

2016 City of Stillwater, Oklahoma Historical Financial Data Analysis

Briefing Document

4 July 2025

The following is a detailed briefing document reviewing the main themes and most important ideas or facts from the provided sources regarding the City of Stillwater, Oklahoma, and its component unit, the Stillwater Medical Center Authority, for the fiscal year ended June 30, 2016 (or December 31, 2016, where applicable for the Medical Center).

Briefing Document: City of Stillwater, Oklahoma - Fiscal Year 2016 Financial Overview

Date: October 26, 2023

Purpose: To provide a concise overview of the City of Stillwater's financial health, operational highlights, and key audit findings for Fiscal Year 2016, along with relevant information on its discretely presented component unit, Stillwater Medical Center Authority.

I. Executive Summary

The City of Stillwater, Oklahoma, operated under a council-manager system in Fiscal Year 2016. The City's financial statements for the year ended June 30, 2016, received an unmodified opinion, indicating that they were presented fairly in all material respects. No material weaknesses or significant deficiencies were identified in internal control over financial reporting for the City itself, nor were any instances of noncompliance reported. The City was also designated a low-risk auditee.

Stillwater Medical Center Authority (SMCA), a component unit of the City, also received an unmodified opinion on its financial statements for the year ended December 31, 2016. However, SMCA's audit identified one material weakness in internal control over financial reporting (item 2016-01), although no instances of noncompliance were reported. SMCA experienced a significant increase in net position and reported strong operating income for 2016, despite a slight decrease from 2015.

Key financial highlights for the City include a total expenditure of federal awards amounting to \$1,320,474, with the Airport Improvement Program being the major federal program. The City's total proposed FY17 expenditures for the General Fund and Stillwater Utilities Authority (SUA) were \$141,689,855. Stillwater Medical Center Authority saw a 15.2% increase in net position in 2016, reaching \$164,585,489.

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II. City of Stillwater - Financial and Operational Highlights (FY 2016)

A. Governance and Administration:

The City of Stillwater operates under a **council-manager system**. The Mayor and City Council are responsible for setting policy, passing ordinances, and approving the budget. The City Manager is appointed by the Council and acts as the chief administrative officer.

Stillwater's **total area is 28.4 square miles**, comprising 27.9 square miles of land and 0.5 square miles of water.

The City is responsible for 5,000 acres of park land, 400 linear miles of public roads, 50 miles of sidewalks, and 27 bridges. It also manages approximately 460 miles of water mains and 230 miles of wastewater collection mains.

The City had a total of 590.25 full-time and full-time equivalent positions for FY2017, with police (126.50 FTEs) and fire (75.50 FTEs) being the largest departments.

B. Financial Health and Audit Results:

- **Audit Opinion:** The City received an unmodified opinion on its financial statements for the year ended June 30, 2016, as stated in the Independent Auditor's Report.
- **Internal Control:** The audit "did not identify any deficiencies in internal control that we consider to be material weaknesses."
- **Compliance:** "The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards."
- **Low-Risk Auditee:** The City was deemed a "low-risk auditee" for FY2016.
- **General Obligation Bond Rating:** The City holds an AA- rating from Standard & Poor's.

C. Federal Awards and Expenditures:

- Total expenditures of federal awards for FY2016 were \$1,320,474.
- The Airport Improvement Program (CFDA Number 20.106) was identified as the major federal program, with expenditures totaling \$972,781. This included funding for SE Hangar Development Site, Perimeter Fencing Project, and Taxiway Connecting Stubs Project.
- Other significant federal awards included:
 - Community Development Block Grant (CDBG) (14.228): \$141,593
 - Hazard Mitigation Grant (97.039): \$144,387

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- Emergency Management Performance Grant (97.042): \$30,000
- Emergency Management Operations Specialized Vehicle Grant (97.042): \$21,713
- Arts Engagement in American Communities (45.024): \$10,000

D. Budget and Revenue Estimates (FY 2017 Proposed):

- The City's total proposed FY17 operating and capital expenditures were \$141,689,855, with 590.25 FTEs.
- **General Fund Proposed FY17 Expenditures:** Totaling \$50,383,681, with Police (22.99%) and Management & Support (16.15%) being the largest allocations.
- **Stillwater Utilities Authority (SUA) Proposed FY17 Expenditures:** Totaling \$91,306,174, with Electric (43.81%) and Purchased Electricity (31.65%) as major components.
- **General Fund Proposed Revenue Estimates (excluding transfers):** Totaling \$38,253,050. Sales Tax is the largest source, accounting for 79.21% or \$30,300,000.
- **SUA Revenue Estimate:** Totaling \$71,885,323, with Electric Sales (60.47%) and Water Sales (20.43%) being the primary drivers.

E. Capital Expenditures (FY 2016-17 Proposed):

Total proposed capital expenditures for FY 2016-17 were \$19,824,773.

Major projects include:

- **General Fund:** \$3,653,116 (e.g., pavement management, park improvements, federal signal storm sirens).
- **SUA:** \$4,450,039 (e.g., electric distribution improvements, water utility projects, new projects for water/wastewater).

Total Transportation Improvement Fund: \$5,048,457 (e.g., Parallel Taxiway Design, Husband Street Bridge, Perkins Road Bridge, Pavement Management Program).

F. Sinking Fund:

- The Sinking Fund balance for the year ended June 30, 2016, had an "Excess of Assets Over Liabilities" of \$37,909.90.
- The "Balance Required to Raise" from Ad Valorem Tax was \$1,094,933.46, with a "Gross Balance of Requirements Appropriated From Ad Valorem Tax" of \$1,149,680.13.
- The total assessed valuation of property in Payne County for the City was \$304,455,387.00.
- The Sinking Fund millage rate was 3.78 mills.

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- The Sinking Fund is used for debt service requirements on bonds. As of June 30, 2015, the "Total Sinking Fund Provision" (to finance the FY2016 budget) was \$1,132,843.36, covering interest and principal on bonds and judgments.

III. Stillwater Medical Center Authority (Component Unit) - Financial Highlights (FY 2016)

A. Nature of Operations and Financial Health:

The Stillwater Medical Center Authority (SMCA) is a public trust and an agency of the state of Oklahoma, operating as a component unit of the City of Stillwater. Its Board of Trustees members are appointed by the City's Board of Commissioners.

- SMCA provides inpatient, outpatient, emergency care, physician clinics, rehabilitation, and home health services.
- **Net Position:** The Authority's net position increased significantly in both 2016 and 2015:
- **2016:** Increased by \$21,712,145 (15.2%) to \$164,585,489.
- **2015:** Increased by \$18,403,677 (14.8%) to \$142,873,344.
- **Operating Income:** SMCA reported substantial operating income:
- **2016:** \$17,893,232 (a 5.9% decrease from 2015).
- **2015:** \$19,015,227 (a 34.5% increase from 2014).
- **Cash and Cash Equivalents:** Decreased in 2016 by \$1,090,882 (3.2%) to \$32,924,638.

B. Audit Findings (SMCA):

- **Audit Opinion:** Received an unmodified opinion on its financial statements for the year ended December 31, 2016.
- **Emphasis of Matter:** The report highlighted a change in accounting principle in 2016 for goodwill due to implementing GASB Statement No. 85, Omnibus 2017.
- **Internal Control Over Financial Reporting:** A material weakness (item 2016-01) was identified. "A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis."
- **Compliance:** "The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards."

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C. Key Financial Activities and Balances:

- **Patient Accounts Receivable, net:** Increased to \$20,281,637 in 2016 from \$16,930,847 in 2015.
- **Investments:** Increased by \$3,770,426 (8.8%) in 2016 to \$46,784,647 due to higher market performance.
- **Capital Assets, net:** Increased by \$13,256,287 (21.2%) in 2016 to \$75,854,361, primarily from ongoing construction projects and equipment purchases. The Authority transferred \$594,590 in constructed assets to the City of Stillwater in 2016, recorded as a capital contribution.
- **Long-Term Debt:** As of December 31, 2016, the Authority had \$12,152,772 in revenue bonds and capital lease obligations outstanding.
- **New debt** incurred in 2016 for capital lease obligations amounted to \$1,829,653.
- **The Series 2014 revenue bonds** (\$15,570,000 original amount) had a balance of \$9,480,000 at December 31, 2016, with annual installments through May 15, 2019.
- In January 2017, SMCA issued the **Series 2017 Hospital Revenue Bond for \$35,000,000** for capital asset acquisitions.
- **Deferred Outflows of Resources:** These increased to \$6,810,803 in 2016. They represent the consumption of net position applicable to future periods, notably from prior government acquisitions where consideration exceeded net position acquired (previously classified as goodwill). Acquisitions during 2016 added \$3,000,000 to deferred outflows.
- **Revenue Mix:** Approximately 61% of net patient service revenue in 2016 (57% in 2015) came from participation in Medicare and state-sponsored Medicaid programs.

IV. Key Themes and Interconnections

Financial Stability and Prudent Management: Both the City and the Medical Center demonstrate overall strong financial health, with unmodified audit opinions for their financial statements. The City's "low-risk auditee" status and AA- bond rating further underscore this stability.

Continued Investment in Infrastructure and Services: The City's significant proposed capital expenditures for FY17, particularly in transportation, utilities, and public safety, reflect ongoing investment in maintaining and improving community infrastructure and services. Stillwater

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Medical Center's increase in capital assets and new debt incurred for capital leases indicate continuous investment in its facilities and equipment.

Federal Funding Impact: Federal grants, particularly for airport improvements, play a substantial role in the City's non-local revenue streams, highlighting a reliance on external funding for specific projects.

Component Unit Independence and Interdependence: While Stillwater Medical Center Authority is a "discretely presented component unit" with its own financial reporting and audit, its connection to the City is evident through the City Council's appointment of its Board of Trustees and the capital contribution made by SMCA to the City.

Internal Control Focus: Although the City showed no material weaknesses, the identification of a material weakness at the Stillwater Medical Center Authority suggests an area for focused attention and corrective action within the Medical Center's financial management.

Demographic and Economic Context: The FY 2016 Adopted Budget provides demographic data, indicating a growing population in Stillwater and a strong employment base led by Oklahoma State University and Stillwater Medical Center. This growth likely underpins the City's and SMCA's financial activities and planning.

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