

2024 City of Stillwater, Oklahoma Historical Financial Data Analysis

Briefing Document

4 July 2025

The Stillwater City Council operates under a conservative budgetary policy, which aims to ensure the financial health and stability of the city. Their approach is characterized by detailed financial reporting, strategic planning, and a commitment to maintaining adequate reserves and responsible debt management.

Key Financial Highlights and Policies:

- **Financial Reporting Structure:** The city's financial statements are divided into two main categories:
- **Government-wide financial statements:** These statements provide a comprehensive financial overview of the City of Stillwater, including all activities of the City, the Stillwater Utilities Authority (SUA), and other component units, using the accrual basis of accounting. They include the Statement of Net Position and the Statement of Activities, which indicate the city's overall financial health over time.
- **Fund financial statements:** These statements provide detailed financial information for various governmental, proprietary, and fiduciary funds, which are separate accounting entities used to track specific activities or objectives.
- **Budgetary Practices:** The City employs a "zero-based budgeting philosophy" for its annual expenditure budget. This means department directors develop annual action plans based on departmental strategies, and budgets are built around the tactics to achieve these strategies. Each department's budget submission is measured for reasonableness against a rolling three-year average of actual expenditures. Large increases must be justified and relate to tactical objectives.
- **Reserve Policy:** The budget includes a reserve for emergencies in the City's General Fund and the electric, water, and wastewater utilities. Specific reserve targets are identified as:
 - **General Fund** - \$11 million
 - **Electric Utility** - \$15 million
 - **Water Utility** - \$11 million
 - **Waste Management Utility** - \$1 million
 - **Self-Insurance Fund** - \$1 million
 - **Airport Fund** - \$3 million
- **Capital Improvement Projects:** On-going annual maintenance costs are financed from recurring operating revenues rather than bonds. For new programs, services, or building projects, a

Disclaimer: This executive summary synthesizes publicly filed City of Stillwater budget amendment requests, Estimate of Needs schedules, Sinking Fund reports, and the State Auditor & Inspector's Form 2643. While every effort has been made to ensure accuracy, figures remain subject to audit adjustments, subsequent council amendments, and final state certification. For verification or detailed inquiries, please consult the City of Stillwater Finance Department and the State Auditor & Inspector's office.

2024 City of Stillwater, Oklahoma Historical Financial Data Analysis

Briefing Document

4 July 2025

comprehensive analysis of the full cost is approved, and revenue sources are relied upon to ensure the project or service can be sustained in future years. The ability of a project to survive a downturn in the economy is assessed.

- **Debt Management:** New general obligation bond issues and potential projects requiring debt are carefully considered and prioritized. The Oklahoma State Constitution limits the city (excluding public trusts) from incurring indebtedness that requires payment beyond the current fiscal year's revenue without voter approval. As of June 30, 2024, no such debt was incurred by the City.
- **Sales Tax as a Major Revenue Source:** Sales and use taxes are a significant source of revenue for the General Fund. A portion of the sales tax (one cent) is transferred to the Stillwater Utilities Authority (SUA) as required by revenue bond indentures. Another one cent is transferred to the Transportation Sales Tax Fund for transportation improvement projects, as approved by voters (this tax expires June 30, 2032).
- **Property Tax:** Under State law, municipalities can only levy property tax to repay principal and interest on general obligation bonds and court-assessed judgments. Taxes attach as an enforceable lien on property as of January 1 and are levied annually on November 1.
- **Utility Rate Increases:** Cost of service studies for electric, water, and wastewater utilities were completed in Fall 2023, leading to initial rate increases effective January 1, 2024. Further rate increases are planned annually from FY2025 through FY2028.

Financial Performance and Economic Factors (as of June 30, 2024):

- **Total Assets:** The City's total assets increased from \$579,241 in 2023 to \$620,159 in 2024. Capital assets, in particular, show an increase from \$339,366 in 2023 to \$356,964 in 2024.
- **Net Position:** The overall net position of the primary government has shown a consistent upward trend over the last ten fiscal years, reaching \$438,159,478 in 2024, up from \$399,121,628 in 2023 and \$264,647,558 in 2015.
 - Governmental activities net position increased from \$115,170,438 in 2023 to \$128,894,030 in 2024.
 - Business-type activities net position increased from \$283,951,190 in 2023 to \$309,265,448 in 2024.
 - Debt Ratios: Total primary government debt increased from \$118,917,300 in 2023 to \$124,943,100 in 2024.

Disclaimer: This executive summary synthesizes publicly filed City of Stillwater budget amendment requests, Estimate of Needs schedules, Sinking Fund reports, and the State Auditor & Inspector's Form 2643. While every effort has been made to ensure accuracy, figures remain subject to audit adjustments, subsequent council amendments, and final state certification. For verification or detailed inquiries, please consult the City of Stillwater Finance Department and the State Auditor & Inspector's office.

2024 City of Stillwater, Oklahoma Historical Financial Data Analysis

Briefing Document

4 July 2025

- Governmental activities debt, including general obligation bonds, lease, and SBITA obligations, and direct borrowing notes payable, totaled \$15,143,000 in 2024, up slightly from \$15,110,000 in 2023.
- Business-type activities debt, including direct obligation notes payable and notes and bonds payable, totaled \$110,021,000 in 2024, slightly up from \$109,179,000 in 2023.
- Debt service as a percentage of noncapital expenditures for governmental activities was 5.13% in 2024, compared to 4.67% in 2023.
- **Sales and Use Tax Trends:** Sales and use tax budgets for FY2025 were increased by \$2.5 million and \$0.5 million, respectively, "to account for upward trends in overall sales and use tax collections." However, as of November 2024 (2 of 5 months into FY2025), sales and use tax collections are "down approximately \$79 thousand (-0.93%) from the same months in Fiscal Year 2024."
 - **Capital Assets and Infrastructure:** Total capital assets for the City were \$356,964,000 in 2024.
 - **Infrastructure assets** (streets, highways, water, wastewater) are a significant portion of the City's capital assets, totaling \$410,779,000 in 2024.
 - **Projects** include raw waterline repairs (\$1,547,606), lagoon dredging (\$1,187,600 for WTP, with a decrease in budget for an engineering project from \$3,860,008 to \$2,833,273, and another water resources project decreasing lagoon dredging budget by \$12,800), and a sewer line extension (\$25,645).
 - **Significant investments** in water infrastructure include a \$37,000,000 loan from the Oklahoma Water Resources Board for the Finished Water Pump Station project.
 - **Transportation projects** include the 3rd Street Bridge (\$231,829) and Monticello Roadway & Utility Improvements (\$2,035,930 from Transportation Sales Tax Fund, \$1,143,500 from Water fund, \$201,770 from Wastewater/Sewer Fund), and design agreements for Knoblock/4th/Lincoln improvements (\$433,510 from Transportation Sales Tax Fund, \$51,188 from Water Fund).
- **Economic Development:** The Stillwater Economic Development Authority (SEDA) plays a role in improving the economic climate through various activities, including assisting in housing acquisition and redevelopment of blighted areas. SEDA received a \$7,000,000 note payable in July 2022 to "assist local industry for economic development purposes." Budget amendments show transfers to SEDA for Lakeview Landing financing, with related reductions in SUA water

Disclaimer: This executive summary synthesizes publicly filed City of Stillwater budget amendment requests, Estimate of Needs schedules, Sinking Fund reports, and the State Auditor & Inspector's Form 2643. While every effort has been made to ensure accuracy, figures remain subject to audit adjustments, subsequent council amendments, and final state certification. For verification or detailed inquiries, please consult the City of Stillwater Finance Department and the State Auditor & Inspector's office.

2024 City of Stillwater, Oklahoma Historical Financial Data Analysis

Briefing Document

4 July 2025

and electric reserves, as well as a decrease of \$5,750,000 in transfer revenue from SEDA-TIF#4 as the Lakeview Landing agreement is being terminated.

- **Stillwater Utilities Authority (SUA):** Accounts for electric, water, wastewater, and solid waste systems. Revenues from these services increased by \$12,434,588 (14.2%) over the FY2023 adopted budget. The increase is attributed to new rate structures, a 3% pay increase for general employees, a \$9,000,000 increase in electric sales from production cost adjustment (PCA), and \$2,100,000 in energy payments from GRDA.
 - **Customer receipts** from operating activities for the Stillwater Utilities Authority amounted to \$84,167,147 in FY2024.
 - **Restricted cash** and cash equivalents of SUA include \$54,756 for easements related to water line upgrades, \$995,605 from water tie-on charges for future water distribution system construction, \$88,368 for Western Payne County Ambulance Trust Authority (WPCATA) Subscription Fee, and \$2,003,400 for customer deposits.
- **Airport Operations:** Revenues for the Airport Fund are projected to increase due to fuel sales and flight activity. Grants are a significant source of funding for airport improvements, including over \$700,000 each for Airport Improvement Program BIL Grants #1 and #2, and Terminal Construction Grant from the U.S. Department of Transportation. Specific budget amendments show significant increases in revenue projections for Airport Improvement Program (AIP) grants, including a \$738,148 increase for AIP grant #3-40-0090-039-2023 and an additional \$738,148 for AIP grant #3-40-0090-040-2023 (Phase II design of terminal building) with a city match component.
- **Library:** The library received various grants and donations for the purchase of downloadable materials and specific book projects. Total library circulation of materials increased from 357,006 in 2023 to 422,364 in 2024.
- **Public Safety:** Total public safety expenditures were \$29,166,917 in 2024. Budget adjustments include \$77,000 for the purchase of two fire vehicles and \$550,000 for the remodel of the police dispatch center, funded by a contribution from Payne County E-911. The police department also received funds for travel stipends and various grants/rebates.
- **Power Plant Inventory Finding:** A significant internal control finding in FY2024 relates to the Power Plant Inventory. The city made top-level adjustments that resulted in an overstatement of capital assets by approximately \$950,000 and an overstatement of inventory by approximately \$385,000, leading to an understatement of expenses. The cause was identified as the power

Disclaimer: This executive summary synthesizes publicly filed City of Stillwater budget amendment requests, Estimate of Needs schedules, Sinking Fund reports, and the State Auditor & Inspector's Form 2643. While every effort has been made to ensure accuracy, figures remain subject to audit adjustments, subsequent council amendments, and final state certification. For verification or detailed inquiries, please consult the City of Stillwater Finance Department and the State Auditor & Inspector's office.

2024 City of Stillwater, Oklahoma Historical Financial Data Analysis

Briefing Document

4 July 2025

plant inventory not being tracked within the accounting system but adjusted via Excel spreadsheets, and capital purchases being expensed throughout the year with year-end adjustments by separate personnel. The recommendation is to transition to a perpetual inventory system within the accounting system or implement additional review controls.

Upcoming Accounting Standards:

- **GASB Statement No. 101, "Compensated Absences":** Effective for the fiscal year ended June 30, 2025. This statement updates recognition and measurement guidance for compensated absences.
- **GASB Statement No. 102, "Certain Risk Disclosures":** Effective for the fiscal year ended June 30, 2025. This statement provides information about risks related to government vulnerabilities due to concentrations or constraints.
- **GASB Statement No. 103, "Financial Reporting Model Improvements":** Effective for the fiscal year ended June 30, 2026. This statement aims to enhance the effectiveness of financial reporting for decision-making and accountability.

Overall, the City of Stillwater demonstrates a commitment to sound financial management through its conservative budgeting, strategic planning, and consistent efforts to maintain healthy net positions and manage debt. However, the identified issue with the power plant inventory highlights an area requiring immediate internal control improvements.

Disclaimer: This executive summary synthesizes publicly filed City of Stillwater budget amendment requests, Estimate of Needs schedules, Sinking Fund reports, and the State Auditor & Inspector's Form 2643. While every effort has been made to ensure accuracy, figures remain subject to audit adjustments, subsequent council amendments, and final state certification. For verification or detailed inquiries, please consult the City of Stillwater Finance Department and the State Auditor & Inspector's office.