

2018 City of Stillwater, Oklahoma Historical Financial Data Analysis

Briefing Document

4 July 2025

City of Stillwater, Oklahoma - FY 2018 Financial and Operational Briefing

This briefing summarizes the financial health, operational scope, and strategic initiatives of the City of Stillwater, Oklahoma, for the Fiscal Year ended June 30, 2018, along with insights into Stillwater Medical Center Authority (SMCA), a component unit. The City maintains a strong financial position, as evidenced by unmodified audit opinions for its financial statements and federal programs. Key financial data indicates effective management of revenues and expenditures, with notable investments in infrastructure, utilities, and public safety. The city operates under a council-manager system, prioritizing citizen involvement and efficient service delivery across a range of departments.

I. Financial Health and Audit Results (FY 2018)

The City of Stillwater's financial statements for the year ended June 30, 2018, received unmodified audit opinions from Berberich Trahan & Co., P.A., indicating that the financial statements are presented fairly in all material respects.

- **Internal Control Over Financial Reporting:** The audit did not identify any deficiencies in internal control that were considered material weaknesses or significant deficiencies. This suggests robust internal controls are in place.
- **Compliance and Other Matters:** "The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards." This confirms the City's adherence to relevant laws, regulations, contracts, and grant agreements.
- **Federal Awards:** The City was classified as a "low-risk auditee" for federal programs, with no findings or questioned costs related to major federal programs. This indicates strong compliance with Uniform Guidance requirements.
- **Major Federal Programs:** The City expended a total of \$1,713,770 in federal awards during FY 2018. Key federal programs included:
- **U.S. Department of Housing and Urban Development:** Totaling \$227,623, including Community Development Block Grants (\$207,267) and Emergency Shelter Grants (\$20,356).
- **U.S. Department of Transportation:** Totaling \$1,458,642, primarily for the Airport Improvement Program - Parallel Taxiway to RW 17-35 (\$1,425,054) and Highway Safety Cluster programs (\$33,588).
- **National Endowment for the Humanities:** \$5,005 for Preservation Assistance Grants.
- **U.S. Department of Homeland Security:** \$22,500 for Emergency Management Performance Grant.

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II. City Government Structure and Budgeting

The City of Stillwater operates under a council-manager system, where an elected city council is responsible for setting policy and approving the budget. The mayor serves as the ceremonial head, while the city manager handles daily administration and implements policies.

- **Budgeting Purpose:** The budget serves multiple purposes, including providing a flexible working plan, converting long- and short-term plans into services, establishing revenue and expenditure limits, estimating service costs, prioritizing resource allocation, and providing a benchmark for comparison.
- **Citizen Involvement:** The City encourages public participation, with public hearing(s) held in March-May for the proposed budget.

III. Stillwater at a Glance (Demographics & Key Employers)

- **Geographic Area:** Stillwater covers 28.4 square miles, with 27.9 square miles of land and 0.5 square miles of water. It has approximately 5,000 acres of park land.
- **Infrastructure:** The City maintains 400 miles of public roads, 50 miles of sidewalks, 460 miles of water mains, and 230 miles of wastewater collection mains.
- **Permits:** In calendar year 2015, the City issued 100 commercial permits; in calendar year 2016, 91. In calendar year 2015, the City issued 128 residential permits; in calendar year 2016, 122.
- **Sales Tax:** Total sales tax paid for purchases within Stillwater city limits is 8.813 percent (effective April 1, 2013). This is distributed as follows:
 - City of Stillwater: 3.5 percent
 - Stillwater Utilities Authority: 1 percent
 - General Fund: 2 percent
 - Transportation Improvement Fund: 0.5 percent
 - Payne County: 0.813 percent (effective April 1, 2017)
 - State of Oklahoma: 4.5 percent
- **Top Employers (2016-17):**
 - Oklahoma State University: 6,007 employees (57% of total city employment)
 - Stillwater Medical Center: 1,033 employees (10%)
 - Stillwater Public Schools: 770 employees (7%)
 - City of Stillwater: 570 employees (5%)
 - Walmart/Sam's Club: 540 employees (5%)
 - Other notable employers include OnCUE Lake Dept. of Green Tech, Ascension-St. John, Stillwater Designs/Kicker Audio, National Standard, and OnCUE Marketing.
- **Unemployment Rate (2016):** 4.2%

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IV. City Services and Workforce

The City provides services to over 47,000 residents across 28 square miles. The FY 2018 budget includes 585 full-time and full-time equivalent positions. Key Service Areas and Proposed FY18 FTEs:

- **Police:** 128.00 FTEs (21.88%)
- **Fire:** 76.00 FTEs (12.99%)
- **Electric:** 65.50 FTEs (11.20%)
- **Water:** 44.50 FTEs (7.61%)
- **Management and Support:** 73.50 FTEs (12.56%)
- **Recreation and Culture:** 60.00 FTEs (10.26%)
- **Other departments include** Municipal Court, Emergency Management, Code Enforcement, Parks and Recreation, Public Library, Golf Course, Community Center, Airport, Street Maintenance, Development Services, Fleet, Environmental Programs, Wastewater, Utilities, and Waste Management.

V. Proposed FY18 Expenditures and Revenues

Total Proposed FY18 Expenditures: \$105,291,898 (Combined General Fund + Stillwater Utilities Authority (SUA)). The total full-time equivalent (FTE) positions are 585.

- **General Fund Proposed FY18 Expenditures:** \$40,244,356.
 - **Largest allocations:** Police (22.99%), Fire (14.70%), Airport (13.08%), and Services (16.69%).
- **SUA Proposed FY18 Expenditures:** \$65,047,542.
 - **Largest allocations:** Purchased Electricity (44%), Electric (26%), Water (12%), and Wastewater (5%).
- **General Fund Proposed Revenue Estimates:** \$34,842,625.
- **Primary source:** Sales Tax (81.51%, or \$28,400,000).
- **SUA Revenue Estimate:** \$73,039,223.
- **Primary source:** Electric Sales (57.14%, or \$44,595,283), Water Sales (19.07%, or \$14,884,440), and Wastewater (9.25%, or \$7,215,000).

VI. Strategic Vision and Initiatives

The Stillwater City Council has defined six key goals with associated strategic initiatives:

- **Represent the needs of citizens:** Promote open-minded, innovative, and fiscally sustainable governance. Strengthen community partnerships. Support City management through clear goals.
- **Maintain fiscal sustainability:** Develop multi-year financial plans balancing revenue and long-term facility needs.

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- **Provide a well-maintained infrastructure:** Create an environment and opportunities for local enterprises. Apply strategies to reduce City service costs.
- **Focus on public safety:** Provide effective and efficient public safety services. Reduce code violations.
- **Promote quality of life:** Provide well-maintained and adequate infrastructure. Preserve historic assets. Engage and acknowledge citizens.
- **Preserve livability:** Encourage a range of housing types and sizes.

VII. Budget Amendments and Capital Projects (FY 2018)

Numerous budget amendments were requested and approved during FY 2018, reflecting ongoing operational adjustments and significant capital projects.

- Airport Projects:
 - **Parallel Taxiway to RW 17-35:** A major federal grant of \$4,227,500 was applied to this project (totaling \$5,565,706 with carryforward). (2018-Estimate-Needs-Stillwater-FY18-A1.pdf, p. 11 & 2018-Estimate-Needs-Stillwater-FY18-A7.pdf, p. 3)
 - **Runway 4-22 Rehabilitation:** Phased project with an estimated cost of \$115,000, with Oklahoma Aeronautics Commission contributing \$109,250. (2018-Estimate-Needs-Stillwater-FY18-A1.pdf, p. 14)
 - **Airport Marketing Grant:** \$14,921 increase. (2018-Estimate-Needs-Stillwater-FY18-A1.pdf, p. 10)
 - **Small Community Air Service Development Program:** \$100,000 revenue guarantee grant increase. (2018-Estimate-Needs-Stillwater-FY18-A1.pdf, p. 10)
 - **Commercial Air Departure Terminal:** Stillwater Regional Airport leased portable buildings, increasing the budget by \$138,689 funded by a transfer from the General Fund and Use Tax. (2018-Estimate-Needs-Stillwater-FY18-A3.pdf, p. 5)
 - A significant correction was made to the Airport PL budget, decreasing a prior incorrect entry by \$50,000. (2018-Estimate-Needs-Stillwater-FY18-A7.pdf, p. 4)
 - Increase in revenues and expenditures for aviation fuel sales at the airport by \$200,000. (2018-Estimate-Needs-Stillwater-FY18-A7.pdf, p. 5)
- Water Resources Projects:
 - **Washington-Liberty Tank Refurbishment:** Funds were appropriated for a large, system-wide tank refurbishment. Initially, \$150,000 was allocated for this project, later reversed as a significant portion was associated with Kleinfelder and appropriate funds were returned to Water Capital Fund 916. (2018-Estimate-Needs-Stillwater-FY18-A2.pdf, p. 5)
 - **Wastewater Treatment Plant (WWTP) Improvements:**

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- Automatic transfer switch replacement at WWTP, increasing budget by \$130,952. (2018-Estimate-Needs-Stillwater-FY18-A2.pdf, p. 3)
 - New fixed cover for Digester A, gas collection/handling, grease handling system, aeration basin access, drainage improvements, perimeter fencing, and roofing, totaling an increase of \$401,697. (2018-Estimate-Needs-Stillwater-FY18-A4.pdf, p. 3)
 - **WWTP Blowers Servicing & Refurbishment:** Additional appropriation of \$100,000. (2018-Estimate-Needs-Stillwater-FY18-A7.pdf, p. 10)
 - **Water Line Looping:** Project 12WG04 connecting dead-end water lines at sixteen locations across the City, funded by a \$929,860 transfer from the Water Capital Fund. (2018-Estimate-Needs-Stillwater-FY18-A4.pdf, p. 2)
 - **Water 2040 Package B expenditures:** Funding for debt issuance, Western Waterline, and Demolition, totaling \$12,600,000, with \$12,600,000 in DWRSRF loan proceeds. (2018-Estimate-Needs-Stillwater-FY18-A5.pdf, p. 3-4)
 - **Sangre Road Waterline:** Funds for a new 18-inch diameter waterline along Sangre Road, with \$910,068 allocated for construction and contingency. (2018-Estimate-Needs-Stillwater-FY18-A7.pdf, p. 2)
 - **Raw Water Tank Cleaning:** \$35,000 for cleaning and removing sediment from the raw water tank at the water treatment plant. (2018-Estimate-Needs-Stillwater-FY18-A8.pdf, p. 9)
 - **Pump Raling and Plumbing Repairs:** \$20,000 for piping modification at the Airport and Husband Lift Station. (2018-Estimate-Needs-Stillwater-FY18-A4.pdf, p. 1)
- Transportation and Stormwater Projects:
 - **Perkins Road Improvements Design:** Olsson Associates received \$17,500 for Right-of-Way and Easement documents. (2018-Estimate-Needs-Stillwater-FY18-A1.pdf, p. 2) A subsequent amendment increased this by \$21,000 for additional costs related to individual documents for right-of-way and utility relocations. (2018-Estimate-Needs-Stillwater-FY18-A2.pdf, p. 7)
 - **Wings of Hope Sidewalk:** Additional funds of \$80,000 were allocated to extend the sidewalk, with \$40,000 from the Storm Water Fund and \$40,000 from the Half Cent Tax Fund. (2018-Estimate-Needs-Stillwater-FY18-A1.pdf, p. 6)
 - **Pavement Management Program:** Proposed funding for the FY18 program totals \$4,700,000, funded by Half Cent Sales Tax (\$4,643,000) and Developer Contributions (\$57,000). Categories include crack sealing, deferred maintenance, thin surface overlay, mill & overlay, pavement reconstruction, testing, engineering, and contingency. (2018-Estimate-Needs-Stillwater-FY18-A8.pdf, p. 11-12)

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- Relocation of Existing Utilities: \$9,000 from the Half-Cent Sales Tax Fund for relocating utilities to clear new construction.
(2018-Estimate-Needs-Stillwater-FY18-A1.pdf, p. 10)
- Perkins Road Utility Relocation: \$44,900 for studying utility relocation related to ODOT widening Perkins Road from McElroy to Lakeview.
(2018-Estimate-Needs-Stillwater-FY18-A3.pdf, p. 2) A separate entry details an associated (\$22,450) decrease in the Water Capital Fund as the water and sewer line portion of this project was included in the original budget.
(2018-Estimate-Needs-Stillwater-FY18-A4.pdf, p. 5)
- Library Initiatives:
 - Community-Wide Reading Event ("Killers of the Flower Moon"): \$20,500 in grant expenditures and revenue from Oklahoma Humanities and Osage Foundation.
(2018-Estimate-Needs-Stillwater-FY18-A1.pdf, p. 3-4)
 - StoryWalk in Couch Park: \$3,500 in grant revenue for a Health Literacy grant.
(2018-Estimate-Needs-Stillwater-FY18-A1.pdf, p. 7-8)
 - OCLC Materials Offset: \$9,020 grant from Oklahoma Dept. of Libraries to offset material holdings. (2018-Estimate-Needs-Stillwater-FY18-A1.pdf, p. 17-18)
 - Preservation Supplies for Special Collections: \$5,547 grant expenditures and revenue from National Endowment for the Humanities.
(2018-Estimate-Needs-Stillwater-FY18-A3.pdf, p. 6-7)
 - Continuing Education Grant: \$650 from Oklahoma Dept. of Libraries for Naomi Brown to attend the Oklahoma Library Association Annual Conference.
(2018-Estimate-Needs-Stillwater-FY18-A6.pdf, p. 1, 5-6)
 - Adjustments for Donations and Grants: Increases of \$53,898 for additional expenditures and revenue from donations and grants.
(2018-Estimate-Needs-Stillwater-FY18-A7.pdf, p. 8-9)
 - Meeting Room Rentals, Donations, and Grants: Additional revenue received increased by \$60,500 for room rentals, donations, and state grants, with corresponding expenditure increases of \$57,000.
(2018-Estimate-Needs-Stillwater-FY18-A8.pdf, p. 7-8)
 - Stillwater Public Library Trust Board approved budget revisions for minor supplies, reducing audio-visual and books, and increasing minor supplies.
(2018-Estimate-Needs-Stillwater-FY18-A1.pdf, p. 15-16;
2018-Estimate-Needs-Stillwater-FY18-A3.pdf, p. 3)
- Electric Utility Projects:
 - Stillwater Energy Center Mechanical Installation: Additional expenditure authorization of \$5,068,089 (part of a \$7,700,479 total project) for the Power Generation Station (PGS) and Electric Rate Stabilization Fund (RSF). The original PGS fund had a surplus of \$1,400,000, and \$600,000 was transferred

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from the RSF to cover a deficit. Excess funds were utilized for two associated projects. (2018-Estimate-Needs-Stillwater-FY18-A5.pdf, p. 6)

- Industrial - Ferguson Transmission Line Construction: Awarded contract to Sturgeon Electric for \$2,296,340.87, funded by the Electric RSF up to \$2,525,975 (including 10% contingency). This project involved utility relocation and transformer replacement. (2018-Estimate-Needs-Stillwater-FY18-A5.pdf, p. 7-9)
 - Substation Transformer Replacement Project: Funding for a two-phase professional services agreement totaling \$825,998, for a substation transformer replacement project. This project addresses aging infrastructure and increased load demands. (2018-Estimate-Needs-Stillwater-FY18-A5.pdf, p. 10-14)
 - Electric Department Vehicle Purchases: \$366,300 from the Electric RSF for vehicle replacements to address maintenance cost and service disruption. (2018-Estimate-Needs-Stillwater-FY18-A6.pdf, p. 2-4)
 - Wireless Mesh Network Upgrades: Initial study funded by \$20,000, with a total budget amendment of \$637,103. (2018-Estimate-Needs-Stillwater-FY18-A5.pdf, p. 2 & 2018-Estimate-Needs-Stillwater-FY18-A8.pdf, p. 3)
- Community Development Block Grants (CDBG):
 - CDGB16-Wings of Hope Sidewalk: \$139,267. (2018-Estimate-Needs-Stillwater-FY18-A1.pdf, p. 13)
 - Emergency Shelter Grant: \$20,356. (2018-Estimate-Needs-Stillwater-FY18-A1.pdf, p. 13)
 - CDBG Match Funds - Unused: \$29,880. (2018-Estimate-Needs-Stillwater-FY18-A1.pdf, p. 13)
 - HBA Re-capture and Release: \$32,700. (2018-Estimate-Needs-Stillwater-FY18-A1.pdf, p. 13)
 - CDBG 2017 & CDBG 2018 Project Budget Adjustment: Significant transfers between funds for projects like skate park improvements and Couch Park tennis court. The budget for the CDBG 2017 grant project was increased by \$121,127 and the CDBG 2018 project by \$242,254 for revenue and \$77,037 for expenditure. (2018-Estimate-Needs-Stillwater-FY18-A6.pdf, p. 7-10)
 - Other Departmental Adjustments:
 - Stillwater Economic Development Authority (SEDA) Cash Balance: \$152,090.91 cash balance from FY17, with \$30,308 carried forward for the Center for Economic Development Law and \$75,000 for professional services. An additional \$100 for postage for TIF advisory committee. (2018-Estimate-Needs-Stillwater-FY18-A1.pdf, p. 5)
 - Development Services: Contracts for development engineering review services increased by \$100,000 through December 2017 actual receipts of use tax. The new budget for professional services is \$180,000, funded by an increase in use

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tax revenue budget from \$1,150,000 to \$1,250,000.
(2018-Estimate-Needs-Stillwater-FY18-A2.pdf, p. 1)

- Business Improvement District #1 (BID#1) Support: \$420 increase to support the FY18 Park N Ride program with OSU.
(2018-Estimate-Needs-Stillwater-FY18-A2.pdf, p. 4)
 - Waste Management: Lease payments for five trucks increased by \$532,347, totaling \$827,877. (2018-Estimate-Needs-Stillwater-FY18-A5.pdf, p. 1)
 - Waste Management: Purchase of a new roll-off truck, funded by \$139,581.
(2018-Estimate-Needs-Stillwater-FY18-A8.pdf, p. 4)
 - Community Center Special Events: \$21,048 increase for "Friday Food Trucks & Tunes" events, funded by donations and fees.
(2018-Estimate-Needs-Stillwater-FY18-A8.pdf, p. 5)
- Finance Department: Transfer of \$94,966 from the cash balance of the Visitor Incentive Fund to the Hotel/Motel Tax Fund to track tourism initiatives.
(2018-Estimate-Needs-Stillwater-FY18-A8.pdf, p. 6)

VIII. Stillwater Medical Center Authority (SMCA) Financials (Component Unit)

SMCA operates Stillwater Medical Center and is a component unit of the City of Stillwater, Oklahoma, with its Board of Trustees appointed by the City's Board of Commissioners.

Audit Opinion: SMCA received an unmodified opinion on its financial statements as of and for the year ended December 31, 2018. The audit also referenced other auditors for SMC Equipment, Inc., which represents 6% of total assets and less than 1% of net position and operating revenues. SMC Equipment, a component unit, was not audited in accordance with Government Auditing Standards.

Financial Position (2018 vs. 2017):

- **Total Assets:** Increased significantly from \$240,908,369 in 2017 to \$266,654,759 in 2018 (an increase of \$25.7 million).
- **Cash and Cash Equivalents:** Increased by \$6,373,991 (36%), from \$17,600,003 in 2017 to \$23,973,994 in 2018. This was primarily driven by net cash provided by operating activities (\$26,300,673) offset by capital and related financing activities (\$23,111,734, including \$18,844,088 in capital asset purchases).
- **Investments:** Decreased by \$12,794,506 (13%), from \$95,435,328 in 2017 to \$82,640,822 in 2018, due to market declines and utilization for capital acquisitions.
- **Capital Assets, Net:** Increased by \$12,730,233 (14%), from \$92,410,707 in 2017 to \$105,140,940 in 2018, primarily due to ongoing construction projects and equipment purchases.

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- **Other Assets:** Increased substantially by \$15,991,607 (368%), from \$4,338,713 in 2017 to \$20,330,320 in 2018. This was mainly due to the issuance of a note receivable of \$10,758,400 and the acquisition of an equity interest in Bushwood, LLC of \$6,285,000.
- **Total Liabilities:** Increased from \$58,221,982 in 2017 to \$64,980,014 in 2018.
- **Long-term Debt:** Increased from \$40,651,100 in 2017 to \$47,539,571 in 2018. This includes Revenue bonds (Series 2014 and 2017) and new SMC Equipment promissory notes (\$16,000,000).
- **Net Position:** Total net position increased from \$188,436,585 in 2017 to \$206,646,116 in 2018, indicating improved financial health.

Operating Performance:

- SMCA reported operating income in each of the past three years.
- **Net patient service revenue** (net of provision for uncollectible accounts) increased from \$176,736,295 in 2017 to \$202,909,391 in 2018.
- **Investments:** The Authority's investment policy limits fixed income investments to an average overall portfolio duration no greater than 7.5 years and a credit rating of no less than investment grade (overall weighted-average rating of A). Investments are primarily in money market mutual funds, mutual funds (fixed income, domestic equities, international equities), and U.S. Treasury obligations.
- **Acquisitions:** SMCA has strategically acquired multiple service lines since 2009. In May 2017, the Authority acquired the remaining 50% equity in Bristol Hospice and Homecare – Stillwater, LLC (BHHC) for approximately \$450,000, integrating its operations as a department. During 2018, the Authority purchased the remaining shares of Stillwater Medical Imaging, LLC (SMI) for \$1,365,200, also treating its ongoing operations as a department.
- **Medical Malpractice Claims:** The Authority accrues for medical malpractice claims based on estimates, with an accrual of approximately \$90,000 as of December 31, 2018 (\$58,000 in 2017).

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