Stillwater OKLAHOMA
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STILLWATER UTILITIES AUTHORITY MEETING AGENDA
NOVEMBER 18, 2024

723 S. Lewis Street, Room 1122B
Stillwater, OK 74074
5:30 PM

Chair Will Joyce, Vice Chair Amy Dzialowski, Trustees Christie Hawkins, Kevin Clark, & Tim Hardin

1. Call Meeting to Order

2. Consent Docket

   Items listed on the consent docket are routine administrative matters that may be approved without discussion. The Trustees will take action on these items collectively with a single vote. The requested action is indicated for each item listed. Should a Trustee elect to discuss, amend, revise, or table any item listed on the consent docket, the item will be moved to the section of the agenda titled "Items Removed from the Consent Docket" for consideration and possible action. Additionally, a Trustee or the General Manager may simply ask the Chair to remove an item from the consent docket prior to action by the Trustees and no action will be taken on the removed item at this meeting.

a.	Approve November 4, 2024 regular meeting minutes		
b.	Approve 2025 Stillwater Utilities Authority meeting schedule		
c.	Accept Stillwater Utilities Authority annual financial report for the fiscal year ended June 30, 2024 as recommended by the Audit Committee.	SUA-24-62	Jared Thulin
d.	Award a unit price contract for Bid #42-2024 for the Deer Crossing, Woodland Trails Waterline Project to Okie Construction and Plumbing, LLC for the total bid amount of $119,499; approve budget amendment for $141,713 from the Water Capital Fund which includes testing and 15% contingency; and authorize the General Manager to execute the Construction Agreement and	SUA-24-63	David Barth

	related documents.		
e.	Award Bid #44-2024 for Chlorine Scrubber Rehabilitation to Integrity Municipal Systems, LLC in an amount not to exceed $119,350, which contains a 10% contingency; approve the associated budget amendment; and authorize the General Manager to sign related documents.	SUA-24-64	James Driskel

3. Public Comment on Items not Scheduled for Public Hearings

   Stillwater City Code, Section 2-53(a) & (b), provides that taxpayers or residents of the city, or their authorized legal representatives, may address the Trustees at a regularly scheduled meeting on any item of business listed on the meeting agenda provided they have submitted a written request prior to the meeting either online at Request to speak form or via the form found in the lobby outside Council chambers.

4. Items Removed from the Consent Docket

   Items removed from the consent docket are placed on this section of the agenda for discussion, revision, amendment and/or tabling prior to action by the Trustees. The Trustees may take action, including a vote or series of votes, on items removed to this section of the agenda after the requested discussion, revision, or amendment.

5. Questions and Inquiries

6. Reports from Officers and Boards

   Announcements and remarks of general interest may be made by Trustees, General Manager or General Counsel. Items of City business that may require discussion or action, including a vote or series of votes, are listed below

7. Adjourn

On November 14, 2024 at 2:30 p.m., a true and correct copy of this agenda was posted on the kiosk outside City Hall, 723 S. Lewis Street, Stillwater, OK.

The City of Stillwater encourages participation from all citizens. If participation at any public meeting is not possible due to a disability, please notify the City Manager's office at least 48 hours prior to the meeting by calling 405.742.8243.

- Meetings are televised on AT&T U-verse channel 99 and Optimum channel 14.
- Find meeting agendas and minutes online at Agendas and Minutes
- Official minutes are archived in the City Clerk's office.

IN ACCORDANCE WITH THE OKLAHOMA OPEN MEETING LAW THE AGENDA WAS POSTED NOVEMBER 1, 2024 AT 10:50 A.M. AT THE MUNICIPAL BUILDING, 723 SOUTH LEWIS, STILLWATER, OKLAHOMA

MINUTES
STILLWATER UTILITIES AUTHORITY
REGULAR MEETING
COUNCIL HEARING ROOM
723 S. LEWIS
NOVEMBER 4, 2024

PRESENT: **CHAIR WILLIAM H. JOYCE, VICE CHAIR AMY DZIALOWSKI, TRUSTEES KEVIN CLARK AND TIM HARDIN**
ABSENT: **TRUSTEE CHRISTIE HAWKINS**

1. CALL MEETING TO ORDER

Chair Joyce called the meeting to order at 6:20 p.m.

2. CONSENT DOCKET

a. Approve October 21, 2024 regular meeting minutes
b. Approve budget amendments to reflect receipt and appropriation of insurance proceeds.

MOTION BY VICE CHAIR DZIALOWSKI, SECOND BY TRUSTEE CLARK TO APPROVE THE CONSENT DOCKET AS PRESENTED.

ROLL CALL VOTE: JOYCE-YEA, DZIALOWSKI-YEA, CLARK-YEA, HARDIN-YEA.
NAY-NONE. MOTION CARRIED WITH FOUR YEA VOTES.

3. PUBLIC COMMENT ON AGENDA ITEMS NOT SCHEDULED FOR PUBLIC HEARING

There were no requests to speak on agenda items not scheduled for public hearing.

4. ITEMS REMOVED FROM CONSENT DOCKET

None.

5. GENERAL ORDERS

a. Receive annual report by MMO Partners, consider approval of extension agreement #2 with MMO Partners for federal advocacy services in the amount of $79,200, approve associated budget amendment and authorize the General Manager to sign related documents.

Assistant City Manager and Finance Director Christy Cluck introduced Kyriakos Pagonis, MMO Partners, to present their annual report.

Mr. Pagonis presented the 2024 Federal Program highlights and the 2025 Plan. Charles Thomas with MMO Partners discussed the work with FEMA and other eligible grant opportunites.

MOTION BY TRUSTEE CLARK, SECOND BY VICE CHAIR DZIALOWSKI TO APPROVE EXTENSION AGREEMENT #2 WITH MMO PARTNERS FOR FEDERAL ADVOCACY SERVICES IN THE AMOUNT OF $79,200, APPROVE ASSOCIATED BUDGET AMENDMENT AND AUTHORIZE THE GENERAL MANAGER TO SIGN RELATED DOCUMENTS.

ROLL CALL VOTE: JOYCE-YEA, DZIALOWSKI-YEA, CLARK-YEA, HARDIN-YEA.
NAY-NONE. MOTION CARRIED WITH FOUR YEA VOTES.

6. REPORTS FROM OFFICERS & BOARDS

a. Miscellaneous items from the General Counsel: No report.
b. Miscellaneous items from the General Manager: No report.
c. Miscellaneous items from Trustees: No report.
    i) Discussion about scheduling items for upcoming meetings

7. QUESTIONS & INQUIRIES

None.

8. ADJOURN

MOTION BY TRUSTEE CLARK, SECOND BY VICE CHAIR DZIALOWSKI TO ADJOURN THE NOVEMBER 4, 2024 REGULAR MEETING OF THE STILLWATER UTILITIES AUTHORITY.

ROLL CALL VOTE: JOYCE-YEA, DZIALOWSKI-YEA, CLARK-YEA, HARDIN-YEA.
NAY-NONE. MOTION CARRIED WITH FOUR YEA VOTES.

The November 4, 2024 regular meeting of the Stillwater Utilities Authority adjourned at 6:34 p.m.

WILLIAM H. JOYCE, CHAIR
STILLWATER UTILITIES AUTHORITY

TERESA KADAVY, SECRETARY
STILLWATER UTILITIES AUTHORITY

The City of Stillwater OKLAHOMA

STILLWATER CITY COUNCIL/SUA/SEDA
2025 MEETING SCHEDULE
****Holiday Adjustment**

DATE	TIME	PLACE
JANUARY 13, 2025** (2nd Monday)	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
JANUARY 27, 2025** (4th Monday)	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
FEBRUARY 10, 2025** (2nd Monday)	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
FEBRUARY 24, 2025** (4th Monday)	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
MARCH 10, 2025** (2nd Monday)	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
MARCH 24, 2025** (4th Monday)	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
APRIL 7, 2025	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
APRIL 21, 2025	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
MAY 5, 2025	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
MAY 19, 2025	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
JUNE 2, 2025	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
JUNE 16, 2025	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
JULY 7, 2025	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
JULY 21, 2025	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
AUGUST 4, 2025	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
AUGUST 18, 2025	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
SEPTEMBER 8, 2025** (2nd Monday)	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
SEPTEMBER 22, 2025** (4th Monday)	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
OCTOBER 6, 2025	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
OCTOBER 20, 2025	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
NOVEMBER 3, 2025	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
NOVEMBER 17, 2025	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
DECEMBER 1, 2025	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
DECEMBER 15, 2025	5:30 P.M.	723 SOUTH LEWIS, STILLWATER, OK
Prepared by: Teresa Kadavy, City Clerk		Approved

REPORT TO: STILLWATER UTILITIES AUTHORITY

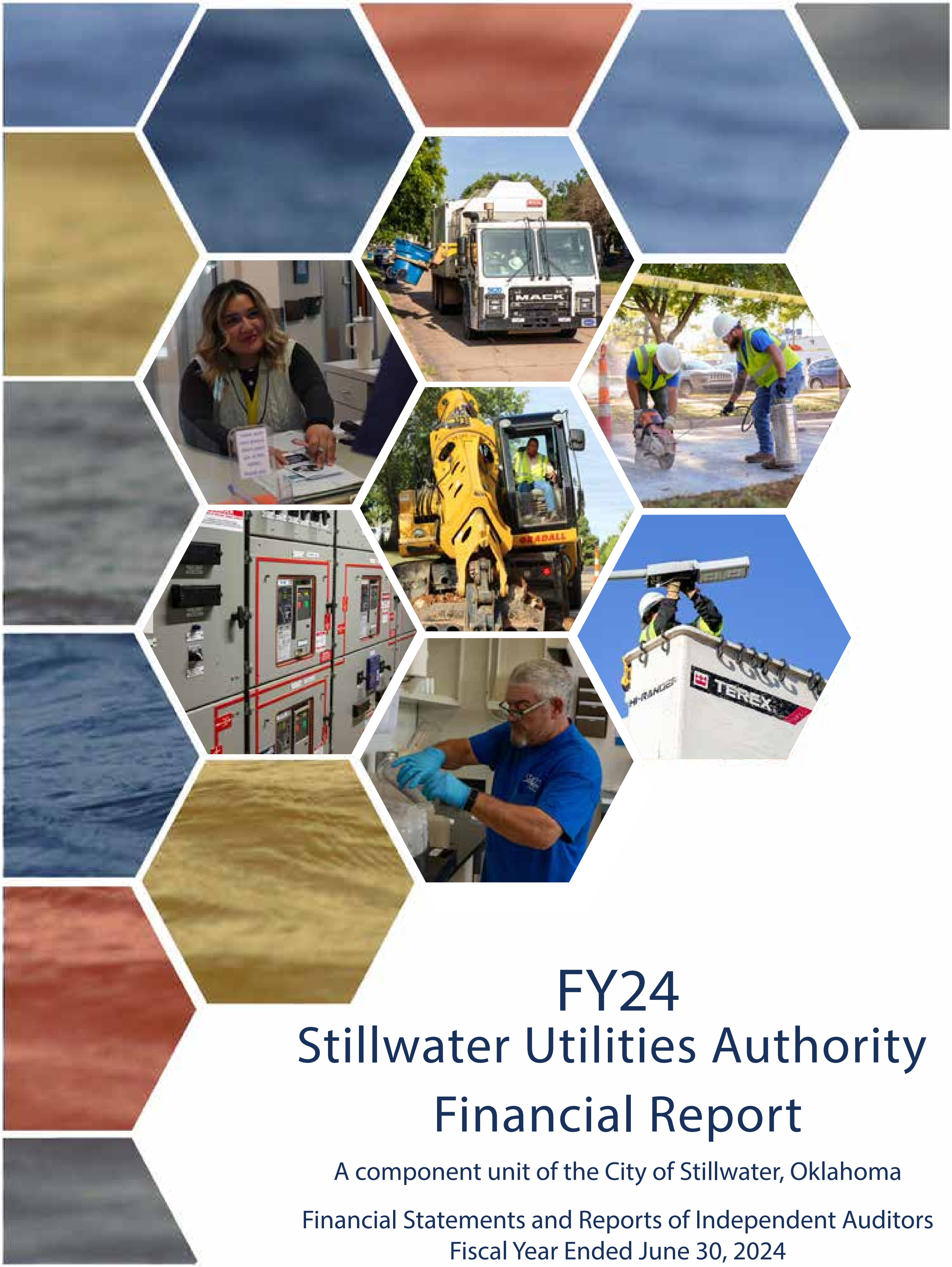
MEETING DATE: NOVEMBER 18, 2024

Stillwater OKLAHOMA

Agenda Item:	2.c. SUA-24-62
Previous/Related Action:	N/A
Background/Issue:	• The City of Stillwater Audit Committee met on October 30, 2024 to receive auditor communication from the City's independent audit firm, HSPG & Associates, and to consider a recommendation to the Stillwater Utilities Authority trustees to accept the Stillwater Utilities Authority annual financial report for the fiscal year ended June 30, 2024. • Andy Cromer and Brett Carnes with HSPG & Associates presented the results of the FY24 audit and informed the committee that an unmodified opinion would be rendered. An unmodified opinion is one in which the financial statements present fairly in all material respects, the financial position, change in financial position and cash flows in accordance with accounting principles generally accepted in the United States. • The committee voted unanimously to recommend acceptance by the trustees of the FY24 Stillwater Utilities Authority financial report.
Proposal/Solution:	N/A
Financial Source/Impact:	N/A
Related Strategic Priority:	#1 EFFECTIVE SERVICES & ACCOUNTABLE GOVERNMENT #5 UNIQUE CULTURE
Recommended Action/Motion:	Motion to accept the Stillwater Utilities Authority annual financial report for the fiscal year ended June 30, 2024 as recommended by the Audit Committee.
Prepared By:	Jared Thulin, Accounting Manager
Reviewed By:	Christy Cluck Teresa Kadavy
Submitted By:	Brady Moore, Interim General Manager

Attachments

1. SUA Financial Report FY24 - FINAL
2. FY24 SUA SAS Letter
3. Audit Committee - Draft Minutes 10.30.24



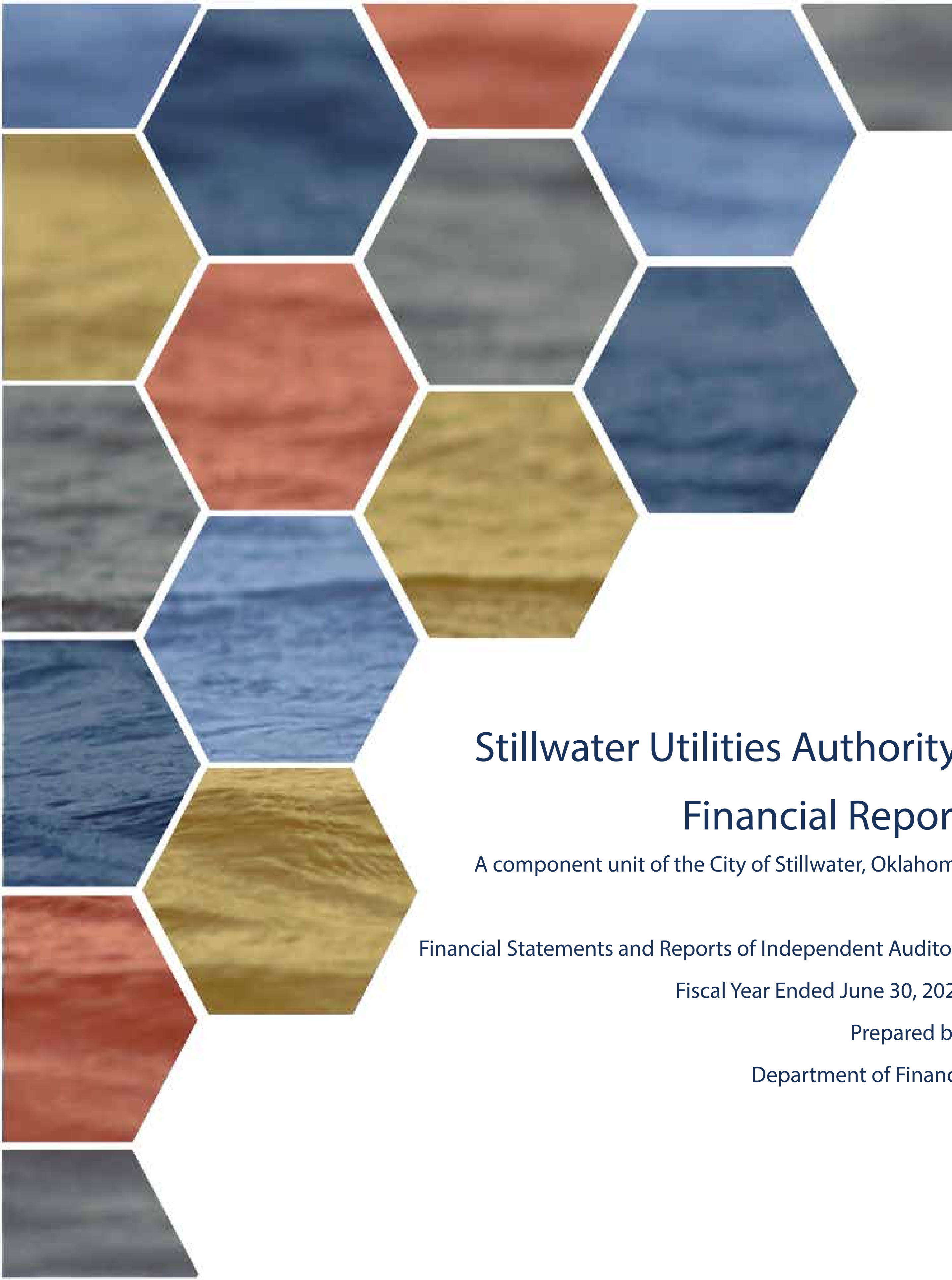
FY24
Stillwater Utilities Authority
Financial Report

A component unit of the City of Stillwater, Oklahoma

Financial Statements and Reports of Independent Auditors
Fiscal Year Ended June 30, 2024

Fiscal Year Ended June 30, 2024

Stillwater
OKLAHOMA
stillwaterok.gov



Stillwater Utilities Authority

Financial Report

A component unit of the City of Stillwater, Oklahoma

Financial Statements and Reports of Independent Auditors

Fiscal Year Ended June 30, 2024

Prepared by

Department of Finance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MACK

STILLWATER UTILITIES AUTHORITY

A Component Unit of the City of Stillwater, Oklahoma

Table of Contents

Section 1: FINANCIAL SECTION

Section 2: REQUIRED SUPLEMENTARY INFORMATION

Section 3: OTHER REPORTS

Financial Section

STILLWATER UTILITIES AUTHORITY

A Component Unit of the City of Stillwater, Oklahoma

Independent Auditor's Report

H S
P G

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Stillwater Utilities Authority
Stillwater, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Stillwater Utilities Authority (the "Authority"), a component unit of the City of Stillwater, Oklahoma as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

HSPG & ASSOCIATES, PC

5400 N Grand Blvd, Suite 330 • Oklahoma City, Oklahoma 73112 • Phone: 405.844.9995 • Fax: 405.844.9975

STILLWATER UTILITIES AUTHORITY

A Component Unit of the City of Stillwater, Oklahoma

Independent Auditor's Report

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of changes in total OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

STILLWATER UTILITIES AUTHORITY

A Component Unit of the City of Stillwater, Oklahoma

Independent Auditor's Report

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

HSPG & Associates, P.C.

October 30, 2024

STILLWATER UTILITIES AUTHORITY

A Component Unit of the City of Stillwater, Oklahoma

Management's Discussion and Analysis

The following discussion and analysis of the Stillwater Utilities Authority (the "Authority") provides our readers an overview of the Authority's financial activities for the year ended June 30, 2024 and 2023 in comparison with the prior year financial results. Please consider the information presented here in conjunction with the financial statements, which begin on page 11.

1. USING THE FINANCIAL STATEMENTS IN THIS ANNUAL REPORT

The basic financial statements presented in this report consist of the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, the Statements of Cash Flows, and the Notes to Financial Statements.

The Statements of Net Position includes all assets, deferred outflows, liabilities, and deferred inflows of the Authority using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The Statements of Revenues, Expenses, and Changes in Net Position reports all of the Authority's revenues and expenses for the period regardless of when cash is received or paid. Together, the two statements report the Authority's net position and the changes from the prior year. Net position is the difference between assets and deferred outflows and liabilities and deferred inflows and is one way to measure the Authority's financial condition or position. When considered over a period of time, increases or decreases in the Authority's net position are indicators of the financial health of the Authority.

The Statements of Cash Flows report the cash provided and used by operating, investing, and financing activities of the Authority during the reporting period.

The Notes to Financial Statements provide additional explanation and details about the financial information reported in the financial statements.

2. FINANCIAL ANALYSIS

Net Position

A comparative overview of the major components of the Statements of Net Position as of June 30 is shown below.

(in millions)	2024	2023	2022
Current assets	$143.4	$123.5	$119.0
Noncurrent assets	246.8	245.2	231.1
Total assets	390.2	368.7	350.1
Deferred outflows of resources	0.2	0.3	0.4
Current liabilities	19.7	21.7	20.2
Noncurrent liabilities	101.6	101.1	99.1
Total liabilities	121.3	122.8	119.3
Deferred inflows of resources	2.3	2.0	1.5
Net position:			
Net investment in capital assets	123.4	118.1	114.2
Restricted for debt service	2.5	2.1	2.0
Restricted for capital projects	1.0	1.0	1.0
Unrestricted	139.9	123.0	112.4
Total net position	$266.8	$244.2	$229.6

At the end of the current and previous fiscal years, the Authority is able to report positive balances in each of its net position classifications.

A large portion of the Authority's net position (46.3% in 2024, 48.4% in 2023, and 49.7% in 2022) reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to its customers; therefore, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Authority's net position (1.3% in 2024, 2023, and 2022) represents resources that are subject to restrictions as to how they may be used. The remaining balance (52.4% in 2024, 50.3% in 2023, and 49.0% in 2022) is unrestricted.

Current assets increased by $19.9 million or 16.1% in 2024 due to the Authority purchasing a new short-term investment during FY24, investments held in FY23 being reclassified as current in FY24, and inventory being acquired to prepare for routine maintenance on equipment at the Stillwater Energy Center. Current liabilities decreased by $2.0 million or 9.2%. This was related to a decrease in the amount due to the City of Stillwater.

Noncurrent assets increased $14.1 million or 6.1% in 2023 primarily due to a loan made to the Stillwater Economic Development Authority for development opportunities and an increase in the construction work in progress related to the South Sewer Interceptor project.

Noncurrent liabilities increased by $2.0 million or 2.0% in 2023 due to the issuance of new debt for waste management trucks and wastewater projects.

Changes in Net Position

For the years ended June 30, 2024, 2023, and 2022 the Authority's net position increased by $22.6 million, $14.6 million, and $1.2 million, respectively. Detail of the increase in net position is presented below in a comparative overview of the major components of the Statements of Revenues, Expenses, and Changes in Net Position for each of the years ended June 30:

(in millions)	2024	2023	2022
Operating revenues	$95.6	$99.5	$93.6
Operating expenses	77.6	81.6	84.2
Operating income	18.0	17.9	9.4
Nonoperating revenues (expenses)	(2.6)	(5.1)	(8.7)
Net income before contributions	15.4	12.8	0.7
Capital contributions	7.2	1.8	0.5
Increase in net position	$22.6	$14.6	$1.2

Operating revenues of the Authority decreased by $3.9 million in 2024, which is the result of a decrease in electric power cost adjustment revenue and is offset by a reduction of the related expense to purchase power from Grand River Dam Authority (GRDA) as indicated by the similar decrease in operating expenses of $4.0 million in 2024. The increase of $5.4 million in capital contributions is primarily due to water projects utilizing American Rescue Plan Act funds awarded to the City and transferred to the Authority during 2024.

Operating revenues of the Authority increased by $5.9 million in 2023, which was the result of an increase in the electric power cost adjustment revenue and the implementation of a 3% rate increase for electric, water, and wastewater utilities effective July 1, 2022 and an additional 3% rate increase for electric utility effective January 1, 2023. The increase of $1.3 million in capital contributions is primarily due to $1 million in loan forgiveness provided by the Oklahoma Water Resources Board for the loan issued during 2023.

Operating expenses of the Authority decreased by $2.6 million in 2023. This is the result of an increase in costs associated with the February 2021 Winter Storm Uri event being reflected in the 2022 operating expenses. The Authority's power provider, GRDA, allocated costs to its customers. The Authority's proportionate share of the costs was $7.1 million. The Storm Uri cost decrease was partially offset by an increase in purchased power expense of $3.5 million in 2023 compared to 2022. Finally, the Authority is continuing to see increases in cost for labor and material.

Nonoperating expense decreased by $2.5 million in 2024 and $3.6 million in 2023 due to an increase in investment income related to increases in interest rates paid to the Authority for cash held in bank and money market accounts. Investment income is a nonoperating revenue that is netted against nonoperating expenses on the Statements of Revenues, Expenses, and Changes in Net Position to arrive at total nonoperating revenues (expenses).

3. CAPITAL ASSETS AND DEBT ADMINISTRATION

The following is a summary of changes in capital assets and debt administration for the years ended June 30, 2024, 2023, and 2022. More detailed information on capital asset activity and long-term debt activity is contained in the accompanying notes to the financial statements on pages 23-30.

Capital Assets

At June 30, 2024, 2023, and 2022, the Authority had $221.6 million, $215.8 million, and $209.6 million, respectively, invested in capital assets including water and sewer lines, electric systems, and equipment.

(in millions)	2024	2023	2022
Land	$1.0	$1.0	$1.0
Intangible assets	1.5	1.5	1.5
Water plant	71.8	70.6	71.2
Electric plant	84.6	88.6	91.7
Wastewater plant	27.4	23.7	23.9
Construction work in progress	29.0	26.0	15.9
General plant	5.9	4.0	4.1
Lease & subscription assets	0.4	0.4	0.3
Totals	$221.6	$215.8	$209.6

Debt Administration

At June 30, 2024, 2023, and 2022 the Authority had $103.0 million, $102.7 million, and $100.0 million respectively, in bonds, notes, and long-term leases and subscriptions outstanding. The increase of $0.3 million in 2024 and $2.7 million in 2023 is the net effect of new debt being issued for the purchase of waste management trucks and to finance water and wastewater projects and payments made on other outstanding debt as indicated in the chart below.

(in millions)	2024	2023	2022
2014 revenue bonds	$55.9	$57.8	$59.6
2002C note - wastewater treatment plant	0.0	0.0	0.1
2005 OWRB fixed rate note	0.5	1.0	1.5
2009 OWRB DWSRF note	4.5	5.0	5.5
2009 OWRB CWSRF note	0.5	0.5	0.6
2016 OWRB DWSRF note	22.5	23.1	23.0
2017 OWRB DWSRF note	5.9	5.7	6.1
2023 OWRB CWSRF note	7.4	4.9	0.0
2024 OWRB DWSRF note	0.0	0.0	0.0
USACE note	0.5	0.6	0.6
Long-term equipment notes	5.0	3.3	2.7
Lease & subscription obligations	0.3	0.8	0.3
Totals	$103.0	$102.7	$100.0

4. ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES AND RATES

Budgeting for the Authority is done in conjunction with budgeting for the City as a whole. Cost of service studies for the electric, water, and wastewater utilities were completed and presented to the Authority's Board of Trustees in the Fall of 2023. The Authority approved resolutions 2023-040 and 2023-041 on November 6, 2023, adopting the initial rate increases recommended for electric, water, and wastewater effective January 1, 2024. These resolutions also adopted future rate increases for FY 2025 through FY 2028 based on the recommendations of the studies. The future rate increases will be effective each July 1st for water and wastewater and January 1st for electric for the years approved by the resolution.

In February 2021, the United States experienced a historical winter storm event which brought record cold temperatures and unprecedented impacts to the utility sector. The Authority's power provider, GRDA, incurred substantial costs during this time in order to provide power to its customers. Those costs and an allocation of those costs to its customers was approved by the GRDA Board of Directors on August 12, 2021. The Authority's proportionate share of the costs, as assessed by the GRDA, was $7.1 million. The Authority approved payment to the GRDA in the amount of $7.1 million on September 13, 2021. The Authority also approved recoupment of 50% of these costs ($3.6 million) from its customers over a 36 month period beginning with the bills issued in November 2021. As of June 30, 2024, $3.0 million has been billed to the customers with $2.9 million collected.

5. CONTACTING THE STILLWATER UTILITIES AUTHORITY MANAGEMENT

This financial report is designed to provide our citizens, customers, taxpayers, bondholders, and creditors with a general overview of the Authority's finances and to show accountability for the money it receives. Financial information for the Authority is also presented in the Annual Comprehensive Financial Report of the primary government, the City of Stillwater, Oklahoma. If you have questions about this report or need additional financial information, contact the Finance Department of the City of Stillwater, 723 S. Lewis St., P.O. Box 1449, Stillwater, Oklahoma 74076.

STILLWATER UTILITIES AUTHORITY

A component unit of the City of Stillwater, Oklahoma

Statements of Net Position

As of June 30, 2024 and 2023

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	$102,566,998	$100,465,915
Restricted cash and cash equivalents	3,773,254	3,046,811
Investments	10,263,982	0
Restricted investments	4,628,735	0
Accounts receivable, net of allowance for uncollectible accounts of $1,365,824 for 2024 and $1,211,723 for 2023	14,826,612	13,661,038
Leases receivable, current	119,410	98,606
Prepaid items	29,626	98,280
Interest receivable	133,261	488,266
Inventories	7,024,441	5,660,110
Total current assets	143,366,319	123,519,026
Noncurrent assets:		
Restricted cash and cash equivalents	1,820,420	1,614,860
Investments	13,614,334	13,416,448
Restricted investments	234,970	4,625,745
Due from Stillwater Economic Development Authority	8,000,000	8,250,000
Leases receivable, noncurrent	1,535,884	1,495,390
Capital assets: non depreciable		
Land	1,042,994	1,042,994
Intangible assets	1,530,403	1,530,403
Construction work in progress	28,998,642	25,961,860
Capital assets: depreciable		
Water plant	158,293,339	151,837,431
Electric plant	176,841,234	175,532,729
Wastewater plant	66,392,778	61,291,618
General plant assets	7,784,878	6,596,378
Lease & subscription assets	361,602	413,650
Less-accumulated depreciation	(219,640,384)	(208,445,491)
Total noncurrent assets	246,811,094	245,164,015
Total assets	390,177,413	368,683,041
DEFERRED OUTFLOWS OF RESOURCES		
Other postemployment benefits	258,755	330,610

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STILLWATER UTILITIES AUTHORITY

A component unit of the City of Stillwater, Oklahoma

Statements of Net Position (…continued from previous page)

As of June 30, 2024 and 2023

	2024	2023
LIABILITIES		
Current liabilities:		
Accounts payable	8,271,055	8,091,072
Accrued liabilities	721,573	697,354
Due to City of Stillwater	2,791,659	5,608,115
Current portion of compensated absences	103,327	173,815
Accrued interest payable	935,278	913,183
Unearned revenue	22,622	0
Current portion of lease & subscription obligations	29,005	50,983
Current portion of customer deposits payable	1,233,341	878,805
Current portion of long-term debt obligations	5,630,868	5,271,730
Total current liabilities	19,738,728	21,685,057
Noncurrent liabilities:		
Noncurrent portion of compensated absences	929,685	880,983
Noncurrent portion of lease & subscription obligations	269,391	280,808
Noncurrent portion of customer deposits payable	770,059	597,017
Noncurrent portion of long-term debt obligations	97,134,275	96,642,461
Other postemployment benefits	2,449,759	2,678,281
Total noncurrent liabilities	101,553,169	101,079,550
Total liabilities	121,291,897	122,764,607
DEFERRED INFLOWS OF RESOURCES		
Leases receivable	1,581,726	1,546,327
Other postemployment benefits	725,707	498,285
Total deferred inflow of resources	2,307,433	2,044,612
NET POSITION		
Net investment in capital assets	123,405,652	118,141,335
Restricted for debt service	2,451,545	2,079,163
Restricted for capital projects	1,050,361	1,017,843
Unrestricted	139,929,280	122,966,091
Total net position	$266,836,838	$244,204,432

The accompanying notes are an integral part of this statement.

STILLWATER UTILITIES AUTHORITY

A component unit of the City of Stillwater, Oklahoma

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2024 and 2023

	2024	2023
Operating revenues:		
Charges for services, net of bad debt expense	$84,805,143	$87,160,697
Other	10,815,660	12,368,344
Total operating revenues	95,620,803	99,529,041
Operating expenses:		
Operations and maintenance	65,463,067	69,426,285
Depreciation	12,100,417	12,128,467
Total operating expenses	77,563,484	81,554,752
Operating income	18,057,319	17,974,289
Nonoperating revenues (expenses):		
Investment income	6,163,138	3,073,127
Interest expense and fiscal charges	(3,354,077)	(3,224,533)
Gain (loss) on sale of assets	(716,592)	(374,202)
Transfer from City of Stillwater	10,038,770	9,979,678
Transfer to City of Stillwater	(14,755,945)	(14,601,556)
Total nonoperating revenues (expenses)	(2,624,706)	(5,147,486)
Income before contributions	15,432,613	12,826,803
Capital contributions	7,199,793	1,780,525
Change in net position	22,632,406	14,607,328
Total net position, beginning of year	244,204,432	229,597,104
Total net position, end of year	$266,836,838	$244,204,432

The accompanying notes are an integral part of this statement.

STILLWATER UTILITIES AUTHORITY

A component unit of the City of Stillwater, Oklahoma

Statements of Cash Flows

For the Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers, including deposits	$84,167,147	$87,884,554
Payments to suppliers	(47,017,192)	(56,025,315)
Payments to employees	(18,143,121)	(16,774,377)
Payments to City of Stillwater for administrative costs	(1,378,656)	(1,431,199)
Other receipts	10,789,762	12,341,716
Net cash provided by (used in) operating activities	28,417,940	25,995,379
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from City of Stillwater	10,020,547	10,573,011
Transfers from (to) Stillwater Economic Development Authority	250,000	(8,250,000)
Operating Subsidies and transfers to City of Stillwater	(17,403,060)	(9,390,907)
Net cash provided by (used in) noncapital financing activities	(7,132,513)	(7,067,896)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	3,451,808	9,018,331
Capital contributions	1,450,924	1,007,175
Proceeds from sale of capital assets	1,069,272	836,051
Purchases of capital, lease, and subscription assets	(10,614,821)	(18,693,432)
Principal paid on capital debt	(5,861,894)	(6,618,791)
Interest paid on capital debt	(3,565,945)	(3,472,592)
Net cash provided by (used in) capital and related financing activities	(14,070,656)	(17,923,258)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(10,000,000)	0
Interest received	5,818,315	3,206,656
Net cash provided by (used in) investing activities	(4,181,685)	3,206,656
Net increase in cash and cash equivalents	3,033,086	4,210,881
Cash and cash equivalents, beginning of year	105,127,586	100,916,705
Cash and cash equivalents, end of year	$108,160,672	$105,127,586

(continued…)

STILLWATER UTILITIES AUTHORITY

A component unit of the City of Stillwater, Oklahoma

Statements of Cash Flows

For the Years Ended June 30, 2024 and 2023 (…continued from previous page)

	2024	2023
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$18,057,319	$17,974,289
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	12,100,417	12,128,467
Changes in assets, liabilities, and deferred inflows and outflows of resources:		
Receivables, net	(1,165,574)	694,105
Lease liability	(33,395)	33,125
Lease receivables and related deferral	(25,899)	(26,628)
Inventories	(1,364,331)	(583,973)
Prepaid Items	68,654	(98,280)
Accounts and other payables	707,561	(4,428,978)
Accrued liabilities	2,433	197,872
Other postemployment benefits-liabilities	(228,522)	(79,339)
Other postemployment benefits-deferred outflows	71,855	36,869
Other postemployment benefits-deferred inflows	227,422	147,850
Net cash provided by operating activities	$28,417,940	$25,995,379
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Capital assets contributed to the Authority	$5,771,490	$773,353
Capital assets transferred to City of Stillwater	151,116	59,798
Borrowings under capital lease	3,495,000	0
Premium amortization	233,963	233,963
Change in fair value of investments	244,299	(617,668)

The accompanying notes are an integral part of this statement.

STILLWATER UTILITIES AUTHORITY
A component unit of the City of Stillwater, Oklahoma

Notes to Financial Statements
As of and for the Years Ended June 30, 2024 and 2023

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The financial statements of the Stillwater Utilities Authority (the "Authority") are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The more significant accounting policies of the Authority are described below.

Nature of Operations and Reporting Entity

The Authority is a public trust operating under a Trust Indenture dated April 1, 1979, which was created by an ordinance of the City of Stillwater, Oklahoma (the "City"), and amended by an Amendment to Trust Indenture dated November 1, 1980, and further amended by a Second Amendment to Trust Indenture dated March 24, 2014. The City is the beneficiary of the trust. The Authority was created to operate and maintain a utilities system that provides electric, water, and wastewater services to residents, businesses, and industries located in the Stillwater area. Operations of the Authority commenced July 1, 1979. The City's five Councilors who serve as Trustees govern the Authority. The Authority is a component unit of the City's reporting entity and is reported as an enterprise fund in the City's Annual Comprehensive Financial Report.

The Trust Indenture that established the Authority provides for transfers of surplus funds to the City at the sole discretion of the Trustees. Proceeds from the one cent sales tax (see Note 11) are not included in any such transfer since they are entirely exhausted on the Authority's monthly operations, maintenance, and bond payments.

The Trust Indenture limits the amount of bonds or notes that the Authority may issue in any fiscal year to 40% of its gross revenues (as defined) recorded in the preceding year. The Trust Indenture also does not allow for Trustee authorization of bonds or notes in any amount if a utility rate increase is necessary to fund such bonds or notes at the time of issuance. Per the Trust Indenture, the debt limitations can be exceeded only upon approval by a majority of the City's qualified voters, voting on such question. However, no election is required for the issuance of:

- Indebtedness incurred to refund all or part of the Authority's outstanding indebtedness.
- Project completion bonds or notes authorized to be issued pursuant to the provisions of any indenture or other instrument securing the initial indebtedness to fund such project.
- Indebtedness incurred which is necessary to ensure the timely payment of outstanding Authority indebtedness and to operate in accordance with good utility practice as may be required by any indenture or other instrument securing any indebtedness of the Authority.
- Indebtedness to be primarily funded by the proceeds of a contract, agreement, or other collateral source that was not, at the time of the issuance of such debt, an existing revenue source of the Authority.

Basis of Accounting

The financial statements of the Authority are prepared on the accrual basis of accounting using the economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, highly liquid investments, and time deposits with original maturities of ninety days or less.

Investments

Money market investments with an original maturity of one year or less are recorded at amortized cost. Long term investments are recorded at fair value.

Assets Internally Designated

Assets internally designated consist of cash and cash equivalents set aside by the Board of Trustees for the following purposes:

- operation, maintenance, and upgrade of the water system
- operation, maintenance, and upgrade of the wastewater system
- operation, maintenance, and upgrade of the solid waste collection service
- offset future potential operating cost increases and/or future substantial capital expenditure requirements

At the Board's discretion the assets may be used for other purposes. As of June 30, 2024 and 2023, cash and cash equivalents in the amount of $118,446,768 and $104,958,241, respectively, have been internally designated by the Authority for this purpose.

Restricted Assets

Certain assets of the Authority are classified as restricted assets since their use is restricted by applicable bond indentures and agreements.

Accounts Receivable

Substantially all accounts receivable relate to electric, water, wastewater, and solid waste services provided to residents, businesses, and industries located in the Stillwater area. Unbilled, but earned, revenues are accrued as accounts receivable and recognized as revenue at year end.

Inventories

Inventories of materials and supplies are valued at weighted average cost.

Capital Assets

The cost of the utility plant includes direct material, direct labor, and indirect costs such as engineering fees. Assets are recorded at historical cost except for donated assets which are recorded at acquisition value at the time of donation. The cost of routine maintenance and repairs to property is expensed. For depreciation purposes, assets are depreciated over their estimated useful lives (ranging from 3 to 50 years) using the straight-line method. Gains and losses are included in operations in the period the asset is retired or removed from service.

Unamortized Debt Discount and Premium

Debt discount and premium are amortized using the straight-line method, which approximates the effective interest method, over the life of the applicable debt. Amortized debt discount and premium are reported as a component of interest expense.

Operating and Nonoperating Revenues

Operating revenues are those that result from providing services to customers. All revenues not meeting this definition are reported as nonoperating revenues.

Transfers

Permanent transfers of assets between the Authority and the City are recorded as nonoperating revenues and expenses.

Compensated Absences

Full-time employees of the Authority accumulate vacation leave benefits each pay period at various rates depending upon tenure with the Authority and may accumulate and carry over to subsequent years up to 25 days of unused vacation leave depending upon their tenure. Upon termination, employees are paid for unused vacation. Full-time employees accumulate sick leave at a set rate each pay period and may accrue up to a maximum of 1,000 hours of sick leave. An employee with five or more years of service who retires or resigns receives 10% of the accumulated unused sick leave to be computed at the rate of pay being received by the employee at retirement or resignation date. Employees with ten to thirty years of service receive a percentage payment of their unused sick leave ranging from 12.5% to 35%. The liability for these compensated absences is recorded as noncurrent liabilities. The current portion of this liability is estimated based on historical trends using the amounts that would be payable if termination occurred at the end of the fiscal year.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period so will not be recognized as an expense until that future period. Deferred inflows of resources are resources that are not available in the current period to pay liabilities of the current period. The Authority has deferred outflows and inflows related to other postemployment benefits (OPEB) and deferred inflows related to leases. For additional information about OPEB, see Note 8. For additional information about leases, see Note 5.

Other Postemployment Benefits (OPEB)

Other postemployment benefits are part of an exchange of salaries and benefits for employee services rendered. Of the total benefits offered by employers to attract and retain qualified employees, some benefits, including salaries and active employee health care, are taken while the employees are in active service, whereas other benefits, including postemployment health care, are taken after the employees' services have ended. Nevertheless, both types of benefits constitute compensation for employee services. In accordance with GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," the Authority recognizes annual OPEB costs during the periods when employees render their services. For additional information about OPEB, see Note 8.

Leases and Subscription-Based Information Technology Arrangements (SBITA)

The Authority is a party as lessor, lessee, or subscriber for various noncancellable long-term agreements for land, infrastructure, equipment, and software. The corresponding lease receivable, lease obligations, or subscription obligations are recorded in an amount equal to the present value of the expected future minimum payments received or paid, respectively, discounted by an applicable interest rate.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Equity Classifications

Equity is classified as net position and is displayed in three components:

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted – This component of net position consists of constraints placed on net position use by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through ordinance or other enabling legislation. For the year ended June 30, 2024, the statement of net position reports restricted net position in the amount of $3,501,906, of which $995,605 is restricted by enabling legislation. For the year ended June 30, 2023, the statement of net position reports restricted net position in the amount of $3,097,006, of which $963,088 is restricted by enabling legislation.
- Unrestricted – This component of net position consists of net positions that do not meet the definition of "net investment in capital assets" or "restricted."

When both restricted and unrestricted net positions are available for use, it is the Authority's policy to use restricted resources first.

Adoption of New Accounting Standards

During the year, the Authority adopted the following accounting standard:

GASB Statement No. 100, "Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62" – This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of this statement had no impact on the Authority's beginning of year net position.

2. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned. The Authority's deposit policy for custodial credit risk requires compliance with the provisions of state law. State law requires collateralization of all deposits with federal depository insurance, U.S. government issues, U.S. government insured securities, State of Oklahoma bonds, or bonds of any Oklahoma county or school district of the State of Oklahoma. At June 30, 2024 and 2023 the Authority was not exposed to custodial credit risk.

Investments
The Authority follows the investment policy adopted by the Stillwater City Council as the Authority's investment guide. The policy allows investment in securities authorized by Oklahoma Statutes which include obligations of the U.S. government, its agencies and instrumentalities; collateralized or insured certificates of deposit and other evidences of deposits at financial institutions within this state; fully insured certificates of deposit at financial institutions located out of state; negotiable certificates of deposit issued by a nationally or state-chartered bank; prime banker's acceptances which are eligible for purchase by the Federal Reserve System and which do not exceed 270 days' maturity; prime commercial paper which shall not have a maturity that exceeds 180 days nor represent more than 10% of the outstanding paper of an issuing corporation; repurchase agreements that have underlying collateral consisting of those items specified above; and money market funds regulated by the Securities and Exchange Commission and which investments consist of those items noted above.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Authority's investment policy does not address interest rate risk.

Credit Risk—Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy does not address credit risk.

Concentration of Credit Risk—The Authority's investment policy requires that no more than fifty percent (50%) of the City's total investment portfolio be invested in a single financial institution with the exception of U.S. Treasury securities. Sector diversification is desired but not limited by a specific percentage.

Custodial Credit Risk—For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority's investments are held in the Authority's name, thus the Authority had no exposure to custodial credit risk at June 30, 2024 and 2023.

Fair Value Measurement—The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Where quoted market prices are available in an active market, investments of the Authority are classified as Level 1 within the hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such investments are classified as Level 2 within the hierarchy. In certain cases where Level 1 and Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy.

For the year ended June 30, 2024 the Authority had only Level 1 and Level 2 investments which are summarized below:

Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Certificates of deposit	$12,111,036	$0	$12,111,036	$0
U.S. agencies-FHLB	13,614,334	0	13,614,334	0

The Authority had the following deposits and investments subject to credit risk at June 30, 2024:

Type	Credit Rating	Amount	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Demand Deposits	(1)	$105,709,127	$105,709,127	$0	$0	$0
Certificates of deposit	(1)	12,111,036	11,876,066	234,970	0	0
Money market mutual funds	AAAm (2)	5,468,196	5,468,196	0	0	0
U.S. agencies-FHLB	AA+ (2)	13,614,334	0	4,702,211	8,912,123	0
Total		$136,902,693	$123,053,389	$4,937,181	$8,912,123	$0

(1) Not subject to rating (2) Standard & Poor's

For the year ended June 30, 2023 the Authority had only Level 1 and Level 2 investments which are summarized below:

Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Certificates of deposit	$1,800,642	$0	$1,800,642	$0
U.S. agencies-FHLB	13,416,448	0	13,416,448	0

The Authority had the following deposits and investments subject to credit risk at June 30, 2023:

Type	Credit Rating	Amount	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Demand Deposits	(1)	$103,048,424	$103,048,424	$0	$0	$0
Certificates of deposit	(1)	$1,800,642	0	1,800,642	0	0
Money market mutual funds	AAAm (2)	4,904,265	4,904,265	0	0	0
U.S. agencies-FHLB	AA+ (2)	13,416,448	0	4,628,844	8,787,604	0
Total		$123,169,779	$107,952,689	$6,429,486	$8,787,604	$0

(1) Not subject to rating (2) Standard & Poor's

Deposits and investments presented in the statement of net position as of June 30, 2024 and 2023 are as follows:

	2024	2023
Cash and cash equivalents:		
Unrestricted	$102,566,998	$100,465,915
Restricted—current	3,773,254	3,046,811
Restricted—noncurrent	1,820,420	1,614,860
Investments:		
Unrestricted—current	10,263,982	0
Restricted—current	4,628,735	0
Unrestricted—noncurrent	13,614,334	13,416,448
Restricted—noncurrent	234,970	4,625,745
Total	$136,902,693	$123,169,779

3. RESTRICTED ASSETS

Certain assets of the Authority are restricted in their use by bond and note indentures. Cash and cash equivalents, classified as current, in the amount of $2,451,545 at June 30, 2024 and $2,079,163 at June 30, 2023 have been restricted in use to the service of debt. Investments, classified as current in the amount of $4,628,735 and as noncurrent in the amount of $234, 970 at June 30, 2024 and as noncurrent in the amount of $4,625,745 at June 30, 2023, have been restricted for this purpose.

Certain cash and cash equivalents of the Authority are restricted by agreement for the purpose of acquiring necessary easements related to water line upgrades for an area of service purchased from a rural water district. As of June 30, 2024 and 2023, cash and cash equivalents, classified as noncurrent, in the amount of $54,756 were restricted for this purpose.

Cash and cash equivalents received from customers as a water tie-on charge for new connections to the water distribution system are restricted by an ordinance of the City for the purpose of financing future construction of extensions and improvements to the water distribution system of the City. Cash and cash equivalents, classified as noncurrent, in the amount of $995,605 at June 30, 2024 and $963,087 at June, 30 2023, were restricted for this purpose.

Cash and cash equivalents received from utility customers for payment of the Western Payne County Ambulance Trust Authority (WPCATA) Subscription Fee are restricted in their use. Per agreement, the Authority remits to the WPCATA, on a monthly basis, all money collected from said charge. As of June 30, 2024 and 2023, cash and cash equivalents, classified as current, in the amount of $88,368 and $88,843, respectively, were restricted for this purpose.

Customer deposits received for water or electric service are restricted in their use toward the customer's final bill. As of June 30, 2024 cash and cash equivalents in the amount of $2,003,400 of which $1,233,341 is classified as current and $770,059 is classified as noncurrent, have been restricted for customer deposits. As of June 30, 2023 cash and cash equivalents in the amount of $1,475,822 of which $878,805 is classified as current and $597,017 is classified as noncurrent, have been restricted for customer deposits.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance at June 30, 2023	Transfers	Additions	Deletions	Balance at June 30, 2024
Capital assets not being depreciated:					
Land	$1,042,994	$0	$0	$0	$1,042,994
Intangible assets	1,530,403	0	0	0	1,530,403
Construction work in progress	25,961,860	(9,326,921)	12,363,703	0	28,998,642
Total capital assets not being depreciated	28,535,257	(9,326,921)	12,363,703	0	31,572,039
Other capital assets:					
Buildings	92,169,166	0	0	0	92,169,166
Improvements other than buildings	283,784	0	0	0	283,784
Machinery and equipment	83,197,129	0	3,972,116	2,306,501	84,862,744
Infrastructure	219,608,077	9,326,921	3,339,182	277,645	231,996,535
Total other capital assets at historical cost	395,258,156	9,326,921	7,311,298	2,584,146	409,312,229
Less accumulated depreciation for:					
Buildings	60,688,669	0	2,087,509	0	62,776,178
Improvements other than buildings	98,381	0	7,654	0	106,035
Machinery and equipment	32,014,025	0	3,075,075	594,307	34,494,793
Infrastructure	115,566,279	0	6,835,528	203,974	122,197,833
Total accumulated depreciation	208,367,354	0	12,005,766	798,281	219,574,839
Other capital assets, net	186,890,802	0	(4,694,468)	1,785,865	189,737,390
Lease & Subscription assets:					
Land	300,086	0	15,746	10,424	305,408
Equipment & Software	113,564	0	39,449	96,819	56,194
Total lease & subscription assets, being amortized	413,650	0	55,195	107,243	361,602
Less accumulated amortization for:					
Land	29,598	0	15,339	10,424	34,513
Equipment & Software	48,539	0	79,312	96,819	31,032
Total accumulated amortization	78,137	0	94,651	107,243	65,545
Total lease assets being amortized, net	335,513	0	(39,456)	0	296,057
Total capital assets, net	$215,761,572	$0	$7,629,779	$1,785,865	$221,605,486

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance at June 30, 2022	Transfers	Additions	Deletions	Balance at June 30, 2023
Capital assets not being depreciated:					
Land	$1,042,994	$0	$0	$0	$1,042,994
Intangible assets	1,530,403	0	0	0	1,530,403
Construction work in progress	15,909,835	(4,836,783)	14,888,808	0	25,961,860
Total capital assets not being depreciated	18,483,232	(4,836,783)	14,888,808	0	28,535,257
Other capital assets:					
Buildings	91,818,702	350,464	0	0	92,169,166
Improvements other than buildings	283,784	0	0	0	283,784
Machinery and equipment	78,540,954	3,514,475	3,113,364	1,971,664	83,197,129
Infrastructure	217,448,705	971,844	1,307,341	119,813	219,608,077
Total other capital assets at historical cost	388,092,145	4,836,783	4,420,705	2,091,477	395,258,156
Less accumulated depreciation for:					
Buildings	58,604,093	0	2,084,576	0	60,688,669
Improvements other than buildings	90,727	0	7,654	0	98,381
Machinery and equipment	29,709,307	0	3,066,129	761,411	32,014,025
Infrastructure	108,777,908	0	6,908,184	119,813	115,566,279
Total accumulated depreciation	197,182,035	0	12,066,543	881,224	208,367,354
Other capital assets, net	190,910,110	4,836,783	(7,645,838)	1,210,253	186,890,802
Lease & Subscription assets:					
Land	300,086	0	0	0	300,086
Equipment & Software	21,692	0	97,470	5,598	113,564
Total lease & subscription assets, being amortized	321,778	0	97,470	5,598	413,650
Less accumulated amortization for:					
Land	14,799	0	14,799	0	29,598
Equipment & Software	7,012	0	47,125	5,598	48,539
Total accumulated amortization	21,811	0	61,924	5,598	78,137
Total lease assets being amortized, net	299,967	0	35,546	0	335,513
Total capital assets, net	$209,693,309	$0	$7,278,516	$1,210,253	$215,761,572

Contributed Capital Assets
For the years ended June 30, 2024 and 2023, the Authority accepted and received water and sewer lines that were installed by developers. These assets were valued at $1,769,886 and $773,353, respectively.

5. LEASE RECEIVABLES

The Authority, as a lessor, has entered into lease agreements involving land and electric infrastructure as of June 30, 2024 and 2023 and is summarized below:

Leases Receivable	2024	2023
The Authority has 4 active land leases. The leases have receipts that range from $0 to $15,720 and interest rates that range from 1.527% to 3.608%. The lease terms include extension options, which are reasonably certain to be exercised.	$927,440	$963,503
The Authority has 25 active electric pole attachment leases. Annual payments of $20 per pole leased (4,886 poles leased at June 30, 2024 and 3,966 poles leased at June 30, 2023) are made at interest rates between 1.527% to 3.608%. The lease terms include extension options, which are reasonably certain to be exercised.	727,854	630,493
Total Leases Receivable	$1,655,294	$1,593,996
Current portion	$119,410	$98,606
Noncurrent portion	1,535,884	1,495,390
Total Leases Receivable	$1,655,294	$1,593,996

The total amount of inflows of resources, including lease revenue and interest revenue recognized during the years ended June 30, 2024 and 2024 was $168,824 and $154,984, respectively.

6. LONG-TERM LIABILITIES

For the years ended June 30, 2024 and 2023, the Authority's outstanding debt consisted of the following:

Revenue Bonds Payable	2024	2023
Series 2014A Revenue Bonds dated August 14, 2014, original issue amount of $61,830,000, secured by utility revenues, interest rates range from 3% to 5%, semiannual interest and annual principal installments commencing October 1, 2014 through October 1, 2042	$51,615,000	$53,280,000
Plus: Unamortized Debt Premium	4,275,427	4,509,389
Total Revenue Bonds Payable	$55,890,427	$57,789,389
Current portion	$1,968,963	$1,899,604
Noncurrent portion	53,921,464	55,889,785
Total Revenue Bonds Payable	$55,890,427	$57,789,389

Notes Payable	2024	2023
2005 OWRB Fixed Rate Note Payable dated June 29, 2005, original amount of $7,620,000, secured by utility revenues, 2.6% interest plus an administrative fee of 0.5%, semiannual installments of principal and interest commencing September 15, 2005 through March 15, 2025	$492,936	$983,367
2009 OWRB DWSRF Note Payable dated November 24, 2009, original amount of $11,645,000, $2,000,000 in principal forgiveness from American Recovery and Reinvestment Act grant funds, secured by utility revenues, 2.84% interest plus an administrative fee of 0.5%, semiannual principal installments commencing March 15, 2013 through September 15, 2032	4,525,879	5,043,775
2009 OWRB CWSRF Note Payable dated November 24, 2009, original amount of $1,875,000, $578,999 in principal forgiveness from American Recovery and Reinvestment Act grant funds, secured by utility revenues, 2.34% interest plus an administrative fee of 0.5%, semiannual principal installments commencing March 15, 2011 through September 15, 2030	477,586	543,462
2016 OWRB SRF Note Payable dated June 27, 2016, original amount of $29,900,000, secured by utility revenues, 1.82% interest plus an administrative fee of 0.5%, semiannual principal installments commencing March 15, 2017.	22,544,019	23,127,730
2017 OWRB SRF Note Payable dated September 22, 2017, not to exceed $12,600,000, secured by utility revenues, 2.18% interest plus an administrative fee of 0.5%, semiannual principal installments commence earlier of March 15, 2019 or construction completion. Construction is ongoing.	5,842,862	5,689,187
2023 OWRB SRF Note Payable dated January 10, 2023, not to exceed $10,500,000, secured by utility revenues, 2.43% interest plus an administrative fee of 0.5%, semiannual principal installments commence earlier of September 15, 2024 or construction completion. Construction is ongoing.	7,409,103	4,824,911
2024 OWRB SRF Note Payable dated December 1, 2023, not to exceed $37,000,000, secured by utility revenues, 2.92% interest plus an administrative fee of 0.5%, semiannual principal installments commence earlier of March 15, 2026 or construction completion. Construction is ongoing. No construction loan draws were made as of June 30, 2024.	0	0
United States Army Corps of Engineers Note dated September 26, 1980, original amount of $1,530,403, 3.222% interest, annual interest and principal installments commencing August 27, 1984 through August 27, 2034	550,312	591,465
Total Notes Payable	$41,842,697	$40,803,897
Current portion	$2,645,201	$2,532,023
Noncurrent portion	39,197,496	38,271,874
Total Notes Payable	$41,842,697	$40,803,897

Direct Obligations – Notes Payable	2024	2023
$2,002,000 note payable with Bank of America for equipment, fixed interest rate of 1.1555%, monthly installments commencing July 15, 2021 through June 15, 2026, note was paid in full during FY24.	$0	$1,215,046
$304,500 note payable with Bank of America for equipment, fixed interest rate of 1.1915%, monthly installments commencing July 30, 2021 through June 30, 2026, note was paid in full during FY24.	0	189,913
$1,120,000 note payable with Bank of America for equipment, fixed interest rate of 4.2035%, monthly installments commencing January 13, 2023 through December 13, 2027.	826,145	1,035,378
$694,482 note payable with Bank of America for equipment, fixed interest rate of 4.4885%, monthly installments commencing March 3, 2023 through February 3, 2028	535,163	663,328
$224,000 note payable with Bank of America for equipment, fixed interest rate of 4.0535%, monthly installments commencing April 24, 2023 through March 24, 2028	175,711	217,240
$3,495,000 note payable with Bank of Oklahoma for equipment, fixed interest rate of 5.7475%, monthly installments commencing July 1, 2024 through June 1, 2029	3,495,000	0
Total Direct Obligations – Notes Payable	$5,032,019	$3,320,905
Current portion	$1,016,704	$840,103
Noncurrent portion	4,015,315	2,480,802
Total Direct Obligations – Notes Payable	$5,032,019	$3,320,905

Accrued Compensated Absences	2024	2023
Current portion	$103,327	$173,815
Noncurrent portion	929,685	880,983
Total Accrued Compensated Absences	$1,033,012	$1,054,798

Deposits Subject to Refund	2024	2023
Current portion	$1,233,341	$878,805
Noncurrent portion	770,059	597,017
Total Deposits Subject to Refund	$2,003,400	$1,475,822

Lease and Subscription Obligations Payable

The Authority, as a lessee, has entered into lease agreements involving land, copiers and printers as summarized as follows:

Lease Obligations Payable	**2024**	**2023**
The Authority has 4 active land leases. The leases have payments that range from $5,375 to $14,486 and interest rates that range from 0.727% to 2.522%. The lease terms include extension options, which are reasonably certain to be exercised.	$273,912	$271,234
The Authority has 5 active equipment leases. The leases have payments that range from $150 to $1,980 and interest rates that range from 0.841% to 3.269%. The lease terms include extension options, which are reasonably certain to be exercised.	16,072	14,791
Total Lease Obligations Payable	$289,984	$286,025
Current portion	$20,593	$13,142
Noncurrent portion	269,391	272,883
Total Lease Obligations Payable	$289,984	$286,025

Subscription Obligations Payable	**2024**	**2023**
The Authority has 3 active software subscriptions. The subscriptions have payments that range from $166 to $60,219 and interest rates that range from 1.710% to 3.305%. The subscription terms include extension options, which are reasonably certain to be exercised.	$8,412	$45,766
Total Subscription Obligations Payable	$8,412	$45,766
Current portion	$8,412	$37,841
Noncurrent portion	0	7,925
Total Subscription Obligations Payable	$8,412	$45,766

Changes in Long-Term Liabilities

Changes in the long-term liabilities for the years ended June 30, 2024 are summarized below:

	Balance at June 30, 2023	Additions	Reductions	Balance at June 30, 2024	Amounts Due Within One Year
Notes payable	$40,803,897	$3,451,808	$2,413,008	$41,842,697	$2,645,201
Revenue bonds payable, net	57,789,389	0	1,898,962	55,890,427	$1,968,963
Direct borrowings:					
Notes payable	3,320,905	3,495,000	1,783,886	5,032,019	1,016,704
Total long-term debt obligations	101,914,191	6,946,808	6,095,856	102,765,143	5,630,868
Lease obligations payable	286,025	24,072	20,113	289,984	20,593
Subscription obligations payable	45,766	31,123	68,477	8,412	8,412
Accrued compensated absences	1,054,798	81,541	103,327	1,033,012	103,327
Deposits subject to refund	1,475,822	1,280,047	752,469	2,003,400	1,233,341
Total long-term liabilities	$104,776,602	$8,363,591	$7,040,242	$106,099,951	$7,005,541

Changes in the long-term liabilities for the years ended June 30, 2023 are summarized below:

	Balance at June 30, 2022	Additions	Reductions	Balance at June 30, 2023	Amounts Due Within One Year
Notes payable	$37,452,467	$6,979,849	$3,628,419	$40,803,897	$2,532,023
Revenue bonds payable, net	59,613,352	0	1,823,963	57,789,389	1,899,604
Direct borrowings:					
Notes payable	2,682,795	2,038,482	1,400,372	3,320,905	840,103
Total long-term debt obligations	99,748,614	9,018,331	6,852,754	101,914,191	5,271,730
Lease obligations payable	298,666	7,005	19,646	286,025	13,142
Subscription obligations payable	0	84,465	38,699	45,766	37,841
Accrued compensated absences	990,412	238,201	173,815	1,054,798	173,815
Deposits subject to refund	1,446,070	915,715	885,963	1,475,822	878,805
Total long-term liabilities	$102,483,762	$10,263,717	$7,970,877	$104,776,602	$6,375,333

Applicability of Federal Arbitrage Regulations

Certain debt issuances of the Authority issued after the Tax Reform Act of 1986 are subject to the federal arbitrage regulations. The arbitrage rebate regulations require that all earnings from the investment of gross proceeds of an issue in excess of the amount that could have been earned had the yield on the investment been equal to the yield on the bonds be remitted to the federal government. These carry strict penalties for noncompliance including taxability of interest retroactive to the date of the issue. The Authority's management believes it is in compliance with these rules and regulations.

Maturities of Long-term Debt

The debt service maturities for long-term indebtedness in the coming years are as follows:

YEAR ENDING	REVENUE BONDS PAYABLE		NOTES PAYABLE		DIRECT BORROWINGS-NOTES PAYABLE	
JUNE 30,	Principal	Interest	Principal	Interest	Principal	Interest
2025	$1,735,000	$2,358,625	$2,645,201	$1,045,244	$1,016,704	$242,846
2026	1,820,000	2,269,750	2,190,809	984,117	1,070,641	188,906
2027	1,910,000	2,176,500	2,230,465	923,745	1,127,501	132,049
2028	2,005,000	2,098,675	2,269,696	863,783	1,035,811	72,998
2029	2,065,000	2,016,975	2,313,207	799,553	775,237	24,542
2030-2034	11,950,000	8,447,875	10,282,735	3,141,099	6,125	29
2035-2039	15,160,000	5,137,750	8,386,825	1,995,885	0	0
2040-2044	14,970,000	1,246,300	7,318,530	1,031,827	0	0
2045-2047	0	0	4,205,229	173,073	0	0
Total	$51,615,000	$25,752,450	$41,842,697	$10,958,326	$5,032,019	$661,370

The future minimum lease payments for lease and subscriptions obligations of the Authority are as follows:

YEAR ENDING	LEASE OBLIGATIONS PAYABLE	
JUNE 30,	Principal	Interest
2025	$20,593	$7,148
2026	18,600	6,681
2027	11,076	6,237
2028	8,950	5,985
2029	8,720	5,765
2030-2034	47,036	25,392
2035-2039	53,316	19,113
2040-2044	60,434	11,995
2045-2049	61,259	3,927
Total	$289,984	$92,243

YEAR ENDING	SUBSCRIPTIONS OBLIGATIONS PAYABLE	
JUNE 30,	Principal	Interest
2025	$8,412	$188
Total	$8,412	$188

7. PENSION PLAN

All full-time City employees are provided pension benefits through a defined contribution plan administered by the Oklahoma Municipal Retirement Fund (OMRF). The employee begins participation at the date of employment. Employees are required to contribute a minimum of 3% of their salary with an optional maximum of up to 100% of their salary, subject to IRS limitations. The City Council determines the City's contribution each year which was 6% of the employee's salary in the years ended June 30, 2024 and 2023. The City's contributions for each employee begin vesting after 1 year and are fully vested after 5 years. If an employee terminates before becoming fully vested, the employer's contributions that are forfeited may be used to reduce the City's current period contributions requirement. The Authority reimburses the City for all related costs of the pension plan. OMRF issues an annual report that is available on the OMRF website (www.okmrf.org).

A summary of the Authority's pension activity and liability for the years ended June 30, 2024 and 2023 is presented below:

Fiscal Year Ended	Total Payroll	Covered Payroll	Employee Contributions	Employer Contributions	Total Contributions	Liability at June 30*
2024	$13,287,649	$13,141,113	$723,803	$784,110	$1,507,913	$75,683
2023	12,375,157	12,230,735	628,645	730,485	1,359,130	61,139

*reported as a portion of accrued liabilities

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description: The City sponsors and administers a self-funded, single-employer defined benefit plan which provides postemployment healthcare benefits. The plan is reported in the City's Annual Comprehensive Financial Report. The plan does not issue a stand-alone report. All employees who retire from the City on or after attaining age 55 with at least 10 years of service are eligible to participate in the plan. The election to participate must be made at the time of separation from service. The City requires a monthly premium contribution from the retiree based on City-wide claim trends of the previous fiscal year. Upon payment of this premium, the City covers all medical expenses just as for active employees on a pay-as-you-go basis. Coverage is available until the first day of the month in which the retiree reaches Medicare eligibility age (currently 65). If the spouse of a retiree is covered at the time the retiree becomes ineligible for the plan at age 65, the spouse becomes COBRA-eligible until age 65 or for 36 months, whichever is less. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Funding Policy: The City funds healthcare benefits on a pay-as-you-go basis utilizing a third-party administrator, UMR, Inc. and Surest for the year ended June 30, 2024 and Blue Cross Blue Shield of Oklahoma for the year ended June 30, 2023. Eligible employees are required to pay set premiums for a portion of the cost, with the City subsidizing the remaining costs. Contribution requirements of active employees are established and amended as needed by the City Council. Premium rates for retirees and COBRA participants are set by City management upon recommendations provided by the third-party administrator and the City's re-insurance agent. The required monthly contribution rates for plan members for fiscal year 2024 ranged from $49 to $660 for active employees, $790 to $2,919 for retired participants, and $806 to $2,978 for COBRA participants. The required monthly contribution rates for plan members for fiscal year 2023 ranged from $49 to $412 for active employees, $607 to $2,245 for retired participants, and $620 to $2,290 for COBRA participants.

Employees Covered by Benefit Terms: At June 30, 2024 and 2023, the following City employees were covered by the benefit terms.

	2024	2023
Active plan members	519	511
Inactive employees or beneficiaries currently receiving benefit payments	31	38
Total plan members	550	549

Total OPEB Liability: As of June 30, 2024, the City's total OPEB liability was $7,134,386. The measurement date was as of June 30, 2023 and was determined by an actuarial valuation performed as of June 30, 2023. The Authority's allocated portion of the City's total OPEB liability was $2,449,759.

As of June 30, 2023, the City's total OPEB liability was $7,238,596. The measurement date was as of June 30, 2022 and was determined by an actuarial valuation performed as of June 30, 2022. The Authority's allocated portion of the City's total OPEB liability was $2,678,281.

Actuarial Assumptions and Other Inputs: The total OPEB liabilities in the June 30, 2023 and 2022 actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Discount rate	4.13% in 2023 and 4.09% in 2022 based on the yield for 20-year municipal bonds on the measurement date (Bond Buyers' index)
Pay increases	3.00% (the inflation component of pay increases used to determine the EAN actuarial liability and service cost of the OPEB plan)
Mortality	RP 2000 Mortality with cohort mortality projection scale AA in 2017; PubG-2010 for non-public safety and PubS-2010 for police and fire beginning in 2018
Retirement rates	OkMRF 2022 experience study
Turnover	OkMRF 2022 experience study
Healthcare cost trend	Plan year dependent rates graded from 5.91% in 2023 to 3.94% in 2075. The same trend is applied to retiree contributions. Healthcare trend was developed using the Society of Actuaries Getzen healthcare economics model (2022 edition).
Participation	50% of currently covered employees are assumed to elect retiree medical coverage if they meet eligibility requirements (50% for police and firefighters). The acceptance rate for spouses of covered retirees is assumed to be 50%.
Actuarial cost method	Entry Age Normal
Cost method application	Level percentage of pay
Asset valuation method	Market value

The discount rate used to value benefits was the municipal bond yield on the measurement date as specified by GASB Statement 75. Over the twelve-month measurement period ending June 30, 2023, the 20-year bond rates increased from 4.09% to 4.13%. Over the twelve-month measurement period ending June 30, 2022, the 20-year bond rates increased from 2.16% to 4.09%.

Changes in the Total OPEB Liability

	2023	2022
Beginning balance	$2,678,281	$2,757,620
Changes for the year:		
Service cost	132,711	168,999
Interest	105,596	62,351
Changes of benefit terms	0	0
Differences between expected and actual experience	(145,849)	25,311
Change of assumptions	(54,909)	(255,989)
Change in proportion	(192,739)	0
Expected net benefit payments	(73,332)	(80,011)
Net changes	(228,522)	(79,339)
Balance at June 30	$2,449,759	$2,678,281

The change of assumptions equals the change in the discount rate from the beginning of the measurement period to the end of the measurement period (an increase from 4.09% to 4.13% from June 30, 2022 to June 30, 2023 and an increase from 2.16% to 4.09% from June 30, 2021 to June 30, 2022).

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

2024

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB liability	$2,694,383	$2,449,759	$2,232,315

2023

	1% Decrease (3.09%)	Discount Rate (4.09%)	1% Increase (5.09%)
Total OPEB liability	$2,942,784	$2,678,281	$2,443,048

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following represents the total OPEB liability of the Authority as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	2024		
	1% Decrease (4.91% Grading to 2.94%)	Healthcare Cost Trend Rates (5.91% Grading to 3.94%)	1% Increase (6.91% Grading to 4.94%)
Total OPEB liability	$2,042,558	$2,449,759	$2,569,439

	2023		
	1% Decrease (4.94% Grading to 2.94%)	Healthcare Cost Trend Rates (5.94% Grading to 3.94%)	1% Increase (6.94% Grading to 4.94%)
Total OPEB liability	$2,414,286	$2,678,281	$2,990,441

<u>OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB:</u> For the years ended June 30, 2024 and 2023, the Authority recognized OPEB expense of $70,755 and $105,380, respectively. The Authority reported deferred inflows and outflows of resources related to OPEB from the following source:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Actuarial (gains)/losses	$39,757	$(200,850)	$55,591	$(99,176)
Changes in assumptions	136,954	(338,728)	196,006	(399,109)
Change in proportion & difference in contributions	5,029	(186,129)	0	0
Contributions subsequent to measurement date	77,015	0	79,013	0
Total	$258,755	$(725,707)	$330,610	($498,285)

The $77,015 and $79,013 reported as deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the years ended June 30, 2024 and 2023, respectively. The remaining amounts reported as deferred (inflows) of resources and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Amount
2025	($75,627)
2026	(64,610)
2027	(74,327)
2028	(82,490)
2029	(81,960)
Thereafter	(164,953)

9. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances result from the normal operations of the Authority. The Authority routinely makes payments to the City to reimburse payroll, vendor payments, health insurance costs, workers compensation costs, and other operating costs. Generally, these charges are paid within a month of their incurrence. The total amount due from the Authority to the City at June 30, 2024 and 2023 was $2,791,659 and $5,608,115, respectively.

In addition, the Authority made loans to the Stillwater Economic Development Authority (SEDA) to allow SEDA to pursue economic development opportunities for the City. These loans are not expected to be repaid in the next fiscal year. The total amount due to the Authority from SEDA at June 30, 2024 was $8,000,000 and at June 30, 2023 was $8,250,000.

10. RELATED PARTY TRANSACTIONS

The Authority provides utility services to the City without charge, and the Authority is not assessed property taxes.

The Authority leases the electric, water, and sewer systems from the City under a 70-year lease agreement which expires in 2069, with an option to renew the lease until all Authority bond obligations are redeemed or a provision for redemption of the obligations has been made. The annual lease rental is a nominal amount. The leased utility plant is included in the Authority's financial statements, as it is the City's intent under the lease agreement for the Authority to operate the utilities indefinitely.

All personnel of the Authority are employees of the City. Payroll and related costs are reimbursed by the Authority to the City and are reflected as expenses of the Authority.

The Authority has entered into a lease with the City's Airport for the use of land. The Authority made payments to the Airport totaling $15,366 during fiscal year 2024 and $14,486 during fiscal year 2023. The lease is set to expire on September 30, 2048.

Administrative and general expenses incurred by the City benefiting the Authority in the amount of $1,378,656 for the year ended June 30, 2024 and $1,431,199 for the year ended June 30, 2023 have been proportionately allocated and reflected in the Authority's financial statements as expenses.

11. TRANSFERS IN

City General Fund

One cent of the City's three cent general-use sales tax is designated for the Authority. The sales tax transfer is received by the City monthly from the State of Oklahoma and is appropriated and transferred to the Authority. The sales tax may be used, at the Authority's discretion, for capital expenditures, operating and maintenance expenses or any other lawful purpose of the Authority including the purchase or redemption of bonds or other indebtedness of the Authority prior to maturity. It may also be transferred to the City's sinking fund for the repayment of general obligation debt of the City. For the years ended June 30, 2024 and 2023, the transfers to the Authority related to this sales tax were $10,038,770 and $9,979,678, respectively.

12. TRANSFERS OUT

City General Fund

The Authority annually transfers surplus funds in an amount determined by the Authority Trustees to the City's General Fund as provided for in the Authority's Trust Indenture. For the year ended June 30, 2024, the transfer amount was $14,604,829 and for the year ended June 30, 2023, the transfer amount was $14,541,758.

During the years ended June 30, 2024 and 2023, the Authority transferred capital assets in the amount of $151,116 and $59,798, respectively, to the City.

13. RISK MANAGEMENT

The Authority, as a component unit of the City, is covered under the City's self-insurance policy for group medical, general liability, workers compensation, unemployment, and property damage. The City has a reinsurance policy which limits the City's liability for major medical to $150,000 per individual per year. The City purchases conventional insurance for excess losses, general liability, and property damage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

14. REVENUES PLEDGED

The Authority has pledged future sales tax revenues and future utility revenues, net of operating and maintenance expenses, to repay debt obligations. Proceeds from the debt issues financed electric construction projects, water and wastewater construction projects, and refinanced outstanding balances of notes to the OWRB. The debt obligations are payable from the one cent sales tax revenue dedicated to the Authority by City Ordinance No. 1835 and from net revenues derived from the existence and operation of the utility system. Pledged revenues are projected to produce 125 percent of the debt service requirements over the life of the debt. For the years ended June 30, 2024 and 2023, sales tax revenues were $10,038,770 and $9,979,678, respectively. Net revenues were $34,577,232 for the year ended June 30, 2024 and $31,075,893 for the year ended June 30, 2023. The following is a summary of the debt issues included in this pledge of revenues as of June 30, 2024 and 2023:

2024

Debt Issue	Issue Amount	Issue Date	Maturity Date	Remaining Principal and Interest	Current Year Principal and Interest
2005 OWRB fixed rate note	$ 7,620,000	Jun 2005	Mar 2025	$494,786	$494,736
2009 OWRB DWSRF note	11,645,000	Nov 2009	Sept 2032	4,983,856	654,525
2009 OWRB CWSRF note	1,875,000	Nov 2009	Sept 2030	517,278	79,535
Series 2014A revenue bonds	61,830,000	Aug 2014	Oct 2042	77,367,450	4,100,300
2016 OWRB DWSRF note	29,900,000	Jun 2016	Sept 2046	29,168,309	1,420,403
2017 OWRB DWSRF note	12,600,000	Sept 2017	Sept 2048	6,971,412	579,543
2023 OWRB CWSRF note	10,500,000	Jan 2023	Mar 2054	10,003,171	154,459
2024 OWRB DWSRF note	37,000,000	Dec 2023	Mar 2056	0	0

2023

Debt Issue	Issue Amount	Issue Date	Maturity Date	Remaining Principal and Interest	Current Year Principal and Interest
2002 OWRB SRF note	$4,876,086	Dec 2002	Sept 2022	$0	$122,214
2005 OWRB fixed rate note	7,620,000	Jun 2005	Mar 2025	989,521	494,758
2009 OWRB DWSRF note	11,645,000	Nov 2009	Sept 2032	5,516,631	654,719
2009 OWRB CWSRF note	1,875,000	Nov 2009	Sept 2030	596,811	79,535
Series 2014A revenue bonds	61,830,000	Aug 2014	Oct 2042	81,467,750	4,098,350
2016 OWRB DWSRF note	29,900,000	Jun 2016	Sept 2046	24,198,618	1,523,777
2017 OWRB DWSRF note	12,600,000	Sept 2017	Sept 2048	6,760,075	580,912
2023 OWRB CWSRF note	10,500,000	Jan 2023	Mar 2054	5,962,775	15,315

15. COMMITMENTS AND CONTINGENCIES

In July 2006, the Authority and Rural Water Corporation No. 3 entered into a purchase agreement in which the Authority agreed to consolidate the two water distribution systems. In September 2010, the Rural Water Advisory Board, the Rural Water Corporation No. 3 Board, and the Authority's Trustees approved amendment of the initial July 2006 purchase agreement. The amended agreement identifies specific improvements and upgrades to be made to the system and provides a timeline for completion. Many of the improvements have been completed or are being addressed as part of the Water 2040 Program funded by debt issuance with the Oklahoma Water Resources Board. All remaining improvements and upgrades are subject to funding availability.

The Authority has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of June 30, 2024, since the specific legally required costs of retirement have not yet been identified.

16. RECENTLY ISSUED ACCOUNTING STANDARDS

The following accounting standards have been recently issued and will be adopted as applicable by the Authority. Unless otherwise noted below, management has not yet determined the impact of these Statements on the Authority's financial statements.

GASB Statement No. 101, "Compensated Absences" – This Statement updates the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for the Authority in the fiscal year ended June 30, 2025.

GASB Statement No. 102, "Certain Risk Disclosures" – This Statement updates the disclosure guidance for certain risks by requiring governments to disclose essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement will become effective for the Authority in the fiscal year ended June 30, 2025.

GASB Statement No. 103, "Financial Reporting Model Improvements" – This Statement updates key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement will become effective for the Authority in the fiscal year ended June 30, 2026.

Required Supplementary Information

STILLWATER UTILITIES AUTHORITY

A component unit of the City of Stillwater, Oklahoma

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios

Last Ten Fiscal Years[1]

	2024[2]	2023[3]	2022[4]	2021[5]
Total OPEB liability:				
Service cost	$132,711	$168,999	$160,132	$129,942
Interest	105,596	62,351	63,111	91,728
Differences between expected and actual experience	(145,849)	25,311	21,907	(156,844)
Changes of assumptions	(54,909)	(255,989)	(142,249)	203,817
Change in proportion	(192,739)	0	0	0
Benefit payments	(73,332)	(80,011)	(81,656)	(46,256)
Net change in total OPEB liability	(228,522)	(79,339)	21,245	222,387
Total OPEB liability, beginning	2,678,281	2,757,620	2,736,375	2,513,988
Total OPEB liability, ending	$2,449,759	$2,678,281	$2,757,620	$2,736,375
Covered-employee payroll	$13,141,113	$12,230,735	$11,091,982	$11,107,169
Authority's total OPEB liability as a percentage of covered-employee payroll	18.64%	21.90%	24.86%	24.64%

	2020[6]	2019[7]	2018[8]
Total OPEB liability:			
Service cost	$356,242	$95,575	$107,817
Interest	88,889	67,561	53,080
Differences between expected and actual experience	(8,645)	46,298	0
Changes of assumptions	159,239	(100,534)	(151,593)
Change in proportion	0	0	0
Benefit payments	(44,744)	(33,059)	(30,093)
Net change in total OPEB liability	550,981	75,841	(20,789)
Total OPEB liability, beginning	1,963,007	1,887,166	1,907,955
Total OPEB liability, ending	$2,513,988	$1,963,007	$1,887,166
Covered-employee payroll	$11,363,295	$10,624,612	$9,994,326
Authority's total OPEB liability as a percentage of covered-employee payroll	22.12%	18.48%	18.88%

Notes to Schedule:

[1] GASB 75 requires the presentation of ten years of data. Data was not available prior to fiscal year 2018. Additional years' data will be displayed as it becomes available.

[2] Changes of assumptions: The discount rate was changed from 4.09% to 4.13% for the end of year measurement.

[3] Changes of assumptions: The discount rate was changed from 2.16% to 4.09% for the end of year measurement.

[4] Changes of assumptions: The discount rate was changed from 2.21% to 2.16% for the end of year measurement.

[5] Changes of assumptions: The discount rate was changed from 3.50% to 2.21% for the end of year measurement.

[6] Changes of assumptions: The discount rate was changed from 3.87% to 3.50% for the end of year measurement.

[7] Changes of assumptions: The discount rate was changed from 3.58% to 3.87% for the end of year measurement.

[8] Changes of assumptions: The discount rate was changed from 2.85% to 3.58% for the end of year measurement.

Other Reports

STILLWATER UTILITIES AUTHORITY

A Component Unit of the City of Stillwater, Oklahoma

Independent Auditor's Report

H | S
P | G

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Stillwater Utilities Authority
Stillwater, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Stillwater Utilities Authority (the "Authority"), a component unit of the City of Stillwater, Oklahoma as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated October 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

HSPG & ASSOCIATES, PC

5400 N Grand Blvd, Suite 330 • Oklahoma City, Oklahoma 73112 • Phone: 405.844.9995 • Fax: 405.844.9975

STILLWATER UTILITIES AUTHORITY

A Component Unit of the City of Stillwater, Oklahoma

Independent Auditor's Report

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HSPG & Associates, P.C.

October 30, 2024

STILLWATER UTILITIES AUTHORITY

A Component Unit of the City of Stillwater, Oklahoma

Independent Auditor's Report

STILLWATER UTILITIES AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2024

Finding 2024-001 Power Plant Inventory

Criteria: Controls should be in place to ensure that inventories of materials and supplies are recorded at a weighted average cost that includes all costs incurred to acquire an item and that items remain in inventory until utilized in production.

Condition: At year-end, the Authority made top-level adjustments to capitalize the same invoices that were expensed during the year as both inventory and capital assets resulting in an audit entry recorded by the Authority to correct an overstatement of capital assets and an understatement of expenses of approximately $950,000. Also, adjustments to inventory costs based on previously recorded invoices did not consider vendor discounts and freight and duties charges incurred to acquire certain items resulting in an audit entry recorded by the Authority to correct a net overstatement of inventory and an understatement of expenses of approximately $385,000.

Cause: The Authority's power plant inventory is not tracked within the accounting system but is adjusted periodically based on calculations performed in an Excel spreadsheet. The Authority expenses capital purchases throughout the year but makes adjustments at year-end to set up capital assets to be maintained in the system and reduce expenses based on review of invoices recorded throughout the year. The processes to record inventory and capital assets from previously expensed items are performed by separate personnel which creates the risk of overstating assets and reducing expenses by more than actual invoice amounts.

Effect: Certain costs to acquire items could be excluded from inventory and adjustments to record items as expense or capital assets could be made prior to items being utilized in production and removed from inventory.

Recommendation: The Authority should consider accounting for its power plant inventory through its accounting system or implement additional reviews to ensure that all costs incurred to acquire items are included in inventory and items purchased are reflected only as inventory until the items are utilized in production.

Views of Responsive Officials of Auditee: Based upon Finding 2024-001, the Authority will transition the power plant inventory from a periodic system tracked outside its accounting system to a perpetual system tracked within its accounting system. The Authority will also review the inventory and capital asset processes and institute additional controls and training where needed.


GRADALL

STILLWATER UTILITIES AUTHORITY

723 S. Lewis Street | Stillwater, Oklahoma | 74076-1449

stillwater.org | 405.372.0025

H | S
P | G

October 30, 2024

To the Board of Trustees
Stillwater Utilities Authority
Stillwater, Oklahoma

We have audited the financial statements of the Stillwater Utilities Authority (the "Authority"), a component unit of the City of Stillwater, Oklahoma for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 6, 2024. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Matters</u>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's financial statements were:

> Reported liabilities and related amounts and disclosures for the Authority's other post-employment benefits, which are derived from actuary studies and employ numerous estimates.
>
> Estimated provisions for the allowance for doubtful accounts, primarily related to utility receivables, which are based on applying historical percentages and current economic conditions.
>
> Estimated losses relating to workers compensation claims, which are based on actuarily determined amounts.
>
> Estimated losses relating to health insurance claims, which are based on a study prepared by the Authority's third-party administrator calculating the lag time between claims incurred and claims paid.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

HSPG & ASSOCIATES, PC

5400 N Grand Blvd, Suite 330 • Oklahoma City, Oklahoma 73112 • Phone: 405.844.9995 • Fax: 405.844.9975

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following misstatements detected as a result of audit procedures were corrected by management:

- An entry to decrease capital assets and increase expenses by approximately $950,000 related to the purchase of power plant inventory that was recorded as both inventory and capital assets at year-end.
- An entry to decrease inventory and increase expenses by approximately $394,000 related to vendor discounts of approximately $467,000 and freight and duties charges of approximately $73,000 not being included in the calculations of the weighted average cost of inventory.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 30, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and the schedule of changes in total OPEB liability, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the board of trustees and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

HSPG & Associates, P.C.

IN ACCORDANCE WITH THE OKLAHOMA OPEN MEETING LAW, THE AGENDA WAS POSTED October 25, 2024 AT 11:15 A.M. AT THE MUNICIPAL BUILDING, 723 SOUTH LEWIS, STILLWATER, OKLAHOMA

MEETING MINUTES
CITY OF STILLWATER AUDIT COMMITTEE
October 30, 2024 at 11:00 a.m.
Norman McNickle Municipal Complex - Room 1112B
723 South Lewis Street
Stillwater, OK 74074

---

1. Call Meeting to Order

Meeting was called to order by Chair Kelly Cox at 11:00 am.

2. Introduction of Members and City Staff

Members present: Chair Kelly Cox, Austin Pollard, Rachel Domnick, Les Austin
Ex-officio members present: Councilor Kevin Clark, Assistant City Manager and Finance Director Christy Cluck, Interim City Manager Brady Moore
Members absent: Randy Murray
City staff present: Jared Thulin, Ashlyn Garis
Audit staff present: Brett Carnes and Andy Cromer, HSPG & Associates

3. Public Comment

No public comment.

4. General Orders

a. Approval of minutes of the December 11, 2023 special meeting.

Austin Pollard made a motion to approve the minutes as presented. Motion was seconded by Rachel Domnick.
Cox – yea, Austin – yea, Pollard – yea, Domnick – yea. Motion carried 4-0.

b. Receive auditor communication and consider recommendation to the Trustees to accept the financial report for the Stilwater Utilities Authority for the fiscal year ended June 30, 2024.

Brett Carnes reviewed the opinion letter, report on internal controls and auditor communication letter. Carnes explained the responsiblilities of an external auditor, the procedures used in the audit and reported that the financial report for the Stillwater Utilities Authority (SUA) was presented fairly in all material respects according to Generally Accepted Accounting Principles and therefor was issued an unmodified audit opinion. Carnes noted that a finding related to power plant inventory was identified during the course of the audit and is reported in the Yellow Book Report and the auditor communication letter. Christy Cluck discussed management's response to the finding and the actions that will be taken to strenthen controls so that this type of error does not happen in the future. Management's response is included in the Yellow Book Report.

Carnes opened for questions. Staff and members addressed and discussed questions regarding the SUA financial report.

Austin Pollard made a motion to recommend to the Trustees to accept the financial report for the Stillwater Utilities Authority for the fiscal year ended June 30, 2024. Motion was seconded by Rachel Domnick.
Cox – yea, Austin – yea, Pollard – yea, Domnick – yea. Motion carried 4-0.

c. Discuss December meeting date to review City of Stillwater Annual Comprehensive Financial Report (no action will be taken on this item).

Christy Cluck anticipates a meeting in early December to review the City of Stillwater Annual Comprehensive Financial Report. She asked that members look at their calendars and send her any black-out dates since this is in the midst of the holiday season when scheduling meetings can be difficult.

5. Adjourn

Rachel Domnick made a motion to adjourn. Austin Pollard seconded the motion.
Cox – yea, Austin – yea, Pollard – yea, Domnick – yea. Motion carried 4-0.
Meeting adjourned at 11:44 am.

____
Kelly Cox, Chair

____
Christy Cluck, Assistant City Manager and Finance Director

REPORT TO: STILLWATER UTILITIES AUTHORITY

MEETING DATE: NOVEMBER 18, 2024

Agenda Item:	2.d. SUA-24-63
Previous/Related Action:	None
Background/Issue:	• The Woodland Trails subdivision is fed by a single waterline along Sangre Road which has experienced several leaks in the last 12 months. During repairs, customers within Woodland Trails are without water. • Staff expect leaks and associated repairs to continue due to the condition of the Sangre Road waterline in this area. Without a redundant water supply, customers within the Woodland Trails subdivision will continue to experience outage events. • Replacement of this Sangre Road waterline south of 32nd Avenue is included in the FY25 Annual Water Utilities Program. However, design, bidding and construction may take 24 months.
Proposal/Solution:	• Both the Woodland Trails and Deer Crossing development include easements and waterline connection points for providing a future redundant supply. Connecting the two developments provides two key benefits: 1. Elimination of a dead-end waterline improves water quality 2. A redundant water service to Woodland Trails reduces the risk for interruptions in service • Due to the urgency of the situation, the Deer Crossing – Woodland Trails waterline project was designed and bid by Engineering Water Utility Division Staff. • The initial advertisement for bids was on September 28 and October 5, 2024. • Bids were opened on October 23, 2024. The bids are summarized below.

Bidder	Amount
Okie Construction and Plumbing,	$119,499.00

	LLC	
	MK Excavation, LLC	$144,065.00
	NLP Construction	$160,166.95
	Civil Builders, LLC	$185,775.00
	• Staff reviewed and vetted the bid packages from all four bidders and recommends the project be awarded to the lowest responsible bidder, Okie Construction and Plumbing, LLC.	
Financial Source/Impact:	The Water Capital Fund contains sufficient funds for this request.
Related Strategic Priority:	#4 CONNECTED SPACES
Recommended Action/Motion:	Staff recommends a motion to: • award a unit price contract to Okie Construction and Plumbing, LLC for the total bid amount of $119,499 for the Deer Crossing – Woodland Trails Waterline Project. • authorize the General Manager to execute the Construction Agreement and related documents. • approve budget amendment for $141,713 from the Water Capital Fund; • authorize total construction expenditures of $141,713 for the amounts shown below: • $119,499 for the construction • $3,000 for testing • $19,214 for a 15% contingency
Prepared By:	David Barth, Engineering Manager of Water Utilities
Reviewed By:	Candy Staring Brady Moore Teresa Kadavy
Submitted By:	Brady Moore, Interim General Manager

Attachments

1. Budget Amendment - Construction Award for 25WL01

The City of Stillwater OKLAHOMA

Budget Amendment Request

For Budget Year 2025

Department of Finance
723 S. Lewis Street/P.O. Box 1449
Stillwater, OK 74076-1449

Office: 405.372.0025
Web: stillwater.org

Date: 11/08/2024

Department: Water Resources

Requested by: Candy Staring

Explanation:

Expenditures:
Appropriate funds for award of bid #42-2024 for Deer Crossing-Woodland Trails Waterline Project. Project funded from the Water Capital Fund.

	Account Name	Account Number (xxxxxxx-xxxxx)	Project Number	Current Budget Amount	Amount of Change	New Budget Amount
Increase:	Deer Crossing/Woodland Trails WL	9169216 - 54009	25WL01916	$ 0	$ 141,713	$ 141,713
		-				$ 0
		-				$ 0
		-				$ 0
		-				$ 0
Decrease:		-				$ 0
		-				$ 0
		-				$ 0
		-				$ 0
		-				$ 0

Net Change: (will usually result in a total increase or decrease) $ 141,713

Reviewed by Department Manager: Candy Staring **Date:** 11/13/2024

Reviewed by Finance: ______ **Date:** ______

Approved by CMO: ______ **Date:** ______

Approved by City Council: ☐ Yes ☐ No **Date:** ______

Processed by Finance: ______ **Date:** ______

Set ID: ______ **Date Sent to SA&I:** ______

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REPORT TO: STILLWATER UTILITIES AUTHORITY

MEETING DATE: NOVEMBER 18, 2024

Agenda Item:	2.e. SUA-24-64
Previous/Related Action:	
Background/Issue:	The Stillwater Water Treatment Plant maintains a chlorine vapor scrubber as a safety device to neutralize chlorine gas if a leak occurs. This system requires occasional rehabilitation and service that is beyond internal abilities. Bids to rehabilitate the Chlorine Vapor Scrubber System, including an acid wash, replacement of caustic solution, and other repairs, were opened on September 23rd, 2024. Two bids were received with Integrity Municipal Systems, LLC submitting the low bid in the amount of $108,500.
Proposal/Solution:	Award bid #44-2024 for Chlorine Scrubber Rehabilitation to Integrity Municipal Systems, LLC as the low responsible bidder meeting specifications.
Financial Source/Impact:	This proposal requires a new appropriation in the amount of $119,350, which includes 10% contingency, from the SUA Water Fund. A Budget Amendment for appropriating funds is included.
Related Strategic Priority:	#3 SAFE COMMUNITY #1 EFFECTIVE SERVICES & ACCOUNTABLE GOVERNMENT
Recommended Action/Motion:	Staff recommends Trustees: • Award bid #44-2024 for Chlorine Scrubber Rehabilitation to Integrity Municipal Systems, LLC in an amount not to exceed $119,350, which contains 10% contingency. • Approve and sign the included budget amendment to appropriate funds. • Authorize the General Manager to sign related documents.
Prepared By:	James Driskel, Water Utilities Dir.
Reviewed By:	James Driskel Brady Moore Teresa Kadavy
Submitted By:	Brady Moore, Interim General Manager

Attachments

1. BA WTP Chlorine Scrubber
2. Bid Tab Chlroine Scrubber Rehab
3. Standard_Contract (16)

The City of Stillwater OKLAHOMA

Budget Amendment Request

For Budget Year 2025

Department of Finance
723 S. Lewis Street/P.O. Box 1449
Stillwater, OK 74076-1449

Office: 405.372.0025
Web: stillwater.org

Date: 11/08/2024

Department: Water Resources

Requested by: James Driskel

Explanation:

Expenditures:
Appropriate funds for for award of bid #44-2024 for Chlorine Scrubber Rehabilitation. Project funded from the Water Fund.

	Account Name	Account Number (xxxxxxx-xxxxx)	Project Number	Current Budget Amount	Amount of Change	New Budget Amount
Increase:	Chlorine Scrubber Rehabilitation	9129270 - 54009	25WT01912	$ 0	$ 119,350	$ 119,350
		-				$ 0
		-				$ 0
		-				$ 0
		-				$ 0
Decrease:		-				$ 0
		-				$ 0
		-				$ 0
		-				$ 0
		-				$ 0

Net Change: (will usually result in a total increase or decrease) $ 119,350

Reviewed by Department Manager: James E. Driskel **Date:** 11-8-24

Reviewed by Finance: ______ **Date:** ______

Approved by CMO: ______ **Date:** ______

Approved by City Council: ☐ Yes ☐ No **Date:** ______

Processed by Finance: ______ **Date:** ______

Set ID: ______ **Date Sent to SA&I:** ______

--Print on Yellow Paper--

KS F:\Finance\HUB Forms\Budget Amendment Form Last Updated: 04/05/2019

1	Chlor								
	Supplier	QTY	UOM	Estimated	Price	Extended	Supplier Notes	Manufacturer	Manufacturer #
	Integrity Municipal Systems LLC	1	LS		$108,500.00	$108,500.00	Thank you for giving Integrity Municipal Sys		
	Evoqua Water Technologies LLC	1	LS		$169,742.00	$169,742.00	See proposal at end of the non-collusion aft		

STILLWATER UTILITIES AUTHORITY (SUA) STANDARD CONTRACT
PROJECT: XXXXX
BID #: XXXXX

THIS AGREEMENT is made and entered into by and between the SUA, a municipal trust, located at 723 S. Lewis / P.O. Box 1449, Stillwater, Oklahoma 74076 ("Stillwater"), and:

____
________ (Bidder's company name as reflected on its organizational documents, filed with the state in which bidder is organized; not simply a DBA) (the "Contractor").

WHEREAS, SUA has caused to be prepared in accordance with law, certain plans, specifications and other documents for the work hereinafter described and has approved and adopted all of said contract documents, and has caused Invitation for Bids to be given and advertised as required by law, and has received sealed bids for the furnishing all of the labor, equipment, and materials for **Bid #: XXXXX PROJECT: XXXXX** as outlined and set out in the contract documents and in accordance with the terms and provisions of this Agreement; and

WHEREAS, Contractor, in response to said Invitation for Bid, has submitted to SUA in the manner and at the time specified, a sealed bid in accordance with the terms of this Agreement; and

WHEREAS, SUA, in the manner provided by law, has publicly opened, examined and canvassed the bids submitted and has determined and declared the above named Contractor to be the lowest responsible bidder on the above described project, and has duly awarded this agreement to said Contractor for the prices set forth on the bid form; and

NOW THEREFORE, for and in consideration of the following, SUA and Contractor hereby agree to the following terms and conditions:

1. **Contract Documents.** Contractor shall, in a good and first class workmanlike manner, at his own cost and expense, furnish all labor, materials, tools, and equipment required to complete said work in strict accordance with this Agreement and the following contract documents:

   Complete Bid Packet including Invitation to Bid; Plans and Specifications; Summary Sheet; Bidder Information Sheet; Interest Affidavit; Non-Collusion Affidavit; Affidavit of Claimant; Acknowledgement of Receipt of Addenda/Amendments; General Terms; Exception Notice; Performance Bond; Maintenance Bond, Statutory Bond; Certificates of Insurance;

   all of which documents are filed in the office of the City Clerk, Stillwater, Oklahoma, and are made a part of this Agreement as fully as if the same were herein set out at length.

2. **Term.** This agreement is for a period of ________ calendar days from the date on the

Notice to Proceed for **Bid #: XXXXX**. Time is of the essence.

3. **Compensation.** SUA agrees to pay Contractor the bid amount submitted in the Invitation for Bid.

4. **Progress Payments; Retainage.** SUA shall make progress payments on account of the Contract Price on the basis of Contractor's Invoices for Payment during performance of the Work as provided herein.

    a. Partial Payments. Partial payments will be made to the contractor based upon work completed Invoices for Payment submitted and approved by the SUA.

    b. Retainage. Five percent (5%) of all such partial payments may be withheld as retainage.

    c. Final Payment. Upon final completion and acceptance of the work in accordance with the contract specifications and documents, SUA shall pay the remainder of the Contract Price within 30 days of final completion and acceptance.

5. **Termination**. This Agreement may be terminated by SUA for convenience at any time upon thirty (30) days prior written notice to the Contractor. This Agreement may be terminated for cause by the non-breaching party in the event the other party materially breaches this Agreement and provided the non-breaching party provides the breaching party thirty (30) days prior written notice and the opportunity to cure such breach (s) specified in the notice. In the event termination is for the convenience of SUA, payment will be made to the Contractor for the value of all services rendered up to the time of termination on the basis of the compensation provisions of this Agreement. In the event termination is for breach of contract by the Contractor, payment will be made only for the value of those services satisfactorily performed as determined by SUA.

6. **Insurance**. Contractor shall carry the specified insurance policies in amounts set forth in the Special Requirements Section of the Bid Packet at all times during the performance of this Agreement. The SUA shall be named an additional insured on the Comprehensive General Liability policy in amounts equal to the liability limits for political subdivisions set forth in the Oklahoma Governmental Tort Claims Act, 51 O.S. §151, et seq. Provided, however, this shall not preclude the Contractor from carrying insurance in amounts exceeding said liability limits so long as SUA is not named as an additional insured in any amount in excess of said statutory liability limits.

7. **No Indemnification by SUA.** Contractor understands and acknowledges that SUA is a municipal trust that is funded by its taxpayers to operate for the benefit of its citizens. Accordingly, and pursuant to Oklahoma law, SUA shall not indemnify nor hold Contractor harmless for loss, damage, expense or liability arising from or related to this Agreement, including any attorney's fees and costs. In addition, Contractor shall not limit its liability to SUA for actual loss or direct damages for any claim based on a material breach of this Agreement and the documents incorporated herein. SUA reserves the right to pursue all legal and equitable remedies to which it may be entitled. SUA will not agree to binding arbitration of any disputes.

8. **General Liability.** Contractor shall hold SUA harmless from any loss, damage or claims arising from or related to the performance of the Agreement herein. Contractor must exercise all reasonable and customary precaution to prevent any harm or loss to all persons and property related to this Agreement.

9. **No Confidentiality.** Contractor understands and acknowledges that SUA is subject to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.) and therefore cannot assure the confidentiality of contract terms or other information provided by Engineer pursuant to this Agreement that would be inconsistent with its compliance with the statutory requirements thereunder.

10. **Compliance with Laws.** Contractor shall be responsible for complying with all applicable federal, state and local laws. Contractor is responsible for any costs of such compliance. Contractor shall take the necessary actions to ensure its operations in performance of this contract and employment practices are in compliance with the requirements of the Americans with Disabilities Act. Contractor certifies that it and all of its subcontractors to be used in the performance of this Agreement are in compliance with 25 O.S. Sec. 1313 and participate in the Status Verification System.

11. **Equal Employment Opportunity.** Contractor agrees to comply with all applicable laws regarding equal employment opportunity and nondiscrimination.

12. **Right to Audit.** The parties agree that books, records, documents, accounting procedures, practices, price lists or any other items related to the services provided hereunder are subject to inspection, examination, and copying by SUA or its designees. Contractor shall retain all records related to this Agreement for the duration of this Agreement and for a period of three years following completion and/or termination of the contract. If an audit, litigation or other action involving such records begins before the end of the three year period, the records shall be maintained for three years after the date that all issues arising out of the action are resolved or until the end of the three year retention period, whichever is later.

13. **Governing Law and Venue.** This Agreement is executed in and shall be governed by and construed in accordance with the laws of the State of Oklahoma without regard to its choice of law principals, which shall be the forum for any lawsuits arising under this Agreement or incident thereto. The parties stipulate that venue is proper in a court of competent jurisdiction in Payne County, Oklahoma and each party waives any objection to such venue. SUA does not and will not agree to binding arbitration of any disputes.

14. **No Waiver.** A waiver of any breach of any provision of this Agreement shall not constitute or operate as a waiver of any other provision, nor shall any failure to enforce any provision hereof operate as a waiver of the enforcement of such provision or any other provision.

15. **Entire Agreement / No Assignment.** This Agreement and any documents incorporated herein constitute the entire agreement of the parties and supersede any and all prior agreements, oral or otherwise, relating to the subject matter of this Agreement. This Agreement may only be modified or amended in a writing signed by both parties. Contractor shall not be entitled to any claim for extras of any kind or nature.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed the day and year written below.

Approved and accepted this ____ day of __________ 2023.

CONTRACTOR ___________________________

____

Name:
Title:

Approved and accepted this ____ day of __________ 2023.

SUA,
a municipal trust

____

Norman McNickle, General Manager

(SEAL)

ATTEST:

____

Teresa Kadavy, Secretary

Approved as to form and legality this ____ day of _________ 2023.

____

Kimberly Carnley, General Counsel