

2014 City of Stillwater, Oklahoma Historical Financial Data Analysis

Briefing Document

4 July 2025

Briefing Document: City of Stillwater, Oklahoma and Stillwater Medical Center Authority - 2014 Financial Overview

Date: October 26, 2023

Subject: Review of 2014 financial reports for the City of Stillwater, Oklahoma, and its component unit, the Stillwater Medical Center Authority.

Sources:

"2014-ACFR-Stillwater.pdf" (City of Stillwater Single Audit Reports and Supplementary Schedules, Year Ended June 30, 2014)

"2014-Stillwater-2643.pdf" (State of Oklahoma Annual Survey of City and Town Finances, Year Ending 2014 - Stillwater)

"2014-Stillwater-Medical-Center-Authority.pdf" (Stillwater Medical Center Authority d/b/a Stillwater Medical Center, Management's Discussion and Analysis and Financial Statements, Years Ended December 31, 2014 and 2013)

Executive Summary

This briefing document summarizes the key financial aspects of the City of Stillwater, Oklahoma, and the Stillwater Medical Center Authority for the 2014 fiscal year. The City of Stillwater's audit for the fiscal year ended June 30, 2014, reported an unmodified auditor's opinion on its financial statements and no material weaknesses or significant deficiencies in internal control over financial reporting. The City was also identified as a low-risk auditee.

The Stillwater Medical Center Authority, a component unit of the City, demonstrated strong financial performance in 2014, with significant increases in cash and cash equivalents, net position, and operating income. The Authority also **undertook strategic debt refinancing to reduce future debt service payments** and fund capital expenditures. Both entities appear to be in good financial health based on the provided 2014 reports.

City of Stillwater, Oklahoma (Fiscal Year Ended June 30, 2014)

1. Audit Opinion and Internal Controls: * The City received an unmodified auditor's report on its financial statements, indicating that the financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles. * Regarding internal control over financial reporting, no material weaknesses or significant deficiencies were identified. The report explicitly states: "Material weaknesses identified: None" and "No matters reported" under Section II – Financial Statement Findings. * The City was designated as a "low-risk auditee". * There were no prior audit findings reported for the year ended June 30, 2014.

Disclaimer: This executive summary is based on preliminary reviews of the City of Stillwater's 2014 ACFR, State Auditor & Inspector Survey (SA&I Form 2643), and the Stillwater Medical Center Authority's 2014 audited financial statements. It is intended for informational purposes only and does not constitute an audit, attestation, or legal opinion. While every effort has been made to ensure accuracy, readers should consult the original reports and seek independent professional advice before making financial or policy decisions.

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2. Federal Program Expenditures: * The total expenditures of federal awards for the City of Stillwater in the fiscal year ended June 30, 2014, amounted to \$932,772. * The Hazard Mitigation Grant (CFDA Number 97.039) was identified as the City's major federal program, with expenditures of \$718,250. This significantly exceeded the dollar threshold for Type A programs, which was set at \$300,000. * Other notable federal expenditures included: * Community Development Block Grant (CDBG): \$117,059 * Internet Crimes Against Children Task Force Grant: \$8,325 * Edward Byrne Memorial Justice Assistance Grant Program: \$21,557 * Emergency Management Performance Grant: \$30,000 * Assistance to Firefighters Grant: \$29,581

3. Financial Reporting Standards: * The audit was performed in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. * The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

4. Scope of the Annual Survey of City and Town Finances: * The "Annual Survey of City and Town Finances" document provides a detailed framework for reporting municipal finances to the Office of the State Auditor and Inspector. * It covers various revenue categories (tax revenues, intergovernmental revenue, other revenues like utility sales, service charges, interest earnings, fines, donations) and expenditure categories (general government, public safety, highways, health and welfare, sanitation, utilities, culture and recreation, debt service). * The report explicitly requires the inclusion of financial information for "duly constituted authorities" or "component units" of the municipality, such as Stillwater Medical Center Authority, public trusts, and utility authorities, to ensure comprehensive financial reporting for the entire entity.

Stillwater Medical Center Authority (Fiscal Year Ended December 31, 2014)

1. Nature of Operations and Reporting Entity: * The Authority operates as Stillwater Medical Center, providing inpatient, outpatient, and emergency care services in Stillwater, Oklahoma, and surrounding communities. It also operates physician clinics, a rehabilitation unit, and home health services. * The Authority is classified as a public trust and an agency of the state of Oklahoma. * It is identified as a component unit of the City of Stillwater, Oklahoma, because the City's Board of Commissioners appoints the majority of the Authority's Board of Trustees.

2. Financial Highlights (2014 vs. 2013): * Cash and Cash Equivalents: Increased by \$7,567,059 (58.9%) in 2014, following a 39.7% increase in 2013. Total cash and equivalents were \$20,407,362 at year-end 2014. * Net Position: Increased by \$16,014,051 (14.8%) in 2014, reaching \$124,469,667. This follows a 10.9% increase in 2013. * Operating Income: Significantly increased by \$7,153,946 (102.5%) in 2014, reaching \$14,133,632. This marks a strong recovery after a 44.9% decrease in 2013. * Total Assets: Grew from \$134,169,103 in 2013 to \$153,612,308 in 2014. * Total Liabilities: Increased from \$25,713,487 in 2013 to \$29,142,641 in 2014.

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3. Debt Management: * Total long-term debt (including current portion) was \$16,945,914 at December 31, 2014. * The Authority undertook a significant refinancing in March 2014 by issuing Series 2014 revenue bonds (\$15,570,000). The proceeds were used to redeem the outstanding Series 2003 (\$7,000,000) and Series 2005 (\$6,285,000) revenue bonds. * This advance refunding transaction resulted in an extinguishment of debt, and was done to: * Reduce the number of years to make debt service payments by four years. * Fund the purchase of capital expenditures totaling \$4,825,000. * Reduce total debt service payments by approximately \$2,067,000. * The Series 2014 bonds bear interest at a lower rate of 1.69% compared to the prior bonds (5.625% for 2003, 4.50% to 5.25% for 2005). * The Authority also incurred new capital lease obligations of \$254,160 in 2014.

4. Capital Assets: * Net capital assets increased from \$51,850,448 in 2013 to \$55,908,689 in 2014. * Additions to capital assets amounted to \$10,994,229 in 2014.

5. Investments: * Total investments were \$57,280,327 at December 31, 2014, up from \$45,123,126 in 2013. * The investment portfolio includes U.S. Treasury obligations, U.S. agency obligations, corporate bonds, money market mutual funds, and various equity mutual funds. * The Authority's investment policy includes safeguards against interest rate risk (average maturity of 3-5 years) and credit risk (domestic fixed income investments rated at least investment grade). It also limits concentration of credit risk.

6. Patient Accounts Receivable and Revenue Sources: * Patient accounts receivable (net of allowance for uncollectible accounts) was \$18,007,198 at December 31, 2014. * Approximately 50% of net patient service revenue in 2014 (41% in 2013) was derived from participation in Medicare and state-sponsored Medicaid programs. The Authority notes that "laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change," potentially impacting future estimates. * The Authority provides charity care to medically indigent patients, which is not reported in net patient service revenue. Services to other medically indigent patients under government-reimbursed programs often result in payments less than established charges or even the cost of services.

7. Joint Ventures: * The Authority holds investments in several joint ventures, including: * Heartland Healthcare Reciprocal Risk Retention Group (10% ownership), which provides professional and general liability coverage. * Stillwater Medical Imaging, LLC (63% ownership), for imaging services. * Women First, LLC (50% ownership in 2013; remaining 50% purchased in 2014, then dissolved). * Fresenius Medical Care – Stillwater, LLC (9% ownership). * The Authority's investment in Women First, LLC was \$0 at December 31, 2014, as the entity was dissolved, and its operations absorbed into the Authority.

8. Internal Control and Audit (Stillwater Medical Center Authority): * The independent auditor's report on internal control over financial reporting for the Authority stated that no deficiencies in internal control were identified that were considered material weaknesses. The report noted, however, that "material weaknesses may exist that have not been identified."

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Conclusion

Both the City of Stillwater and its component unit, the Stillwater Medical Center Authority, presented positive financial positions for 2014. The City maintained strong audit results with no significant findings, while the Medical Center Authority demonstrated notable financial growth and strategic debt management, indicating a robust and improving financial health for the reporting period.

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