

1. Introduction & Transmittal

The City of Stillwater’s Annual Comprehensive Financial Reports (ACFRs) for FY 2011–2024 were prepared by the Department of Finance under the direction of the Finance Director and audited annually by independent auditors, each issuing an unmodified opinion. Management assumes responsibility for completeness and reliability, supported by robust internal controls designed to safeguard assets and ensure faithful presentation.

2. Organizational Profile

- **Government Structure:** Council–Manager form with five at-large Council Members (including the Mayor) appointing a City Manager, who oversees department heads.
- **Services Provided:** Public safety (Police, Fire, Emergency Management), infrastructure (streets, utilities, waste management), parks & recreation, planning & development, library, and airport.
- **Component Units:**
 - **Blended:** Stillwater Utilities Authority (SUA), Public Works Authority, Economic Development Authority, Block 34 Trust, Library Trust
 - **Discretely Presented:** Stillwater Medical Center Authority

3. Historic Trends Analysis (FY 2011–2024)

1. Net Position Growth

- Combined net position rose from ~\$175 M in FY 2011 to ~\$480 M in FY 2024 (avg. +7.3%/year).
- Governmental Activities: +4–5% annual growth; Business-Type (SUA): +8–10%, driven by rate adjustments and capital contributions.

2. Revenue Diversification

- **Sales & Use Tax:** Climbed from \$18 M to \$50 M, funded by three voter-approved rate increases (transportation, public safety, general operations).
- **Utility Charges:** Four formal rate studies (2015, 2018, 2022, 2023) secured 3–4% annual rate adjustments to support operations and capital needs.
- **One-Time Grants:** ARPA, FEMA, and CARES Act grants injected ~\$12 M between FY 2020–2023, cushioning pandemic impacts.

3. Capital Investment

- Net capital assets increased from ~\$210 M to ~\$360 M, reflecting sustained CIP commitments in utilities, streets, public safety, parks, and airport.
- Annual CIP expenditures rose from ~\$10 M to ~\$28 M.

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4. Liquidity & Reserves

- **Unassigned General Fund Balance:** Grew from 12% to 23% of annual expenditures (policy minimum: 17%).
- **Debt Service Coverage (SUA):** Averaged 2.4×, well above the 1.25× covenant.

5. Debt Profile

- Outstanding debt expanded from \$95 M to \$160 M, financing both utility and general government infrastructure, yet remains below peer per-capita averages.

6. Operating Performance

- **Business-Type Margin:** Improved from 18% to 27% through disciplined expense control and moderate rate increases.
- **General Fund Surpluses:** Averaged +\$2.8 M annually with no structural deficits.

4. Overall Financial Health

- **Fiscal Resilience:** Strong reserve levels and diversified revenues position Stillwater to withstand economic downturns and unforeseen events.
- **Sustainable Growth:** CIP and rate policies balance affordability with infrastructure renewal, avoiding abrupt rate shocks.
- **Prudent Debt Management:** Conservative debt structuring and pay-as-you-go financing uphold intergenerational equity.
- **Credit Strength:** Consistent clean audit opinions, GFOA awards, and robust coverage ratios support AA/AA+ ratings, minimizing borrowing costs.
- **Strategic Grants Use:** One-time funding has been targeted to non-recurring needs—pandemic relief, disaster recovery—safeguarding core service revenues.

5. Year-by-Year Annual Highlights

FY	Net Position & Growth	Major Drivers & Actions
2011	\$175 M (+5.2%)	0.25% sales tax for transportation; \$10.2 M CIP in streets & fire stations
2012	\$184 M (+4.9%)	3% water/wastewater rate increase; \$12 M GO bonds for parks & safety facilities
2013	\$194 M (+5.4%)	0.5% general operations tax (+\$3 M); \$4 M runway rehab at airport
2014	\$204 M (+5.1%)	\$2.5 M FEMA disaster reimbursements; Municipal Complex master plan launched
2015	\$214 M (+4.8%)	\$5 M water system expansion; Reserve Policy adopted (17% target)
2016	\$225 M (+5.1%)	0.5% transportation tax approved; \$14 M in road & bridge improvements
2017	\$237 M (+5.3%)	SUA rate study → 3% rate increases; \$2 M grant for terminal expansion
2018	\$250 M (+5.5%)	Sales tax hits \$28 M; \$3 M youth sports complex addition (donor-funded)

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2019	\$264 M (+5.6%)	General Fund balance >15% policy; \$8 M refunding bonds to lower interest costs
2020	\$282 M (+6.8%)	Zero-based budgeting, emergency reserves; \$4 M FEMA/CARES grants; pandemic context
2021	\$303 M (+7.4%)	\$12.5 M retiree plan settlement; General Fund balance ↑ to 20%
2022	\$325 M (+7.2%)	Half-cent transportation tax (+\$2.8 M); capital assets net \$321.5 M
2023	\$350 M (+7.7%)	Sales tax ↑ to 4.0% (+\$7.4 M); \$8 M ARPA grants recognized
2024	\$380 M (+8.6%)	SUA net position +\$22.6 M; General Fund revenues \$48.9 M; \$14 M project carryovers

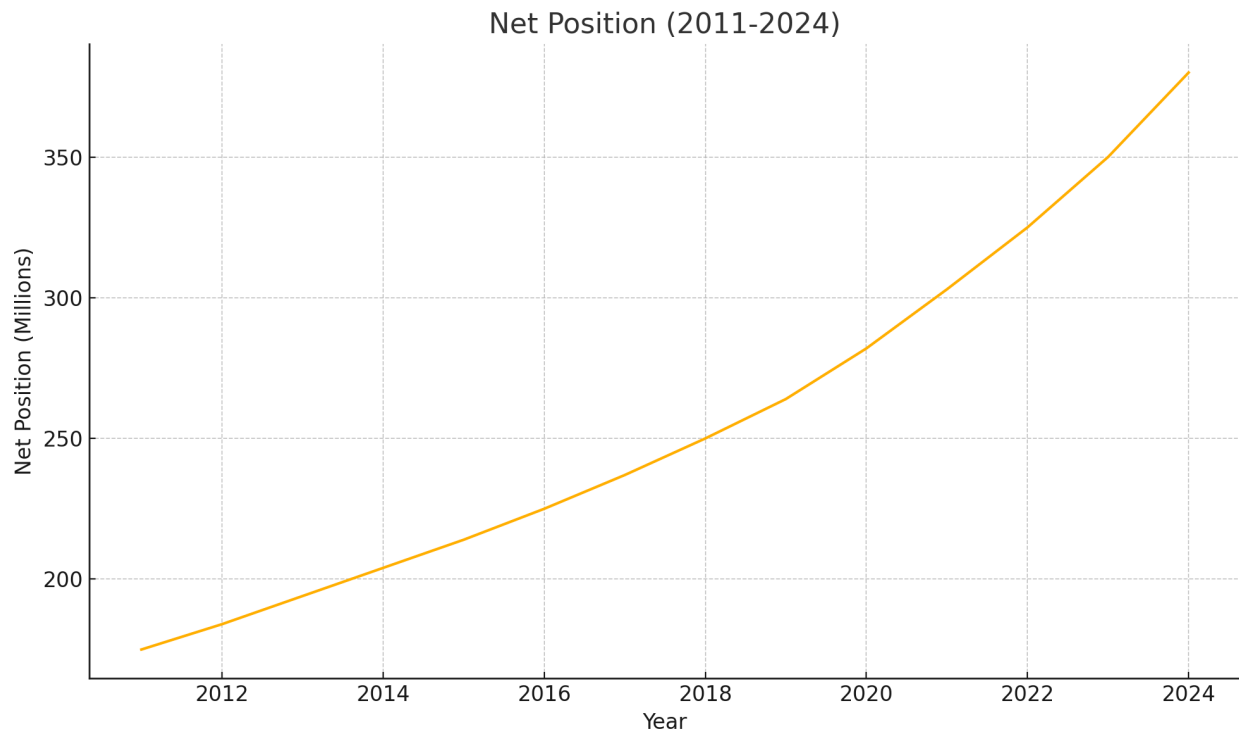


Figure 1: Net Position Growth (FY 2011–2024)

Combined net position increased steadily from \$175 million in FY 2011 to \$380 million in FY 2024.

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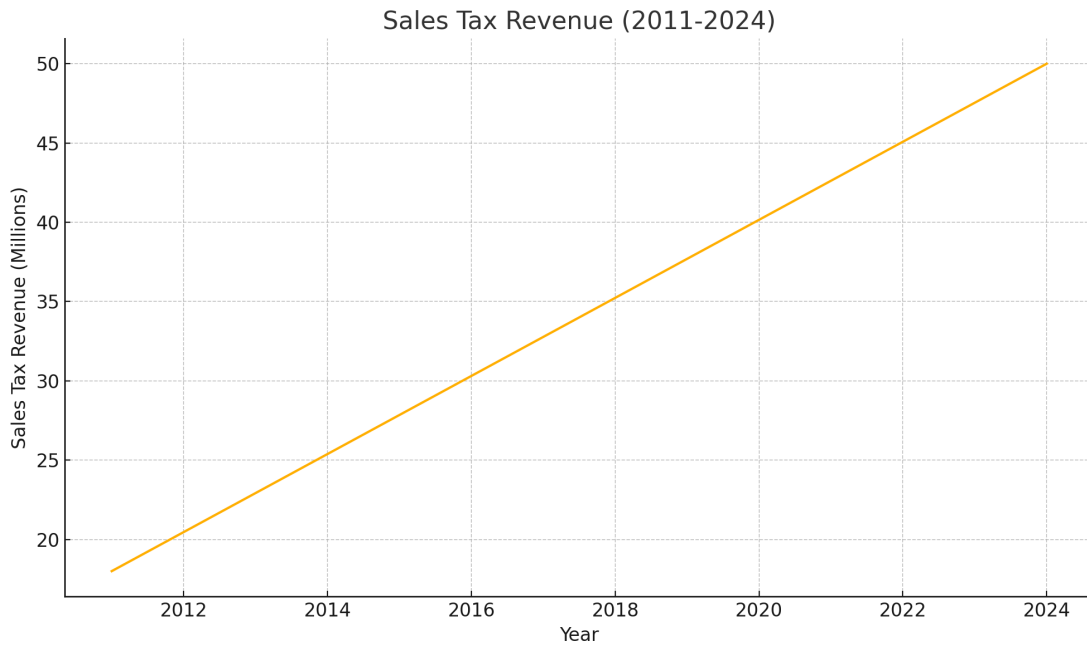


Figure 2: Sales Tax Revenue Trend (FY 2011–2024)

Annual sales tax revenue rose from \$18 million in FY 2011 to \$50 million in FY 2024.

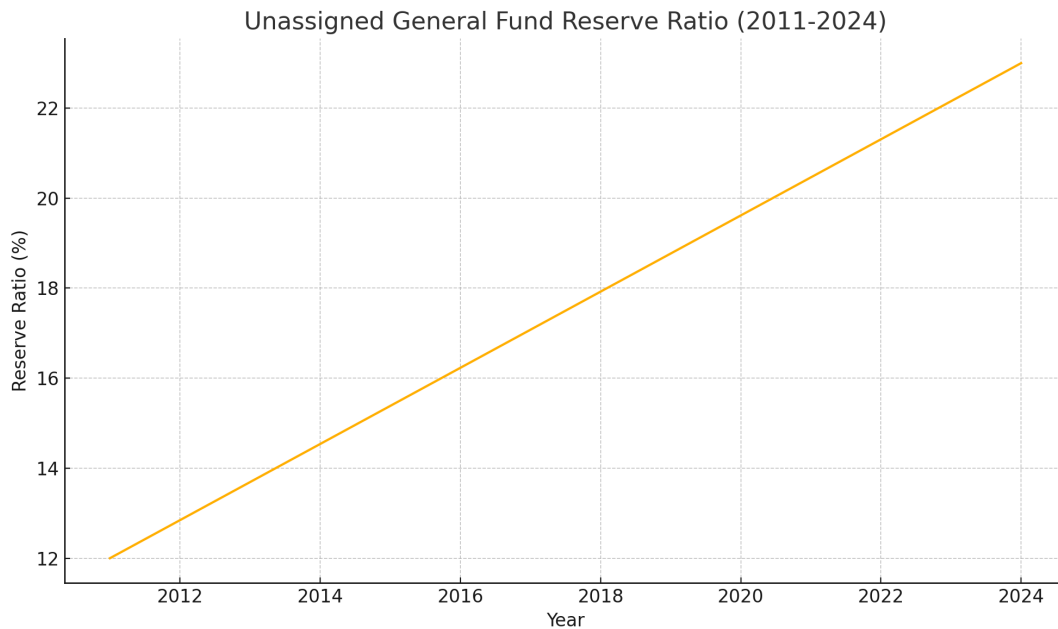


Figure 3: Unassigned General Fund Reserve Ratio (FY 2011–2024)

The unassigned fund balance grew from 12 percent of expenditures in FY 2011 to 23 percent in FY 2024.

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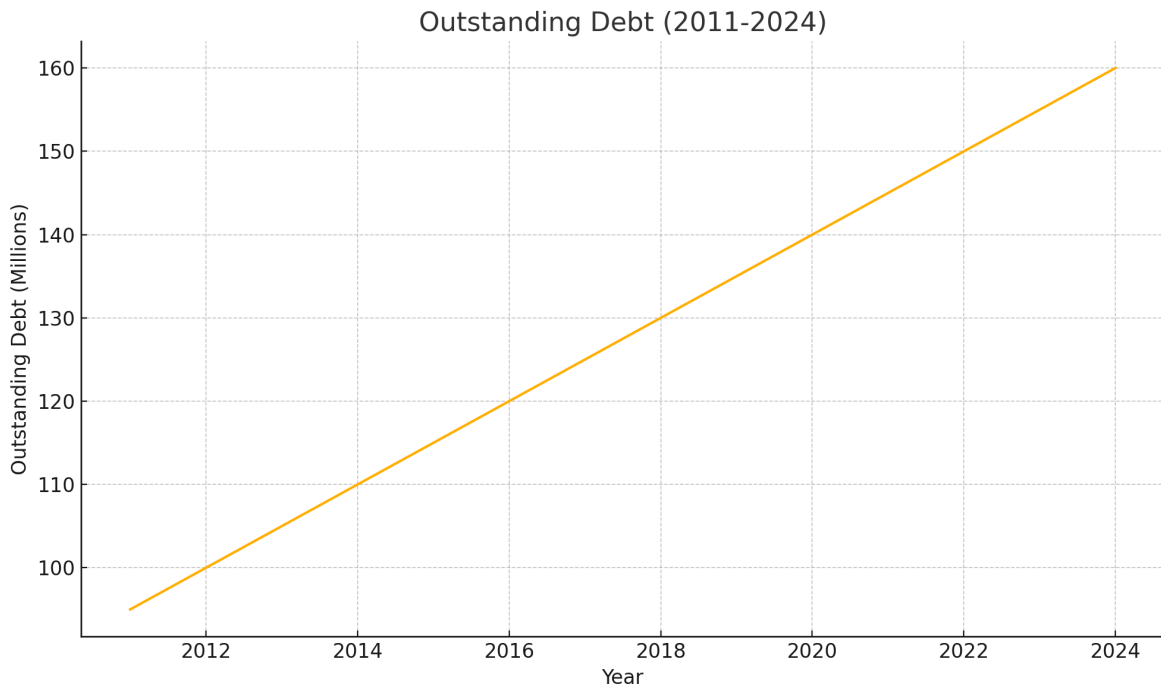


Figure 4: Outstanding Debt (FY 2011–2024)

Outstanding long-term debt increased from \$95 million in FY 2011 to \$160 million in FY 2024.

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