASB statement No. 89 and no longer capitalizes interest.

**I. D. 9. 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. 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. 10. 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. 11. 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. 12. 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. 13. 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. 14. 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. 15. 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 a certificate of deposit to OCWUT. OCWUT holds the certificate of deposit 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 certificate and pay the proceeds to the Consolidated Trust to cover any costs incurred. The Consolidated Trust does not record the effect of holding the certificates of deposit.

**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, 2022 and 2021, the Consolidated Trust's cash, less the amount of Federal deposit insurance, is insured or collateralized with securities held by OCWUT, MCA, or the City.

***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**  
**June 30, 2022 and 2021**

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

<b>2022</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	\$37,903,541	\$36,455,331	\$ -	\$36,455,331	\$ -	\$ -	AA+/Aaa	12.64
Money market (4)(5)	102,946,156	102,946,156	102,946,156	-	-	-	AAA/Aaa	1.32
Fannie Mae	11,549,006	11,667,162	-	11,667,162	-	-	AA+/Aaa	31.43
U.S. Treasury notes	<u>330,569,414</u>	<u>317,929,240</u>	-	<u>317,929,240</u>	-	-	N/A	26.53
<b>Total investments</b>	<b><u>\$482,968,117</u></b>	<b><u>\$468,997,889</u></b>	<b><u>\$102,946,156</u></b>	<b><u>\$366,051,733</u></b>	<b><u>\$-</u></b>	<b><u>\$-</u></b>		
<b>2021</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	\$73,074,216	\$73,411,354	\$ -	\$73,411,354	\$ -	\$ -	AA/Aaa	15.92
Money market (4)(5)	100,755,589	100,755,589	100,755,589	-	-	-	AAA/Aaa	1.26
Fannie Mae	6,816,904	7,131,907	-	7,131,907	-	-	AA/Aaa	12.80
Housing Urban	490,829	496,044	-	496,044	-	-	N/A	1.07
Development U.S. Treasury bills	1,162,282	1,186,972	-	1,186,972	-	-	N/A	5.17
U.S. Treasury notes	220,164,584	220,135,132	-	220,135,132	-	-	N/A	17.97
Guaranteed investment contract (4)	<u>6,652,500</u>	<u>6,652,500</u>	-	-	-	-	A/A1	18.37
<b>Total investments</b>	<b><u>\$409,116,904</u></b>	<b><u>\$409,769,498</u></b>	<b><u>\$100,755,589</u></b>	<b><u>\$302,361,409</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, 2022 and 2021.

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.

MCA's guaranteed investment contracts securities are valued at cost. They are considered nonparticipating contracts with redemption terms that do not consider market rates.

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.

#### 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.

	2022		2021	
	OCWUT	MCA	OCWUT	MCA
Commercial paper construction account	\$4,949	\$ -	\$212,873	\$ -
Debt principal and interest accounts	19,178,871	308,229	19,821,026	4,094,371
Bond reserve	26,588,992	6,871,879	27,056,966	7,089,325
State revolving fund project account	114	-	392	-
	<u>\$45,772,926</u>	<u>\$7,180,108</u>	<u>\$47,091,257</u>	<u>\$11,183,696</u>

## II. B. RECEIVABLES AND UNCOLLECTIBLE ACCOUNTS

### OCWUT

	2022	2021
Accounts receivable	\$55,225,820	\$70,097,839
Less: allowance for uncollectible accounts	(7,022,056)	(25,952,032)
Net accounts receivable	<u>\$48,203,764</u>	<u>\$44,145,807</u>
Affect on revenues for change in uncollectibles	<u>\$18,929,976</u>	<u>(\$8,688,010)</u>

**MCA**

Receivables of \$66,984 and \$41,841 at June 30, 2022 and 2021, 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, 2022 and 2021.

**II. C. LEASE RECEIVABLE AND REVENUE**

	Lease <u>Term</u>	Interest <u>Rate</u>	<b>2022</b>			
			<u>Lease Receivable</u>	<u>Deferred Inflow</u>	<u>Lease Revenue</u>	<u>Interest Revenue</u>
Verizon Wireless	12 months	1.104%	\$235,160	\$229,765	\$20,735	\$2,612
New Cingular Wireless	12 months	0.474%	165,539	165,728	22,877	809
OneOk	480 months	1.920%	123,982	123,387	3,588	2,400
Enable Oklahoma Intrastate	240 months	1.564%	-	94,681	5,000	-
Sprint	60 months	0.371%	-	-	11,409	-
Alltell Verizon	60 months	0.363%	-	-	1,038	-
Alltell Newco	120 months	0.901%	<u>237,781</u>	<u>239,078</u>	<u>29,009</u>	<u>2,199</u>
			<b><u>\$762,462</u></b>	<b><u>\$852,639</u></b>	<b><u>\$93,656</u></b>	<b><u>\$8,020</u></b>

	Lease <u>Term</u>	Interest <u>Rate</u>	<b>2021</b>			
			<u>Lease Receivable</u>	<u>Deferred Inflow</u>	<u>Lease Revenue</u>	<u>Interest Revenue</u>
Verizon Wireless	12 months	1.104%	\$251,475	\$250,500	\$20,735	\$2,876
New Cingular Wireless	12 months	0.474%	207,128	188,605	20,505	903
OneOk	480 months	1.920%	126,552	126,975	3,588	2,453
Enable Oklahoma Intrastate	240 months	1.564%	-	99,681	319	-
Sprint	60 months	0.371%	-	11,409	4,769	33
Alltell Verizon	60 months	0.363%	-	1,038	12,873	4
Alltell Newco	120 months	0.901%	<u>263,085</u>	<u>268,087</u>	<u>21,998</u>	<u>1,786</u>
			<b><u>\$848,240</u></b>	<b><u>\$946,295</u></b>	<b><u>\$84,787</u></b>	<b><u>\$8,055</u></b>

In 2022 and 2021, the Consolidated Trust recognized \$231,915 and \$235,956 of variable income related to these leases.

**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, 2022 and 2021, the Consolidated Trust had prepaid items totaling \$528,614 and \$589,634, respectively.

	<b>2022</b>	<b>2021</b>
Memberships and dues	\$17,810	\$17,311
Software licenses and support	226,131	297,002
Other	<u>284,673</u>	<u>275,321</u>
	<b><u>\$528,614</u></b>	<b><u>\$589,634</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 November 2015 by solid waste management and an award was applied for due to flooding in May 2015 by the Consolidated Trust. In connection to these awards, OCWUT applied for assistance from the Oklahoma Emergency Management Agency to supplement matching fund requirements. The Consolidated Trust received the payment from the state during fiscal year 2022. The state match receivable balance was \$967,924 at June 30, 2021.

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. The FEMA receivable was \$1,140,502 and the state match receivable balance was \$742,195 at June 30, 2022. There was no state match receivable at June 30, 2021.

### *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 2022 and 2021 of \$103,487 and \$140,818, 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 \$280,507 at June 30, 2022 and \$276,991 at June 30, 2021.

### *Receivable from the Oklahoma Department of Defense (DOD)*

OCWUT receives a monthly payment from the DOD for provision of utility services related to operations and maintenance, renewals and replacements and initial system deficiencies related to the Tinker Air Force Base's water and wastewater systems. OCWUT reported a receivable balance for utility services of \$1,500,635 at June 30, 2022. OCWUT did not report a receivable at June 30, 2021.

### *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**

*Advance Funded Costs*

**OCWUT Tinker Air Force Base Advance Funded Costs**

On May 8, 2014, the Trust contracted with MWH Americas, Inc. to provide consulting services for the municipalization of Tinker Air Force Base's water and wastewater utilities. This contract was subsequently assigned to C.H. Guernsey & Company. Payment for the transitional costs were received from the Department of Defense in fiscal year 2022. The balance at June 30, 2021 was \$5,550,378, which included consulting services and other transitional costs, of which \$353 thousand was considered a current asset.

*Non-Current Receivables*

**OCWUT Receivable From Gaillardia Golf Course, LLC**

The City and the OCWUT entered an Ultraviolet and Chlorination System and Recycled Water Sale Agreement with Gaillardia Country Club, LLC on December 1, 2007 and assigned the Recycled Water Sale Agreement from Gaillardia Development Company LLC to Gaillardia Country Club, LLC on January 29, 2008. On April 23, 2013, the City and the OCWUT approved the Agreement for the Sale and Purchase of Recycled Water and for the Settlement of all prior Claims, but a condition precedent to the effectuation of the Agreement was the timely payment of the agreed outstanding debt which was not paid and thus the Agreement never became effective. A note receivable was recorded to recognize the unreimbursed costs and debt. The debt is still outstanding and requires repayment.

**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, and is refundable when the lease expires.

*Non-Current Prepays*

Prepays are recorded when purchased and expensed when used. Prepays 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, 2022 and 2021, the non-current prepaid balance was \$0 and \$20,590, respectively.

**II. G. CAPITAL ASSETS**

*Changes in Capital Assets*

	<b>2022</b>		
	Capital Assets, not depreciated		
	Land and Water Storage Rights	Construction In Progress	Total
<b>CAPITAL ASSETS</b>			
Balance, June 30, 2021	\$122,596,148	\$374,126,115	\$496,722,263
Increases	312,028	90,233,304	90,545,332
Transfers	-	(1,385,747)	(1,385,747)
Balance, June 30, 2022	<u>122,908,176</u>	<u>462,973,672</u>	<u>585,881,848</u>
Capital Assets, net	<u>\$122,908,176</u>	<u>\$462,973,672</u>	<u>\$585,881,848</u>

(continued)

NOTES TO FINANCIAL STATEMENTS  
June 30, 2022 and 2021

OKLAHOMA CITY  
WATER UTILITIES TRUST

Changes in Capital Assets (continued)

<b>2022</b>							
Capital Assets, depreciated							
	Right To Use		Improvements	Furniture,	Right To Use		Total
	Building	Lease	Other Than	Machinery, &	Furniture,	Total	Capital
	Buildings	Lease	Buildings	Equipment	Equipment Leases	Total	Assets, net
<b>CAPITAL ASSETS</b>							
Balance, June 30, 2021	\$105,043,749	\$361,598	\$1,591,906,537	\$207,226,904	\$1,469,371	\$1,906,008,159	\$2,402,730,422
Increases	88,060	116,415	39,635,191	10,513,248	-	50,352,914	140,898,246
Decreases	-	-	(34,955,750)	(2,731,367)	-	(37,687,117)	(37,687,117)
Transfers	(88,060)	-	1,025,369	448,438	-	1,385,747	-
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
<b>ACCUMULATED DEPRECIATION</b>							
Balance, June 30, 2021	54,735,518	114,189	599,771,972	128,881,611	332,283	783,835,573	783,835,573
Increases	1,877,473	114,606	45,110,058	18,142,494	332,283	65,576,914	65,576,914
Decreases	-	-	(34,611,672)	(2,735,403)	-	(37,347,075)	(37,347,075)
Balance, June 30, 2022	56,612,991	228,795	610,270,358	144,288,702	664,566	812,065,412	812,065,412
<b>Capital Assets, net</b>	<b>\$48,430,758</b>	<b>\$249,218</b>	<b>\$987,340,989</b>	<b>\$71,168,521</b>	<b>\$804,805</b>	<b>\$1,107,994,291</b>	<b>\$1,693,876,139</b>

<b>2021</b>				
Capital Assets, not depreciated				
	Land and Water	Construction		
	Storage Rights	In Progress	Total	
<b>CAPITAL ASSETS</b>				
Balance, June 30, 2020	\$122,567,448	\$312,925,978	\$435,493,426	
Increases	28,700	115,746,881	115,775,581	
Transfers	-	(54,546,744)	(54,546,744)	
Balance, June 30, 2021	122,596,148	374,126,115	496,722,263	
<b>Capital Assets, net</b>	<b>\$122,596,148</b>	<b>\$374,126,115</b>	<b>\$496,722,263</b>	

<b>2021</b>							
Capital Assets, depreciated							
	Right To Use		Improvements	Furniture,	Right To Use		Total
	Building	Lease	Other Than	Machinery, &	Furniture,	Total	Capital
	Buildings	Lease	Buildings	Equipment	Equipment Leases	Total	Assets, net
<b>CAPITAL ASSETS</b>							
Balance, June 30, 2020	\$101,225,190	\$ -	\$1,529,976,288	\$162,014,922	\$ -	\$1,793,216,400	\$2,228,709,826
Increases	2,034	361,598	4,508,947	8,754,186	1,469,371	15,096,136	130,871,717
Decreases	(373,370)	-	(31,762)	(1,765,661)	-	(2,170,793)	(2,170,793)
Transfers	4,189,895	-	57,453,064	38,223,457	-	99,866,416	45,319,672
Balance, June 30, 2021	105,043,749	361,598	1,591,906,537	207,226,904	1,469,371	1,906,008,159	2,402,730,422
<b>ACCUMULATED DEPRECIATION</b>							
Balance, June 30, 2020	52,523,999	-	547,900,859	92,682,080	-	693,106,938	693,106,938
Increases	1,926,916	114,189	50,017,531	16,961,313	332,283	69,352,232	69,352,232
Decreases	(373,370)	-	(23,903)	(1,751,139)	-	(2,148,412)	(2,148,412)
Transfers	657,973	-	1,877,485	20,989,357	-	23,524,815	23,524,815
Balance, June 30, 2021	54,735,518	114,189	599,771,972	128,881,611	332,283	783,835,573	783,835,573
<b>Capital Assets, net</b>	<b>\$50,308,231</b>	<b>\$247,409</b>	<b>\$992,134,565</b>	<b>\$78,345,293</b>	<b>\$1,137,088</b>	<b>\$1,122,172,586</b>	<b>\$1,618,894,849</b>



*Depreciation Expense*

Depreciation expense of \$65,576,914 in fiscal year 2022 and \$69,352,235 in 2021 was charged to the Consolidated Trust's utilities function.

*Capitalized Interest*

OCWUT

<u>2022</u>		<u>2021</u>	
<u>Total Interest Costs Incurred</u>	<u>Capitalized Interest</u>	<u>Total Interest Costs Incurred</u>	<u>Capitalized Interest</u>
<u>\$24,813,859</u>	<u>\$ -</u>	<u>\$25,790,273</u>	<u>\$10,828,997</u>

MCA

MCA had interest costs in 2022 and 2021 of \$571,532 and \$926,940, respectively. MCA has no investments restricted for construction and there was no capitalized interest in fiscal year 2021.

The Consolidated Trust prospectively implemented GASB 89 which did have a material impact on the financials.

**II. H. 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.

<u>Original Bond Issue</u>	<u>Refunding Bond Issue</u>	<u>2022</u>	<u>2021</u>
OCWUT Series 2009A Bonds	OCWUT Series 2016 Bonds	\$6,223,458	\$6,549,578
OCWUT Series 2004 and 2008 Bonds	OCWUT Series 2013 Bonds	3,260,224	3,396,067
OCWUT Series 2011 Bonds	OCWUT Series 2020D FAP Note	<u>1,265,103</u>	<u>1,334,423</u>
		<u>\$10,748,785</u>	<u>\$11,280,068</u>

**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 2022, new commercial paper issuances totaled \$8,500,000. In 2021, new commercial paper issuances totaled \$7,000,000. The total outstanding balance at June 30, 2022 and 2021, was \$15,500,000 and \$7,000,000, respectively, and the weighted average interest rate for the year was 0.28% and 0.12%, respectively.

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

	Date	Total Amount	Outstanding Balance	Remaining
	<u>Authorized</u>	<u>Authorized</u>	<u>as of 06/30/2022</u>	<u>Authorized</u>
Commercial paper	5/26/2020	<u>\$350,000,000</u>	<u>\$15,500,000</u>	<u>\$334,500,000</u>

**III. B. INTERGOVERNMENTAL PAYABLE**

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

During 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, 2022 and 2021, the amount in the Atoka and Sardis Lake conservation projects fund consists of \$10,000,000 deposited by OCWUT, the Chickasaw Nation and the Choctaw Nation.

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

During 2017, ODOT took over the bidding and construction of the Oklahoma City Boulevard. OCWUT agreed to reimburse ODOT for the engineering costs related to the line replacement portion of the project once completed. OCWUT reported a payable of \$112,015 at June 30, 2022 and June 30, 2021.

In April 2022, ODOT prepaid the total estimated engineering costs for a water line relocation project. As of June 30, 2022, OCWUT has completed \$14,000 of engineering services. OCWUT reported a payable of \$12,498 at June 30, 2022.

***Payable to the Oklahoma 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. These monthly payments include additional amounts to create a working capital reserve for future provisions. If the contract were to terminate at June 30, 2022, the working capital reserve would be owed back to the DOD. OCWUT reported a payable of \$1,844,039 at June 30, 2022.

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. OCWUT reported a payable of \$35,818,981 at June 30, 2022, of which \$3,837,756 is current.

***Arbitrage Compliance***

Proceeds from tax-exempt bonds issued after September 1, 1986, are subject to the 1986 Tax Reform Act. The Consolidated Trust invests, records, and reports these proceeds in the manner set forth by the U.S. Treasury and Internal Revenue Service to maintain the tax-exempt status of the bonds. For MCA, arbitrage liability was \$28,201 at June 30, 2022 and 2021, 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). 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 and 2021 CWSRF, which are 20 and 15 years respectively. Principal and interest payments are semi-annual on September 15 and March 15.

Additionally the 2009 DWSRF and CWSRF loans each 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 those loan amounts for calculation of their respective debt repayment schedules.

On May 26, 2020, the Consolidated Trust approved a FAP loan for a maximum of \$43,565,000 to refund the 2009A and 2009B series bonds, as well as the series A commercial paper notes. The interim effective interest rate for the 2020D FAP loan varies from 2.27% to 4.15%, payable on March 15 and September 15. Principal payments will commence on September 15, 2021, and will continue annually for the term of the loan. The loan expires on September 15, 2049.

On September 29, 2020, the Consolidated Trust approved a FAP loan for a maximum of \$52,935,000 to refund the 2011 series bonds. The interim effective interest rate for the 2020C FAP loan varies from .42% to 2.90%, payable on March 15 and September 15. Principal payments will commence on September 15, 2021, and will continue semiannually for the term of the loan. The loan expires on September 15, 2040.

On May 25, 2021, the Consolidated Trust approved a CWSRF loan for a maximum of \$55,000,000. The 2021 Clean Water OWRB note will finance an automated meter reading project. The interim effective interest rate for the 2021 CWSRF loan is 1.43%, payable on March 15 and September 15. Principal payments will commence the March 15 or September 15 following the date the project is completed or on September 15, 2024, and will continue semiannually for the term of the loan.

On February 1, 2022, the Consolidated Trust approved a DWSRF loan for a maximum of \$31,645,000. The 2022 Drinking Water SRF will finance system improvements. Additionally, the loan will receive a \$1.1 million principal loan forgiveness as part of the loan forgiveness program announced by the Oklahoma Department of Environmental Quality (ODEQ) for eligible drinking water projects. The interim effective interest rate for the 2022 CWSRF loan is 2.90%, payable on March 15 and September 15. Principal payments will commence the March 15 or September 15 following the date the project is completed or on September 15, 2025, and will continue semiannually for the term of the loan.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022 and 2021**

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

<u>Agreement Date</u>	<u>Loan Name</u>	<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2022 Outstanding Balance</u>	<u>2021 Outstanding Balance</u>
11/1/2009	2009 CWSRF (1)	\$6,167,735	2.86%	3/15/2031	\$3,216,515	\$3,525,175
3/1/2015	2015 DWSRF	35,838,000	2.93	3/15/2046	31,003,553	31,854,249
6/1/2015	2015 CWSRF	611,235	2.71	3/15/2046	525,447	540,744
4/1/2016	2016 DWSRF	65,550,000	2.55	9/15/2047	57,972,763	59,562,443
11/1/2016	2017 DWSRF	57,300,000	2.98	9/15/2049	53,543,743	54,779,176
12/1/2017	2018A CWSRF	15,550,000	2.43	3/15/2043	13,552,309	14,040,031
12/1/2017	2018B CWSRF	15,550,000	2.50	3/15/2043	14,653,900	15,018,900
12/1/2017	2018C CWSRF (2)	37,700,000	2.50	3/15/2043	29,533,138	30,054,000
1/1/2018	2018 DWSRF	52,500,000	2.78	9/15/2049	48,714,415	49,875,000
1/1/2019	2019 DWSRF	20,000,000	3.00	3/15/2050	19,154,784	19,583,770
1/1/2019	2019 CWSRF (2)	34,150,000	2.65	9/15/2050	31,406,375	32,544,709
10/9/2019	2020 DWSRF (2)	21,750,014	2.78	9/15/2051	716,574	729,715
10/9/2019	2020 CWSRF (2)	1,947,000	2.51	3/15/2050	14,120,312	6,654,757
6/17/2020	2020A CWSRF (2)	4,650,000	1.80	9/15/2051	2,111,923	2,051,656
6/17/2020	2020B DWSRF (2)	74,000,000	2.03	9/15/2052	23,308,983	6,505,850
7/8/2020	2020C FAP Loan (4)	43,565,000	2.27 - 4.15	9/15/2049	46,476,929	49,267,380
11/1/2020	2020D FAP Loan	52,935,000	0.42 - 2.90	9/15/2040	50,605,000	52,935,000
6/1/2021	2021 CWSRF (2)	55,000,000	1.43	9/15/2039	583,252	-
4/1/2022	2022 DWSRF (3)(5)	30,545,000	2.90	3/15/2055	-	-
					<b><u>\$441,199,915</u></b>	<b><u>\$429,522,555</u></b>

- (1) The 2009 DWSRF and CWSRF loan amounts are net of the \$2,000,000 ARRA Grant for each loan.
- (2) Financing is not finalized.
- (3) There are no draws on this loan as of June 30, 2022.
- (4) Balance as of June 30, 2022 includes unamortized premium of \$5,301,929
- (5) The 2022 DWSRF loan amount is net of the \$1.1 million loan forgiveness program by the ODEQ.

**Notes Payable Requirements to Maturity**

OCWUT's outstanding notes payable related to the state revolving fund loans of \$441,199,915 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.

	<u>Notes Payable (1)</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$17,293,324	\$9,962,803
2024	25,445,452	11,543,521
2025	19,944,422	11,103,800
2026	17,446,613	10,731,607
2027	17,704,389	10,402,167
2028-2032	92,278,656	46,614,466
2033-2037	77,872,942	33,283,580
2038-2042	78,406,451	21,384,534
2043-2047	67,152,055	10,267,285
2048-2052	<u>27,655,611</u>	<u>1,678,644</u>
	<b><u>\$441,199,915</u></b>	<b><u>\$166,972,407</u></b>

- (1) All notes payable are from private placements.

III. D. LEASES PAYABLE

	<u>Lease term</u>	<u>Interest Rate</u>	<u>2022 Outstanding balance</u>	<u>2021 Outstanding balance</u>
500 West Main, LLC	60 months	0.474%	\$253,583	\$252,492
Clifford Power Systems, Inc.	60 months	0.474%	819,873	1,145,115
			<b><u>\$1,073,456</u></b>	<b><u>\$1,397,607</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>
2023	\$447,628	\$443,501	\$4,127
2024	447,628	445,603	2,025
2025	<u>184,593</u>	<u>184,352</u>	<u>241</u>
	<b><u>\$1,079,849</u></b>	<b><u>\$1,073,456</u></b>	<b><u>\$6,393</u></b>

In 2022 and 2021, the Consolidated Trust recognized \$2,781,669 and \$2,601,591 of variable payments related to a utility lease agreement between OCWUT and the City. Please see note VI. C. for more information.

III. E. COMPENSATED ABSENCES

MCA compensated absences balances changed from 2021 to 2022 by accruals of \$35,144 and usages of \$26,886 compared to changes in accruals of \$58,490 and usages of \$17,744 from 2020 to 2021.

III. F. REVENUE BONDS

*Unamortized Bond Discount/Premium*

	<u>2022</u>		<u>2021</u>	
	<u>OCWUT</u>	<u>MCA</u>	<u>OCWUT</u>	<u>MCA</u>
Bonds payable	\$290,120,000	\$6,275,000	\$298,005,000	\$12,195,000
Unamortized bond premium (discount)	<u>30,861,796</u>	<u>(6,559)</u>	<u>33,698,944</u>	<u>(23,991)</u>
Bonds payable, net	<b><u>\$320,981,796</u></b>	<b><u>\$6,268,441</u></b>	<b><u>\$331,703,944</u></b>	<b><u>\$12,171,009</u></b>

*Water Revenue Bond Indentures and Covenants*

**OCWUT**

OCWUT has at various times issued bonds for the purpose of financing the acquisition, construction, and equipping of the City's water and wastewater 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 and wastewater systems of the City, including lease rentals, water revenues, wastewater revenues, solid waste management revenues, and other revenues derived from these systems.

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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, required accounts were maintained in accordance with the bond indenture.

***Bonded Debt Service to Maturity***

Fiscal Year	OCWUT		
	Principal	Interest	Total
2023	\$8,190,000	\$12,865,882	\$21,055,882
2024	11,805,000	12,366,007	24,171,007
2025	13,900,000	11,723,382	25,623,382
2026	12,000,000	11,109,657	23,109,657
2027	12,410,000	10,533,182	22,943,182
2028-2032	69,510,000	43,496,410	113,006,410
2033-2037	73,805,000	27,397,249	101,202,249
2038-2042	56,235,000	12,987,975	69,222,975
2043-2047	<u>32,265,000</u>	<u>3,131,875</u>	<u>35,396,875</u>
	<b><u>\$290,120,000</u></b>	<b><u>\$145,611,619</u></b>	<b><u>\$435,731,619</u></b>

Fiscal Year	MCA		
	Principal	Interest	Total
2023	<u>\$6,275,000</u>	<u>\$376,500</u>	<u>\$6,651,500</u>
	<b><u>\$6,275,000</u></b>	<b><u>\$376,500</u></b>	<b><u>\$6,651,500</u></b>

***Revenue Bonds Outstanding***

Water and Sewer System Bonds	Original Amount Issued	Interest Rate	Issue Date	Final Maturity	Principal Balance	
					2022	2021
OCWUT Series 2013	167,760,000	3.25% to 5.00%	3/14/2013	2042	133,975,000	139,540,000
OCWUT Series 2015	67,650,000	3.00% to 5.00%	2/4/2015	2045	62,525,000	63,900,000
OCWUT Series 2016	97,135,000	3.04% to 5.00%	11/17/2016	2046	93,620,000	94,565,000
MCA Series 1992	91,860,000	3.00% to 6.00%	12/1/1992	2023	<u>6,275,000</u>	<u>12,195,000</u>
					<b><u>\$296,395,000</u></b>	<b><u>\$310,200,000</u></b>

***Bond Defeasance***

**Prior Years Defeasance**

On July 1, 2020, OCWUT placed \$6.91 million of the proceeds from the Oklahoma Water Resources Board Series 2020 C FAP Promissory Note and \$1.93 million of bond reserve funds in an irrevocable escrow account to officially defease the outstanding maturities of the Water and Sewer System Revenue Refunding Bonds Series 2009A. As a result, series 2009A are considered to be defeased and the liability for those bonds removed from the financial statement in the period of defeasance. This achieved a cash flow savings of approximately \$2.78 million and an economic gain of approximately \$767 thousand.

On July 1, 2020, OCWUT placed \$4.27 million of the proceeds from the Oklahoma Water Resources Board Series 2020 C FAP Promissory Note and \$2.33 million of bond reserve funds in an irrevocable escrow account to officially defease the outstanding maturities of the Water and Sewer System Revenue Refunding Bonds Series 2009B. As a result, Series 2009B are considered to be defeased and the liability for those bonds removed from the financial statement in the period of defeasance. This achieved a cash flow savings of approximately \$2.94 million and an economic gain of approximately \$509 thousand.

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On November 5, 2020 OCWUT placed \$52.48 million of the proceeds from the Oklahoma Water Resources Board Series 2020 D FAP Promissory Note and \$5.98 million of debt service funds on hand in an irrevocable escrow account to officially defease the outstanding maturities of the Water and Sewer Revenue Refunding Bonds Series 2011. As a result, Series 2011 are considered to be defeased and the liability for those bonds removed from the financial statement in the period of defeasance. This achieved a cash flow savings of approximately \$22.93 million and an economic gain of approximately \$12.95 million.

On March 17, 2021, the now consolidated OCWUT trust placed \$12.89 million in an irrevocable escrow account to officially defease the outstanding maturities of its Solid Waste Management System Revenue Refunding and Improvement Bonds Series 2017A and Solid Waste Management System Revenue Bonds, Series 2017B. As a result, series 2017A&B are considered to be defeased and the liability for those bonds removed from the financial statements in the period of the defeasance.

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***

	2022		2021	
	<u>OCWUT</u>	<u>MCA (1)</u>	<u>OCWUT</u>	<u>MCA</u>
Gross revenue, including non-operating revenues and transfers in	\$392,029,480	\$5,948,610	\$357,364,611	\$7,913,155
Expenses and transfers, excluding depreciation and amortization	<u>187,416,295</u>	<u>913,331</u>	<u>213,171,822</u>	<u>895,864</u>
<b>Net revenue available for debt service</b>	<b><u>\$204,613,185</u></b>	<b><u>\$5,035,279</u></b>	<b><u>\$144,192,789</u></b>	<b><u>\$7,017,291</u></b>
Principal amounts	\$13,900,000	\$5,920,000	\$13,900,000	\$5,585,000
Interest amounts	<u>11,723,382</u>	<u>731,700</u>	<u>11,723,382</u>	<u>1,066,800</u>
<b>Total debt service requirements</b>	<b><u>\$25,623,382</u></b>	<b><u>\$6,651,700</u></b>	<b><u>\$25,623,382</u></b>	<b><u>\$6,651,800</u></b>
<b>Revenue bond coverage</b>	<b><u>7.99</u></b>	<b><u>0.76</u></b>	<b><u>5.62</u></b>	<b><u>1.05</u></b>

(1) Per the agreement of support between MCA and OCWUT, the bond coverage is always 1.0 and any difference above or below the required coverage is attributed to the timing of transfers received from OCWUT.

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.

The MCA bond indenture requires the payment of principal and interest before any other expenditures may be made. Gross revenue includes operating and non-operating revenues and transfers. In addition, depreciation and amortization expenses are excluded from the direct expenses as they do not affect funds available for debt service. The required revenue bond coverage for MCA is 1.0.



III. G. CHANGES IN LONG-TERM LIABILITIES

	2022					
	Balance July 1, 2021	Issued	Retired	Balance June 30, 2022	Due Within One Year	Due After One Year
Intergovernmental payable (1)	\$28,201	\$33,825,264	\$28,201	\$33,825,264	\$ -	\$33,825,264
Compensated absences	129,041	35,144	26,886	137,299	26,627	110,672
Notes payable (2)	429,522,555	27,396,438	15,719,078	441,199,915	17,293,324	423,906,591
Leases Payable	1,397,607	116,415	440,566	1,073,456	443,500	629,956
OCWUT revenue bonds	331,703,944	-	10,722,148	320,981,796	8,190,000	312,791,796
MCA revenue bonds	<u>12,171,009</u>	<u>-</u>	<u>5,902,568</u>	<u>6,268,441</u>	<u>6,268,441</u>	<u>-</u>
	<b><u>\$774,952,357</u></b>	<b><u>\$61,373,261</u></b>	<b><u>\$32,839,447</u></b>	<b><u>\$803,486,171</u></b>	<b><u>\$32,221,892</u></b>	<b><u>\$771,264,279</u></b>

	2021					
	Balance July 1, 2020	Issued	Retired	Balance June 30, 2021	Due Within One Year	Due After One Year
Intergovernmental payable (1)	\$32,371	\$ -	\$4,170	\$28,201	\$ -	\$28,201
Compensated absences	88,295	58,490	17,744	129,041	19,102	109,939
Notes payable (2)	279,311,804	161,029,812	10,819,061	429,522,555	15,318,627	414,203,928
Leases payable	-	1,830,969	433,362	1,397,607	440,825	956,782
OCWUT revenue bonds	433,470,667	-	101,766,723	331,703,944	7,885,000	323,818,944
MCA revenue bonds	<u>17,728,319</u>	<u>-</u>	<u>5,557,310</u>	<u>12,171,009</u>	<u>5,920,000</u>	<u>6,251,009</u>
	<b><u>\$730,631,456</u></b>	<b><u>\$162,919,271</u></b>	<b><u>\$118,598,370</u></b>	<b><u>\$774,952,357</u></b>	<b><u>\$29,583,554</u></b>	<b><u>\$745,368,803</u></b>

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

(2) All notes payable are from private placements.

III. H. 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 \$199,741,995 and \$182,760,372 in water charges and \$117,712,790 and \$108,131,580 in wastewater charges and \$64,772,764 and \$61,547,730 in solid waste management charges in 2022 and 2021, respectively. MCA recognized \$5,647,027 and \$7,143,424 in aliquot share revenues in 2022 and 2021, respectively.

III. I. 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	2022	2021
OCWUT Series 2009B Bonds	OCWUT Series 2020C FAP Note	<b>\$202,533</b>	<b>\$299,749</b>

*Leases*

The Consolidated Trust reported deferred inflows in the amount of \$852,639 and \$946,295 related to lease receivables at June 30, 2022 and 2021, respectively.

**III. J. SPECIAL ITEM**

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 OCEAT, with the water and wastewater systems under OCWUT. The merger became effective July 1, 2020. The initial opening balances of the Consolidated Trust's assets, deferred outflows of resources, liabilities, and net position, as of the beginning of the period, were determined on the basis of the carrying values reported in the separate financial statements of OCEAT and OCWUT as of July 1, 2020 as follows:

	<u>OCWUT</u>	<u>OCEAT</u>	<u>Total</u>
<b>Assets</b>			
Current assets	\$334,538,599	\$78,978,676	\$413,517,275
Capital assets, net	1,461,726,923	21,794,854	1,483,521,777
Other non-current assets	<u>100,219,469</u>	<u>1,324,621</u>	<u>101,544,090</u>
<b>Total Assets</b>	<u>1,896,484,991</u>	<u>102,098,151</u>	<u>1,998,583,142</u>
<b>Deferred Outflows of Resources</b>			
Accumulative decrease in fair value of hedging derivatives	<u>10,407,607</u>	<u>15,330</u>	<u>10,422,937</u>
<b>Liabilities</b>			
Current liabilities	124,428,938	7,779,573	132,208,511
Non-current liabilities	<u>732,156,245</u>	<u>22,036,473</u>	<u>754,192,718</u>
<b>Total Liabilities</b>	<u>856,585,183</u>	<u>29,816,046</u>	<u>886,401,229</u>
<b>Net Position</b>			
Net investment in capital assets	731,669,126	9,645,544	741,314,670
Restricted	30,630,814	1,077,917	31,708,731
Unrestricted	<u>288,007,475</u>	<u>61,573,974</u>	<u>349,581,449</u>
<b>Total Net Position</b>	<u>\$1,050,307,415</u>	<u>\$72,297,435</u>	<u>\$1,122,604,850</u>

As a result, the merger is reported as a special item as an increase in net position for OCWUT in the accompanying 2021 financial statements.

IV. NET POSITION

IV. A. CHANGE IN ACCOUNTING PRINCIPLE

On July 1, 2021, the Consolidated Trust adopted GASB statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about the governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Consolidated Trust implemented this standard as of July 1, 2020 and restated the following balances as of and for the year ended June 30, 2021.

	As of June 30, 2021		
	As previously reported	GASB 87 implementation	As restated
Accounts receivable, net	\$44,208,732	(\$21,084)	\$44,187,648
Lease receivable	-	848,240	848,240
Interest, dividends and royalties receivable	1,645,607	6,445	1,652,052
Capital assets, net of accumulated depreciation	1,617,510,352	1,384,497	1,618,894,849
Interest payable	3,353,460	502	3,353,962
Notes and leases payable	429,522,555	1,397,607	430,920,162
Deferred inflow - leases	299,749	946,295	1,246,044
Unearned revenue	111,147	(10,440)	100,707
Net investment in capital assets	847,480,541	(13,110)	847,467,431
Unrestricted net position	378,663,749	(102,756)	378,560,993
Lease and rental income	707,991	(387,248)	320,743
Other operating revenue	615,198	277,029	892,227
Maintenance, operations, and contractual services	127,001,760	(440,274)	126,561,486
Depreciation and amortization	68,905,762	446,473	69,352,235
Other non-operating revenue	499,400	7,966	507,366
Interest on bonds and notes	12,911,272	7,414	12,918,686

NOTES TO FINANCIAL STATEMENTS  
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OKLAHOMA CITY  
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*Net Investment in Capital Assets*

	2022		2021 (Restated)	
	OCWUT	MCA	OCWUT	MCA
Capital assets, net	\$1,620,032,817	\$73,843,322	\$1,545,024,806	\$73,870,043
Retainages and accounts payable	(24,826,514)	(215,380)	(20,066,424)	(540,150)
Intergovernmental payable	(33,825,264)	-	-	-
Notes payable	(442,273,371)	-	(430,920,162)	-
Commercial paper	(15,500,000)	-	(7,000,000)	-
Construction accounts funded with proceeds	5,063	-	213,265	-
Bonds payable, net	(320,981,796)	(6,268,441)	(331,703,944)	(12,171,009)
Deferred amount on refunding	10,546,252	-	10,980,319	-
Bond accounts funded with bond proceeds	14,693,280	1,152,500	14,693,280	1,152,500
Bond issuance costs paid with bond proceeds	<u>3,037,829</u>	<u>897,078</u>	<u>3,037,829</u>	<u>897,078</u>
	<b><u>\$810,908,296</u></b>	<b><u>\$69,409,079</u></b>	<b><u>\$784,258,969</u></b>	<b><u>\$63,208,462</u></b>

*Restricted for Capital Projects*

	2022		2021	
	OCWUT	MCA	OCWUT	MCA
Commercial paper reserve for construction projects	\$4,949	\$ -	\$213,265	\$ -
Commercial paper construction account funded with proceeds	(4,949)	-	(213,265)	-
State revolving fund project account	<u>114</u>	<u>-</u>	<u>392</u>	<u>-</u>
	<b><u>\$114</u></b>	<b><u>\$-</u></b>	<b><u>\$392</u></b>	<b><u>\$-</u></b>

*Restricted for Debt Service*

	2022		2021 (Restated)	
	OCWUT	MCA	OCWUT	MCA
Debt principal and interest accounts	\$19,178,871	\$308,229	\$19,821,026	\$4,094,371
Bond reserve	26,588,992	6,871,879	27,056,966	7,089,325
Bond reserve funded with bond proceeds	(14,693,280)	(1,152,500)	(14,693,280)	(1,152,500)
Interest receivable on bond investments	35,775	5,348	842	384,968
Current bond interest payable and commercial paper	<u>(9,997,327)</u>	<u>(188,250)</u>	<u>(10,085,900)</u>	<u>(365,850)</u>
	<b><u>\$21,113,031</u></b>	<b><u>\$5,844,706</u></b>	<b><u>\$22,099,654</u></b>	<b><u>\$10,050,314</u></b>

*Unrestricted*

	2022		2021	
	OCWUT	MCA	OCWUT	MCA
Unrestricted	<b><u>\$472,237,425</u></b>	<b><u>\$145,736</u></b>	<b><u>\$380,164,811</u></b>	<b><u>(\$1,603,818)</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 2022 and 2021, OCWUT collected special assessment revenue of \$8,980 and \$43,730, 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 has pledged its net revenues, which are not required for debt service, reserves, other outstanding requirements, and operations and maintenance expenses for the repayment of the Series 1992 Water Revenue Bonds.

OCWUT has transferred funds in excess of its aliquot share to MCA under the OCWUT Agreement. The amount of funds advanced to MCA was \$65,843,082 and \$63,747,498 as of June 30, 2022 and 2021, respectively.

*Receivable from the City*

	<u>Purpose</u>	<u>2022</u>	<u>2021</u>
City General Fund	Deposits held by City	\$107,700	\$233,023
City General Fund	Utility billing	719,804	20,779
Capital Improvement Fund	Utility billing	-	117,000
City Utilities Fund	Utility billing	13,741,561	1,326,394
City Grant Management Fund	Grant related	-	441,673
City Medical Services Fund	Utility billing	822,964	127,065
City Stormwater Drainage Fund	Utility billing	<u>1,050,003</u>	<u>260,761</u>
		<b><u>\$16,442,032</u></b>	<b><u>\$2,526,695</u></b>

**NOTES TO FINANCIAL STATEMENTS**  
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**OKLAHOMA CITY**  
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***Payable to the City***

<u>CURRENT</u>	<u>Purpose</u>	<u>2022</u>	<u>2021</u>
City General Fund	Payment in lieu of franchise fees (PILOT), mowing and utility lease	\$2,034,162	\$3,356,397
City General Fund	Procurement reimbursements	10,611	880
City General Fund	Utility billing	7	20,621
City Fleet Service Fund	Utility billing	35,276	9,791
City Grants Management Fund	Federal Grant Match	1,638	-
City Medical Services Fund	Utility billing	848	119,755
City Utilities Fund	Utility billing	341,581	359,190
City Utilities Fund	Cost reimbursement	16,364,668	-
City General Fund	Procurement reimbursements	-	5,883
City Stormwater Drainage Fund	Utility billing	<u>1,745</u>	<u>251,788</u>
		<b><u>\$18,790,536</u></b>	<b><u>\$4,124,305</u></b>
<b><u>NON-CURRENT</u></b>			
City Water and Wastewater Fund	Cost reimbursement	<b><u>\$43,759,796</u></b>	<b><u>\$71,178,434</u></b>

***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>2022</u>	<u>2021</u>
Beginning balance	(\$71,178,434)	(\$69,385,132)
Personal Services	(52,391,696)	(62,345,813)
Other services	(26,380,731)	(24,003,717)
Material and supplies	(11,093,274)	(10,930,214)
Interest income	(423,221)	51,475
Other non operating revenue	33,466	40,839
Lease interest	(574)	-
Reimbursement to the City	<u>101,310,000</u>	<u>95,394,128</u>
<b>Advance from City Utilities Fund</b>	<b><u>(\$60,124,464)</u></b>	<b><u>(\$71,178,434)</u></b>

**VI. B. INTERFUND PAYMENTS**

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

<u>PAYMENTS TO THE CITY</u>		<u>2022</u>	<u>2021</u>
<u>OPERATING</u>			
City General Fund	Capital improvement reimbursement	\$ -	\$117,000
City Utilities Fund	OCWUT administration	<u>-</u>	<u>1,101,127</u>
		<b><u>\$-</u></b>	<b><u>\$1,218,127</u></b>
<u>PAYMENTS TO THE CITY</u>			
<u>NON-OPERATING</u>			
City General Fund	PILOT fees	<b><u>\$6,719,802</u></b>	<b><u>\$6,263,727</u></b>

## 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*

Payments from OCWUT to MCA during fiscal year 2022 and 2021 were \$3,078,003 and \$4,824,796, 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, 2022 and 2021, all eligible employees were participating in the Plan.

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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>
2022	\$21,629	\$16,222
2021	20,934	15,526
2020	14,549	10,831
2019	14,025	10,494
2018	13,029	9,760

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>2022</u>	<u>2021</u>
Construction projects - system improvements	\$68,594,368	\$53,191,426
Contracted wastewater treatment services	11,798,895	931,283
	<b><u>\$80,393,263</u></b>	<b><u>\$54,122,709</u></b>

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

***Service Contract Commitments***

Significant service contract commitments at June 30, 2022, include \$212.86 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>Fleet Maintenance</u>	<u>Total</u>
2023	\$19,432,000	\$7,313,000	\$7,720,000	\$747,000	\$3,469,000	\$38,681,000
2024	20,404,000	7,606,000	8,106,000	777,000	3,642,000	\$40,535,000
2025	21,424,000	7,910,000	8,511,000	808,000	3,824,000	\$42,477,000
2026	22,495,000	8,226,000	8,937,000	840,000	4,015,000	\$44,513,000
2027	<u>23,620,000</u>	<u>8,555,000</u>	<u>9,384,000</u>	<u>874,000</u>	<u>4,216,000</u>	<u>\$46,649,000</u>
	<b><u>\$107,375,000</u></b>	<b><u>\$39,610,000</u></b>	<b><u>\$42,658,000</u></b>	<b><u>\$4,046,000</u></b>	<b><u>\$19,166,000</u></b>	<b><u>\$212,855,000</u></b>

**IX. CONTINGENCIES**

***Litigation***

At June 30, 2022 and 2021, 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 2022 and 2021 in the amount of \$347,297 and \$260,298, respectively.

**XI. SUBSEQUENT EVENT**

***Revolving Loan***

On September 13, 2022, OCWUT approved an OWRB revolving loan for a maximum of \$104,113,000 for system improvements. The loan has not been drawn on at this time. The all-inclusive interest rate for the 2022A clean water state revolving fund loan will be 2.92%.

***Refunding Bond***

On July 26, 2022, OCWUT issued Utility System Revenue Refunding Bonds, Taxable Series 2022 in the amount of \$267,265,000 in order to provide refinancing for the Water and Sewer System Revenue Refunding Bonds, Series 2013, Series 2015 and Series 2016.

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# **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

OKLAHOMA CITY  
WATER UTILITIES TRUST

June 30, 2022

	OCWUT							Total
	Water	Waste Water	Solid Waste Management	McGee Creek	Tinker	Debt	Eliminations	
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Non-pooled cash-----	\$ -	\$ -	\$ -	\$ -	\$3,018,186	\$11,917,778	-	\$14,935,964
Investments-----	220,280,834	171,371,031	36,014,018	-	-	7,751,156	-	435,417,039
Accounts receivable, net-----	25,077,540	13,010,558	10,115,666	-	-	-	-	48,203,764
Lease receivable-----	67,155	-	-	-	-	-	-	67,155
Interest, dividends, and royalties receivable-----	738,308	482,103	42,983	-	-	35,773	-	1,299,167
Due from other funds-----	(14,377,674)	(12,666,306)	23,816,741	-	(65,298)	3,292,537	-	-
Receivable from City of Oklahoma City-----	5,161,631	4,589,076	6,691,325	-	-	-	-	16,442,032
Intergovernmental receivables-----	184,038	96,469	1,882,697	-	1,500,635	-	-	3,663,839
Note receivable-----	-	12,562	-	-	-	-	-	12,562
Inventories-----	-	-	775,878	-	-	-	-	775,878
Prepays-----	374,457	152,733	-	-	-	-	-	527,190
Total current assets-----	237,506,289	177,048,226	79,339,308	-	4,453,523	22,997,244	-	521,344,590
<b>NON-CURRENT ASSETS</b>								
Investments-----	-	-	-	-	-	26,588,992	-	26,588,992
Lease receivable-----	695,307	-	-	-	-	-	-	695,307
Notes receivable-----	-	680,575	-	-	-	-	-	680,575
Advance to McGee Creek Authority-----	-	-	-	65,843,082	-	-	-	65,843,082
Other non-current assets-----	4,903	282,050	-	-	-	-	-	286,953
Capital assets:								
Land, water storage rights and construction in progress-----	383,370,490	139,764,555	-	-	-	-	-	523,135,045
Other capital assets, net of accumulated depreciation-----	785,693,634	255,459,008	14,732,306	-	37,258,986	3,753,838	-	1,096,897,772
Capital assets, net-----	1,169,064,124	395,223,563	14,732,306	-	37,258,986	3,753,838	-	1,620,032,817
Total non-current assets-----	1,169,764,334	396,186,188	14,732,306	65,843,082	37,258,986	30,342,830	-	1,714,127,726
Total assets-----	1,407,270,623	573,234,414	94,071,614	65,843,082	41,712,509	53,340,074	-	2,235,472,316
<b>DEFERRED OUTFLOWS OF RESOURCES-----</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,748,785</b>	<b>-</b>	<b>10,748,785</b>
<b>LIABILITIES</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payable and accrued expenses-----	27,027,668	7,244,350	4,449,374	-	1,189,300	-	-	39,910,692
Payable to component units-----	-	-	-	1,829,842	-	-	-	1,829,842
Payable to City of Oklahoma City-----	7,088,737	7,934,754	3,758,121	-	-	-	-	18,781,612
Interest payable-----	348	48	-	-	-	3,461,616	-	3,462,012
Commercial paper-----	-	-	-	-	-	15,500,000	-	15,500,000
Notes and leases payable-----	385,143	58,357	-	-	-	17,293,324	-	17,736,824
Unearned revenue-----	85,094	-	-	-	-	-	-	85,094
Bond interest payable-----	-	-	-	-	-	6,535,315	-	6,535,315
Bonds payable-----	-	-	-	-	-	8,190,000	-	8,190,000
Intergovernmental payable-----	10,124,814	(301)	-	-	3,837,756	-	-	13,962,269
Total current liabilities-----	44,711,804	15,237,208	8,207,495	1,829,842	5,027,056	50,980,255	-	125,993,660
<b>NON-CURRENT LIABILITIES</b>								
Payable to City of Oklahoma City-----	21,748,252	15,633,557	6,377,987	-	-	-	-	43,759,796
Intergovernmental payable-----	-	-	-	-	33,825,264	-	-	33,825,264
Notes and leases payable-----	561,522	68,434	-	-	-	423,906,591	-	424,536,547
Bonds payable, net-----	-	-	-	-	-	312,791,796	-	312,791,796
Total non-current liabilities-----	22,309,774	15,701,991	6,377,987	-	33,825,264	736,698,387	-	814,913,403
Total liabilities-----	67,021,578	30,939,199	14,585,482	1,829,842	38,852,320	787,678,642	-	940,907,063
<b>DEFERRED INFLOWS OF RESOURCES-----</b>	<b>852,639</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>202,533</b>	<b>-</b>	<b>1,055,172</b>
<b>NET POSITION</b>								
Net investment in capital assets-----	1,147,820,653	390,645,049	14,670,905	-	3,417,139	(745,645,450)	-	810,908,296
Capital projects-----	-	-	-	-	-	114	-	114
Debt service-----	(347)	(48)	-	-	-	21,113,426	-	21,113,031
Unrestricted-----	191,576,100	151,650,214	64,815,227	64,013,240	(556,950)	739,594	-	472,237,425
Total net position-----	\$1,339,396,406	\$542,295,215	\$79,486,132	\$64,013,240	\$2,860,189	(\$723,792,316)	\$ -	\$1,304,258,866

COMBINING STATEMENT OF NET POSITION

OKLAHOMA CITY  
WATER UTILITIES TRUST

June 30, 2021

	OCWUT							Total
	Water	Waste Water	Solid Waste Management	McGee Creek	Tinker	Debt	Eliminations	
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Non-pooled cash-----	\$ -	\$ -	\$ -	\$ -	\$1,007,362	\$12,677,506	-	\$13,684,868
Investments-----	174,234,274	130,267,531	59,185,245	-	-	7,841,786	-	371,528,836
Accounts receivable, net-----	21,981,969	12,437,764	9,706,902	-	19,172	-	-	44,145,807
Lease receivable-----	85,778	-	-	-	-	-	-	85,778
Interest, dividends, and royalties receivable-----	655,797	430,629	180,271	-	-	387	-	1,267,084
Due from other funds-----	(3,703,687)	14,425,205	(13,146,453)	-	-	2,424,935	-	-
Receivable from City of Oklahoma City-----	1,133,669	763,202	589,141	-	-	-	-	2,486,012
Intergovernmental receivables-----	349,818	94,278	800,818	-	-	-	-	1,244,914
Inventories-----	-	-	798,004	-	-	-	-	798,004
Prepays-----	390,984	164,303	-	-	-	-	-	555,287
Total current assets-----	195,128,602	158,582,912	58,113,928	-	1,026,534	22,944,614	-	435,796,590
<b>NON-CURRENT ASSETS</b>								
Investments-----	-	-	-	-	-	27,056,966	-	27,056,966
Lease receivable-----	762,462	-	-	-	-	-	-	762,462
Advance to McGee Creek Authority-----	-	-	-	63,747,498	-	-	-	63,747,498
Other non-current assets-----	1,269,257	1,546,401	-	-	3,021,672	-	-	5,837,330
Prepays-----	19,166	-	-	-	-	-	-	19,166
Capital assets:								
Land, water storage rights and construction in progress-----	314,089,094	119,178,888	3,613	-	-	-	-	433,271,595
Other capital assets, net of accumulated depreciation-----	817,951,045	269,668,925	20,269,282	-	-	3,863,959	-	1,111,753,211
Capital assets, net-----	1,132,040,139	388,847,813	20,272,895	-	-	3,863,959	-	1,545,024,806
Total non-current assets-----	1,134,091,024	390,394,214	20,272,895	63,747,498	3,021,672	30,920,925	-	1,642,448,228
<b>Total assets-----</b>	<b>1,329,219,626</b>	<b>548,977,126</b>	<b>78,386,823</b>	<b>63,747,498</b>	<b>4,048,206</b>	<b>53,865,539</b>	<b>-</b>	<b>2,078,244,818</b>
<b>DEFERRED OUTFLOWS OF RESOURCES-----</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,280,068</b>	<b>-</b>	<b>11,280,068</b>
<b>LIABILITIES</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payable and accrued expenses-----	20,238,471	10,287,765	5,262,489	-	746,206	-	-	36,534,931
Payable to City of Oklahoma City-----	2,862,515	974,598	281,308	-	-	-	-	4,118,421
Interest payable-----	459	43	-	-	-	3,353,460	-	3,353,962
Commercial paper-----	-	-	-	-	-	7,000,000	-	7,000,000
Notes and leases payable-----	383,033	57,792	-	-	-	15,318,627	-	15,759,452
Unearned revenue-----	96,566	4,141	-	-	-	-	-	100,707
Bond interest payable-----	-	-	-	-	-	6,732,440	-	6,732,440
Bonds payable-----	-	-	-	-	-	7,885,000	-	7,885,000
Intergovernmental payable-----	10,124,814	(12,799)	-	-	-	-	-	10,112,015
Total current liabilities-----	33,705,858	11,311,540	5,543,797	-	746,206	40,289,527	-	91,596,928
<b>NON-CURRENT LIABILITIES</b>								
Payable to City of Oklahoma City-----	34,817,997	24,924,345	11,436,092	-	-	-	-	71,178,434
Notes and leases payable-----	888,328	68,454	-	-	-	414,203,928	-	415,160,710
Bonds payable, net-----	-	-	-	-	-	323,818,944	-	323,818,944
Total non-current liabilities-----	35,706,325	24,992,799	11,436,092	-	-	738,022,872	-	810,158,088
<b>Total liabilities-----</b>	<b>69,412,183</b>	<b>36,304,339</b>	<b>16,979,889</b>	<b>-</b>	<b>746,206</b>	<b>778,312,399</b>	<b>-</b>	<b>901,755,016</b>
<b>DEFERRED INFLOWS OF RESOURCES-----</b>	<b>946,295</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>299,749</b>	<b>-</b>	<b>1,246,044</b>
<b>NET POSITION</b>								
Net investment in capital assets-----	1,118,357,426	381,073,950	20,265,439	-	-	(735,437,846)	-	784,258,969
Capital projects-----	-	-	-	-	-	392	-	392
Debt service-----	-	-	455	-	-	22,099,199	-	22,099,654
Unrestricted-----	140,503,722	131,598,837	41,141,040	63,747,498	3,302,000	(128,286)	-	380,164,811
<b>Total net position-----</b>	<b>\$1,258,861,148</b>	<b>\$512,672,787</b>	<b>\$61,406,934</b>	<b>\$63,747,498</b>	<b>\$3,302,000</b>	<b>(\$713,466,541)</b>	<b>\$ -</b>	<b>\$1,186,523,826</b>

**STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
June 30, 2022**

**OKLAHOMA CITY  
WATER UTILITIES TRUST**

	OCWUT (Restated)							
	Water	Waste Water	Solid Waste Management	McGee Creek	Tinker	Debt	Eliminations	Total
<b><u>OPERATING REVENUES</u></b>								
Water charges-----	\$199,741,995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$199,741,995
Wastewater charges-----	-	117,712,790	-	-	-	-	-	117,712,790
Solid waste management charges-----	-	-	64,772,764	-	-	-	-	64,772,764
Other charges-----	2,664,159	2,476,917	-	-	-	-	(3,677,004)	1,464,072
Total charges for services-----	202,406,154	120,189,707	64,772,764	-	-	-	(3,677,004)	383,691,621
Lease -----	325,571	-	-	-	-	-	-	325,571
Other-----	613,443	560,214	6,941	-	-	-	-	1,180,598
<b>Total operating revenues-----</b>	<b>203,345,168</b>	<b>120,749,921</b>	<b>64,779,705</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,677,004)</b>	<b>385,197,790</b>
<b><u>OPERATING EXPENSES</u></b>								
Personal services-----	27,102,050	17,635,059	7,654,587	-	-	-	-	52,391,696
Maintenance, operations, and contractual services-----	34,972,214	35,147,510	42,059,711	3,078,002	-	-	(4,750,233)	110,507,204
Materials and supplies-----	11,261,972	2,720,348	3,797,701	-	17,572	-	-	17,797,593
Depreciation and amortization-----	36,962,132	19,862,916	6,696,960	-	1,229,385	110,122	-	64,861,515
<b>Total operating expenses-----</b>	<b>110,298,368</b>	<b>75,365,833</b>	<b>60,208,959</b>	<b>3,078,002</b>	<b>1,246,957</b>	<b>110,122</b>	<b>(4,750,233)</b>	<b>245,558,008</b>
<b>Operating income (loss)-----</b>	<b>93,046,800</b>	<b>45,384,088</b>	<b>4,570,746</b>	<b>(3,078,002)</b>	<b>(1,246,957)</b>	<b>(110,122)</b>	<b>1,073,229</b>	<b>139,639,782</b>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>								
Grant operating-----	-	-	14,101,707	-	-	-	-	14,101,707
Investment income-----	(5,024,189)	(4,274,800)	(725,646)	-	-	64,103	-	(9,960,532)
Interest on bonds and notes-----	(5,740)	(562)	-	-	-	(22,010,328)	-	(22,016,630)
Oil and gas royalties-----	99,434	-	-	-	-	-	-	99,434
Payments to City of Oklahoma City-----	(3,352,812)	(2,210,526)	(1,156,464)	-	-	-	-	(6,719,802)
Other revenue (expenses)-----	233,733	(249,677)	1,121,750	-	-	-	(1,073,229)	32,577
<b>Net non-operating expenses--</b>	<b>(8,049,574)</b>	<b>(6,735,565)</b>	<b>13,341,347</b>	<b>-</b>	<b>-</b>	<b>(21,946,225)</b>	<b>(1,073,229)</b>	<b>(24,463,246)</b>
<b>Income (loss) before contributions and transfers-----</b>	<b>84,997,226</b>	<b>38,648,523</b>	<b>17,912,093</b>	<b>(3,078,002)</b>	<b>(1,246,957)</b>	<b>(22,056,347)</b>	<b>-</b>	<b>115,176,536</b>
<b><u>CONTRIBUTIONS AND TRANSFERS</u></b>								
Capital contributions-----	-	-	-	-	2,558,504	-	-	2,558,504
Other capital contributions-----	26,498	(26,498)	-	-	-	-	-	-
Transfers from other funds-----	-	-	167,105	3,343,744	-	11,730,572	-	15,241,421
Transfers to other funds-----	(4,488,466)	(8,999,597)	-	-	(1,753,358)	-	-	(15,241,421)
<b>Total contributions and transfers-----</b>	<b>(4,461,968)</b>	<b>(9,026,095)</b>	<b>167,105</b>	<b>3,343,744</b>	<b>805,146</b>	<b>11,730,572</b>	<b>-</b>	<b>2,558,504</b>
<b>Changes in net position-----</b>	<b>80,535,258</b>	<b>29,622,428</b>	<b>18,079,198</b>	<b>265,742</b>	<b>(441,811)</b>	<b>(10,325,775)</b>	<b>-</b>	<b>117,735,040</b>
Total net position, beginning-----	1,258,861,148	512,672,787	61,406,934	63,747,498	3,302,000	(713,466,541)	-	1,186,523,826
<b>Total net position, ending-----</b>	<b>\$1,339,396,406</b>	<b>\$542,295,215</b>	<b>\$79,486,132</b>	<b>\$64,013,240</b>	<b>\$2,860,189</b>	<b>(\$723,792,316)</b>	<b>\$ -</b>	<b>\$1,304,258,866</b>



**STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
June 30, 2021**

**OKLAHOMA CITY  
WATER UTILITIES TRUST**

	OCWUT (Restated)							
	Water	Waste Water	Solid Waste Management	McGee Creek	Tinker	Debt	Eliminations	Total
<b><u>OPERATING REVENUES</u></b>								
Water charges-----	\$182,760,372	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$182,760,372
Wastewater charges-----	-	108,131,580	-	-	-	-	-	108,131,580
Solid waste management charges-----	-	-	61,547,730	-	-	-	-	61,547,730
Other charges-----	2,766,968	2,355,988	-	-	-	-	(3,727,004)	1,395,952
Total charges for services-----	185,527,340	110,487,568	61,547,730	-	-	-	(3,727,004)	353,835,634
Lease revenue-----	320,743	-	-	-	-	-	-	320,743
Other-----	764,662	118,665	8,510	-	-	-	-	891,837
<b>Total operating revenues-----</b>	<b>186,612,745</b>	<b>110,606,233</b>	<b>61,556,240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,727,004)</b>	<b>355,048,214</b>
<b><u>OPERATING EXPENSES</u></b>								
Personal services-----	32,619,894	20,657,449	9,068,470	-	-	-	-	62,345,813
Maintenance, operations, and contractual services-----	37,506,812	34,234,277	53,910,341	4,824,798	-	-	(4,350,446)	126,125,782
Materials and supplies-----	10,748,979	2,553,054	3,742,387	-	-	-	-	17,044,420
Depreciation and amortization-----	42,992,026	20,844,394	4,673,546	-	-	110,122	-	68,620,088
<b>Total operating expenses-----</b>	<b>123,867,711</b>	<b>78,289,174</b>	<b>71,394,744</b>	<b>4,824,798</b>	<b>-</b>	<b>110,122</b>	<b>(4,350,446)</b>	<b>274,136,103</b>
<b>Operating income (loss)-----</b>	<b>62,745,034</b>	<b>32,317,059</b>	<b>(9,838,504)</b>	<b>(4,824,798)</b>	<b>-</b>	<b>(110,122)</b>	<b>623,442</b>	<b>80,912,111</b>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>								
Investment income-----	230,725	206,853	92,040	-	-	5,975	-	535,593
Interest on bonds and notes-----	7,625,494	3,196,089	-	-	-	(22,813,329)	-	(11,991,746)
Bond issue costs-----	-	-	-	-	-	(951,806)	-	(951,806)
Oil and gas royalties-----	31,116	-	-	-	-	-	-	31,116
Payments to City of Oklahoma City-----	(3,153,448)	(2,049,702)	(1,060,577)	-	-	-	-	(6,263,727)
Payments from City of Oklahoma City-----	617,024	435,978	165,125	-	-	-	-	1,218,127
Other revenue (expenses)-----	678,114	(10,603)	759,189	-	-	(373,950)	(623,442)	429,308
<b>Net non-operating expenses--</b>	<b>6,029,025</b>	<b>1,778,615</b>	<b>(44,223)</b>	<b>-</b>	<b>-</b>	<b>(24,133,110)</b>	<b>(623,442)</b>	<b>(16,993,135)</b>
<b>Income (loss) before     contributions and transfers-----</b>	<b>68,774,059</b>	<b>34,095,674</b>	<b>(9,882,727)</b>	<b>(4,824,798)</b>	<b>-</b>	<b>(24,243,232)</b>	<b>-</b>	<b>63,918,976</b>
<b><u>CONTRIBUTIONS AND TRANSFERS</u></b>								
Transfers from other funds-----	4,222,313	2,457,158	-	7,432,366	3,302,000	-	-	17,413,837
Transfers to other funds-----	-	-	(11,654,740)	-	-	(5,759,097)	-	(17,413,837)
<b>Total contributions     and transfers-----</b>	<b>4,222,313</b>	<b>2,457,158</b>	<b>(11,654,740)</b>	<b>7,432,366</b>	<b>3,302,000</b>	<b>(5,759,097)</b>	<b>-</b>	<b>-</b>
<b><u>SPECIAL ITEM</u></b>								
Special item-----	-	-	82,944,401	-	-	(10,646,966)	-	72,297,435
<b>Total special item-----</b>	<b>-</b>	<b>-</b>	<b>82,944,401</b>	<b>-</b>	<b>-</b>	<b>(10,646,966)</b>	<b>-</b>	<b>72,297,435</b>
<b>Changes in net position-----</b>	<b>72,996,372</b>	<b>36,552,832</b>	<b>61,406,934</b>	<b>2,607,568</b>	<b>3,302,000</b>	<b>(40,649,295)</b>	<b>-</b>	<b>136,216,411</b>
Total net position, beginning-----	1,185,864,776	476,119,955	-	61,139,930	-	(672,817,246)	-	1,050,307,415
<b>Total net position, ending-----</b>	<b>\$1,258,861,148</b>	<b>\$512,672,787</b>	<b>\$61,406,934</b>	<b>\$63,747,498</b>	<b>\$3,302,000</b>	<b>(\$713,466,541)</b>	<b>\$ -</b>	<b>\$1,186,523,826</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, 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, 2022 and 2021, and the related notes to financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated November 23, 2022.

### **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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

## **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

November 23, 2022  
Wichita, Kansas