

2015 City of Stillwater, Oklahoma Historical Financial Data Analysis

Briefing Document

4 July 2025

*Here's a detailed briefing document reviewing the main themes and most important ideas or facts from the provided sources about the **City of Stillwater, Oklahoma**:*

Briefing Document: City of Stillwater, Oklahoma - Financial and Operational Overview (2015)

Date: October 26, 2023

Subject: Review of City of Stillwater's 2015 Annual Comprehensive Financial Report (ACFR), Sinking Fund Estimates, and Medical Center Authority Investment Data.

Key Themes:

Governmental Structure and Demographics: Stillwater's council-manager form of government, population, and role as a regional hub.

Financial Health and Net Position: A comprehensive look at the City's assets, liabilities, and net position, differentiating between governmental and business-type activities, and highlighting key changes from 2014 to 2015.

Revenue and Expenditure Overview: Analysis of primary revenue sources (taxes, charges for services) and major expenditure categories for both governmental and business-type activities.

Debt Management: Details on various types of long-term debt, debt limitations, and schedules for future debt service payments.

Utilities and Business Development: Examination of the Stillwater Utilities Authority (SUA) and the Stillwater Economic Development Authority (SEDA), their operations, and their financial contributions.

Sinking Fund Operations: Specifics on the Sinking Fund's purpose, balances, and estimated needs for debt service.

Key Employers and Economic Indicators: Overview of principal employers and general demographic and economic statistics.

Stillwater Medical Center Authority: Independent financial information regarding investments held by the Medical Center Authority.

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1. Governmental Structure and Demographics

The City of Stillwater, established in 1891, is located in north-central Oklahoma within Payne County. As of 2015, it has a land area of 28 square miles and a population exceeding 45,000. It serves as a "regional center for shopping, entertainment, health care, and education," notably being "home to Oklahoma State University."

The City operates under a council-manager form of government, adopted in 1960. The legislative authority rests with a five-member council, including the mayor, who are elected at-large on a non-partisan basis for staggered three-year terms.

2. Financial Health and Net Position

The City's financial statements differentiate between Governmental Activities (supported by taxes and intergovernmental revenues) and Business-type Activities (primarily supported by user fees for services like utilities).

- **Total Net Position (2015):** The City's total net position as of June 30, 2015, was \$264,647,558, a decrease from \$269,110,000 in 2014.
- **Governmental Activities:** \$81,218,660 (down from \$100,653,000 in 2014). This includes a "cumulative effect of a change in accounting principle" adjustment of (\$15,537,660) at the beginning of the year.
- **Business-type Activities:** \$183,428,898 (up from \$168,457,000 in 2014).
- **Composition of Net Position:** Net Investment in Capital Assets: \$191,976,705 (2015)
- **Restricted Net Position:** \$10,380,000 (2015), representing resources "subject to external restrictions on how they may be used."
- **Unrestricted Net Position:** \$62,290,801 (2015). Notably, governmental activities had an unrestricted negative net position of (\$8,781,249) in 2015, a significant change from a positive \$7,486,000 in 2014. Business-type activities maintained a strong unrestricted net position of \$71,072,050.
- **Total Assets:** Increased from \$320,112,000 in 2014 to \$406,072,000 in 2015.
- **Total Liabilities:** Increased significantly from \$51,001,000 in 2014 to \$141,424,000 in 2015, driven primarily by an increase in long-term liabilities for business-type activities.

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3. Revenue and Expenditure Overview

- **Total Primary Government Expenses (2015):** \$108,817,566
- **Governmental Activities Expenses:** \$46,155,185.
- **Largest categories:** Public Safety (\$20,409,139), Streets and Sewers (\$13,933,432).
- **Business-type Activities Expenses:** \$62,662,381.
- **Largest category:** Electric, Water, Wastewater, and Sanitation Operations (\$58,016,108).
- **Total Primary Government Program Revenues (2015):** \$83,197,870 (Charges for Services) + \$571,493 (Operating Grants) + \$1,364,731 (Capital Grants) = \$85,134,094.
- **Business-type Activities:** Generated significant program revenues, with \$75,491,830 from charges for services in Electric, Water, Wastewater, and Sanitation operations, resulting in a positive net position of \$18,079,771 for these operations.
- **Governmental Activities:** Had a net expense of (\$38,716,972), indicating reliance on general revenues.
- **General Revenues (Primary Government):** Sales and Use Taxes: \$29,926,023 (the largest single general revenue source).
- **Property Taxes:** \$1,196,973.
- **Franchise and Public Service Taxes:** \$1,710,990.
- **Hotel/Motel Taxes:** \$787,488.

4. Debt Management

The City manages various long-term debts:

- **Total Long-Term Liabilities (Primary Government, 2015):** \$123,842,000 (up from \$40,405,000 in 2014).
- **Business-type Activities account for the vast majority:** \$95,736,000 (up from \$29,738,000 in 2014). This includes a significant increase in Notes Payable from \$23,692,000 in 2014 to \$88,877,000 in 2015.
- **Governmental Activities:** \$28,106,000 (up from \$10,667,000 in 2014).
- **Debt Restrictions:** The Oklahoma Constitution "limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation." The City complied with this in FY2015.
- **Long-Term Debt Schedules (Business-Type Activities):** Revenue Bonds: \$61,830,000 total principal outstanding.
- **Notes Payable:** \$20,666,471 total principal outstanding.
- **Capital Leases:** \$3,257,684 total principal outstanding.

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5. Utilities and Business Development

- **Stillwater Utilities Authority (SUA):** A public trust operating the City's electric, water, wastewater, and sanitation services. Its operations are reported as an enterprise fund.
 - SUA is organized into divisions including Generation, Transmission, Distribution, Water Treatment, Water Distribution, Sewer Collection, Sewer Treatment, Billing, and Customer Service.
 - The SUA recorded \$75,491,830 in operating revenues from charges for services in 2015.
 - In July 2006, SUA and Rural Water Corporation No 3 entered a purchase agreement to consolidate water distribution systems, with an amended agreement in September 2010 identifying specific improvements subject to funding availability.

Stillwater Economic Development Authority (SEDA): Established in 1990 as a public trust (formerly Stillwater Industrial Redevelopment Authority), with the City Councilors as trustees and the City as beneficiary.

- **Purpose:** "improvement of the economic climate," including assisting in housing acquisition, redeveloping blighted areas, and other economic activities.
- **Operations** are reported as an enterprise fund.
- The City's first **Business Improvement District**, created in December 2007, aims to "Increase business activity within the district," "Become a destination place," and "Establish Downtown Stillwater as the premier business, cultural and entertainment destination in Oklahoma." This district has welcomed over 30 new businesses and seen improvements/relocations of established ones, with current activity including "creation of residential living properties above many of the retail properties."

6. Sinking Fund Operations

The Sinking Fund is crucial for the redemption of long-term debt.

Purpose: "Reserves held for redemption of long-term debt. All cash held for statutory sinking fund and revenue bond related accounts and any other reserves held for redemption of long-term debt."

- **Cash Balance (June 30, 2014):** \$308,443.42.
- **Total Sinking Fund Provision for FY 2015 Needs:** \$1,191,432.08.
- **Key Needs for FY 2015: Interest required on bonds:** \$203,500.00
- **Accrual on bonds:** \$810,000.00 (This amount also appears in the Governmental Funds' "Debt service: Principal retirements" for 2015).
- **Accrual on judgments:** \$157,732.84
- **Interest accruals on judgments:** \$20,499.43

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- **Gross Balance of Requirements Appropriated From Ad Valorem Tax (2014-15):** \$1,201,921.44. This is derived from property tax collections.
- **Total Assessed Valuation (2014-15):** \$288,732,930.00, broken down into Real Property (\$255,562,096.00), Personal Property (\$27,453,195.00), and Public Service Proper (\$5,717,639.00).

7. Key Employers and Economic Indicators

- **Principal Employers (2015):** Oklahoma State University is the top employer, with 821 employees. Other major employers include Stillwater Medical Center (755 employees) and Stillwater Public Schools (590 employees).
- **Sales Tax Rates:** The City's general fund sales tax rate is 2.0%. An additional 2.0% is dedicated to the Stillwater Utilities Authority, and another 0.5% (extended until September 30, 2016) is dedicated to street and bridge improvements.
- **Demographic and Economic Statistics (2015):** Population: 45,688 (2014 data used for per capita calculations in the ACFR statistical section, updated to 48,406 in 2015 in some sections).
- **Personal Income:** \$32,705.
- **Unemployment Rate (Payne County):** 4.2%.
- **Educational Attainment:** High percentage of population with "School Graduate or Higher" and "Bachelor's Degree or Higher."

8. Stillwater Medical Center Authority (Component Unit)

The Stillwater Medical Center Authority is a component unit of the City.

- **Net Position (2015):** \$124,469,667.
- **Investments (as of December 31, 2015):** The Authority holds a diversified portfolio:
- **Money Market Mutual Funds:** \$30,925,147 (all maturing in less than 1 year).
- **Corporate Bonds:** \$5,120,619.
- **Mutual Funds – Fixed Income:** \$6,468,313.
- **Mutual Funds – Domestic Equities:** \$6,053,186 (all maturing in less than 1 year).
- **U.S. Treasury Obligations:** \$1,988,013.
- **Total Assets:** \$153,612,308.
- **Total Liabilities:** \$29,142,641.
- **Net Revenue:** \$12,217,028.

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Key Observations and Potential Areas for Further Briefing:

- **Negative Unrestricted Governmental Net Position:** The shift from positive to negative unrestricted net position in governmental activities warrants further investigation into its causes and implications for the City's financial flexibility.
- **Increase in Business-type Activities Long-Term Debt:** The significant rise in notes payable for business-type activities, particularly for SUA, suggests substantial capital investments or refinancing. Understanding the projects financed by this debt would be beneficial.
- **Workers' Compensation Claims:** The presence of multiple workers' compensation compromise settlements (e.g., for Stephen H. Hall and Brian L. Porter) indicates ongoing liability in this area, which could be a recurring expense.
- **Sinking Fund Adequacy:** The Sinking Fund's reliance on ad valorem taxes and its specified needs for bond accruals and judgments are critical for debt repayment. Continuous monitoring of property tax collections and judgment liabilities is necessary.
- **Economic Development Initiatives:** The Business Improvement District and SEDA highlight proactive efforts to foster economic growth. Tracking the long-term impact of these initiatives on tax revenues and local employment would be valuable.

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