



**SPECIAL MEETING AGENDA
CITY OF STILLWATER AUDIT COMMITTEE
OCTOBER 29, 2025
4:00 PM
Norman McNickle Municipal Complex, Room 1112B
723 S. Lewis Street
Stillwater, OK 74074**

- 1. Call Meeting to Order
- 2. Introduction of Members, External Auditors and City Staff
- 3. Public Comment

Stillwater City Code, Section 2-53(a) & (b), provides that taxpayers or residents of the city or their authorized legal representatives may address the Audit Committee 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 prior to meetings.

4. General Orders

The Audit Committee will discuss and take action at this meeting (including a vote or series of votes) on each item listed under General Orders unless the agenda entry specifically states that no action will be taken.

a.	Approval of minutes of the April 23, 2025 special meeting.
b.	Receive auditor communication and consider recommendation to the Trustees to accept the financial report for the Stillwater Utilities Authority for the fiscal year ended June 30, 2025.
c.	Discuss December meeting date to review City of Stillwater Annual Comprehensive Financial Report (no action will be taken on this item).

5. Adjourn

NOTE: The Audit Committee may take action including a vote or series of votes on all items listed on this agenda unless the item specifically indicated that no action will be taken.

The City of Stillwater encourages participation from all its 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.

On October 24, 2025 at 10:00 a.m., a true and correct copy of this agenda was posted on the kiosk outside City Hall, 723 S Lewis Street, Stillwater, OK.

**SPECIAL MEETING MINUTES
CITY OF STILLWATER AUDIT COMMITTEE
APRIL 23, 2025
3:30 PM
Norman McNickle Municipal Complex, Room 1112B
723 S Lewis Street
Stillwater, OK 74074**

1. Call Meeting to Order

Meeting was called to order by Chair Kelly Cox at 3:32 p.m.

2. Introduction of Members, External Auditors and City Staff

Members Present: Chair Kelly Cox, Austin Pollard, Rachel Domnick, Randy Murray

Members Absent: Devin Zacharius

Ex-officio member present: Councilor Kevin Clark, Assistant City Manager and Finance Director Christy Cluck

City Staff Present: Assistant City Attorney Ashlyn Garis, Accounting Manager Jared Thulin, Finance Manager Michelle Wilhelm, City Clerk Teresa Kadavy

3. Public Comment

No public comment.

4. General Orders

a.	Approval of minutes of the December 18, 2024 special meeting Motion by Pollard, second by Murray to approve the minutes from the December 18, 2024 special meeting. Cox-Yea, Pollard-Yea, Domnick-Yea, Murray-Yea. Motion carried with four yea votes.
b.	Discussion, consideration and possible direction to staff on the following:
i.	follow-up to fiscal year 2024 audit

	<p>Accounting Manager Jared Thulin reported that he is working with Electric Department staff to set-up a new inventory system for the Stillwater Energy Center’s warehouse and that set-up would be complete prior to the physical inventory counts in June. This will provide consistent perpetual inventory systems at all four major warehouses across the City.</p> <p>Thulin stated he has discussed and worked with staff on the City’s capitalization processes to ensure that appropriate decisions are made when capitalizing items in accordance with the City’s policy.</p> <p>Thulin answered the Committee’s questions.</p>
ii.	<p>implementation of new and application of existing Governmental Accounting Standards Board pronouncements</p> <p>Accounting Manager Jared Thulin stated that there are two new GASB standards for FY25. GASB 101: Compensated Absences is intended to update the recognition and measurement guidance for compensated absences. Staff expects the amount of liability reported in the financial statements will increase. Calculation assumptions will be discussed with the auditors prior to implementation.</p> <p>Thulin stated GASB 102: Certain Risk Disclosures requires the government to disclose a concentration of risk or constraint that may be material to the government. Staff does not expect to have any reporting requirements in FY25.</p> <p>Thulin also explained two items, the SUA Revenue Bond Refunding and the Wartsila Major Overhaul, that would be significant transactions in the FY25 financial statements and the application of existing GASB standards to these transactions.</p> <p>Thulin answered the Committee’s questions.</p>
c.	<p>Consider recommendation to the City Council to select a firm for the external audit of the City of Stillwater and related trusts for the fiscal year ending June 30, 2025.</p> <p>Assistant City Manager and Finance Director Christy Cluck reported that HSPG has completed years one and two of a three-year engagement with the City. She stated the importance of a well-planned and organized audit by the auditors and regular communication between the auditors and City staff throughout each annual audit. Cluck stated that challenges have arisen in both of these areas during the first and second years of the engagement. If HSPG is engaged for a third year, City staff will request that the auditors be on-site more during fieldwork and will schedule regular</p>

touch base meetings to be held throughout the audit. Cluck answered the Committee's questions.

Motion by Pollard, second by Domnick to recommend to the City Council to select HSPG for the external audit of the City of Stillwater and related trusts for the fiscal year ending June 30, 2025.

**Cox-Yea, Pollard-Yea, Domnick-Yea, Murray-Yea.
Motion carried with four yea votes.**

5. Adjourn.

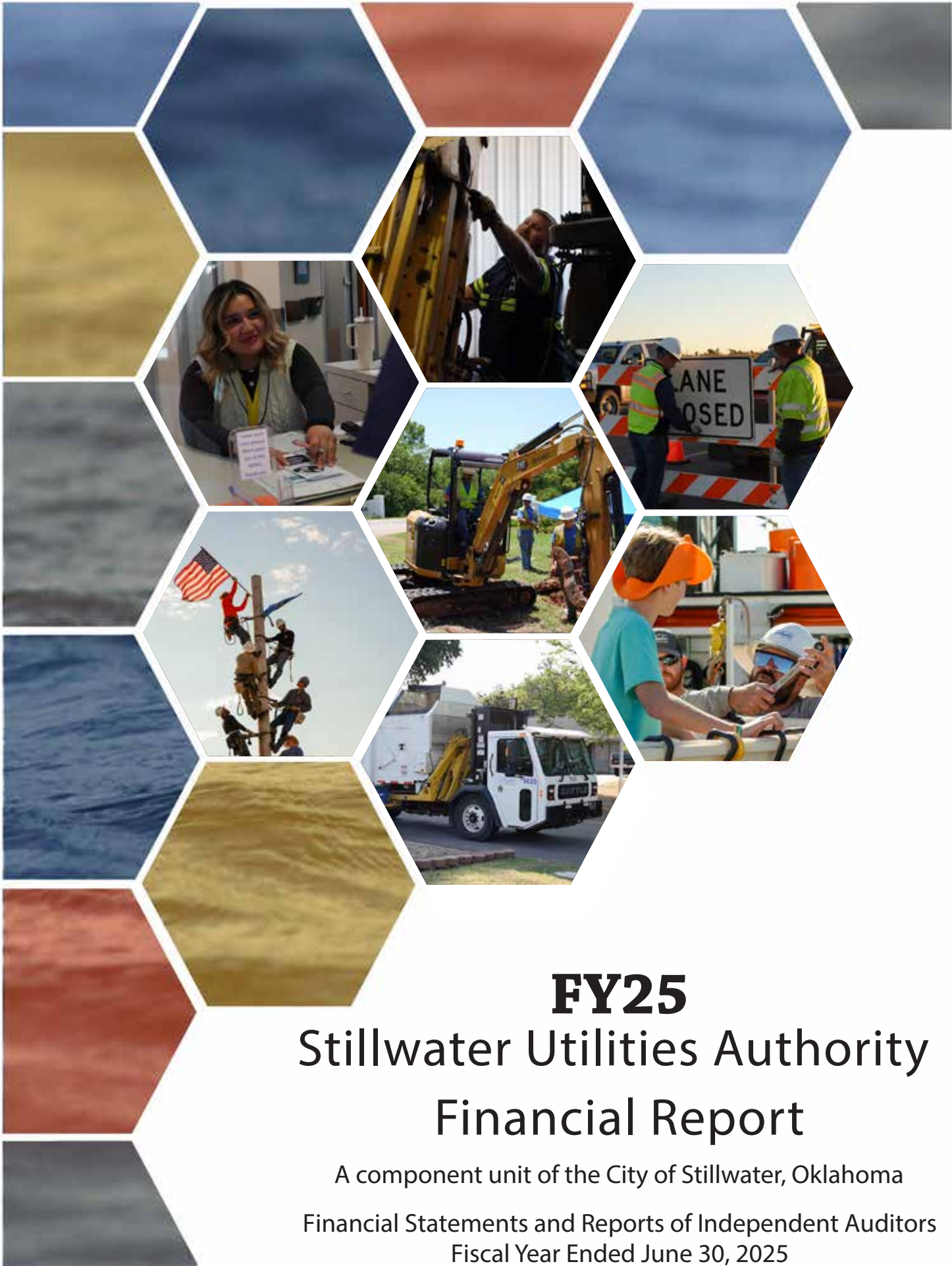
Motion by Pollard, second by Murray to adjourn the April 23, 2025 Audit Committee Special Meeting.

**Cox-Yea, Pollard-Yea, Domnick-Yea, Murray-Yea.
Motion carried with four yea votes.**

Meeting adjourned at 4:16 p.m.

Kelly Cox, Chair

Christy Cluck, Asst City Manager & Finance Director



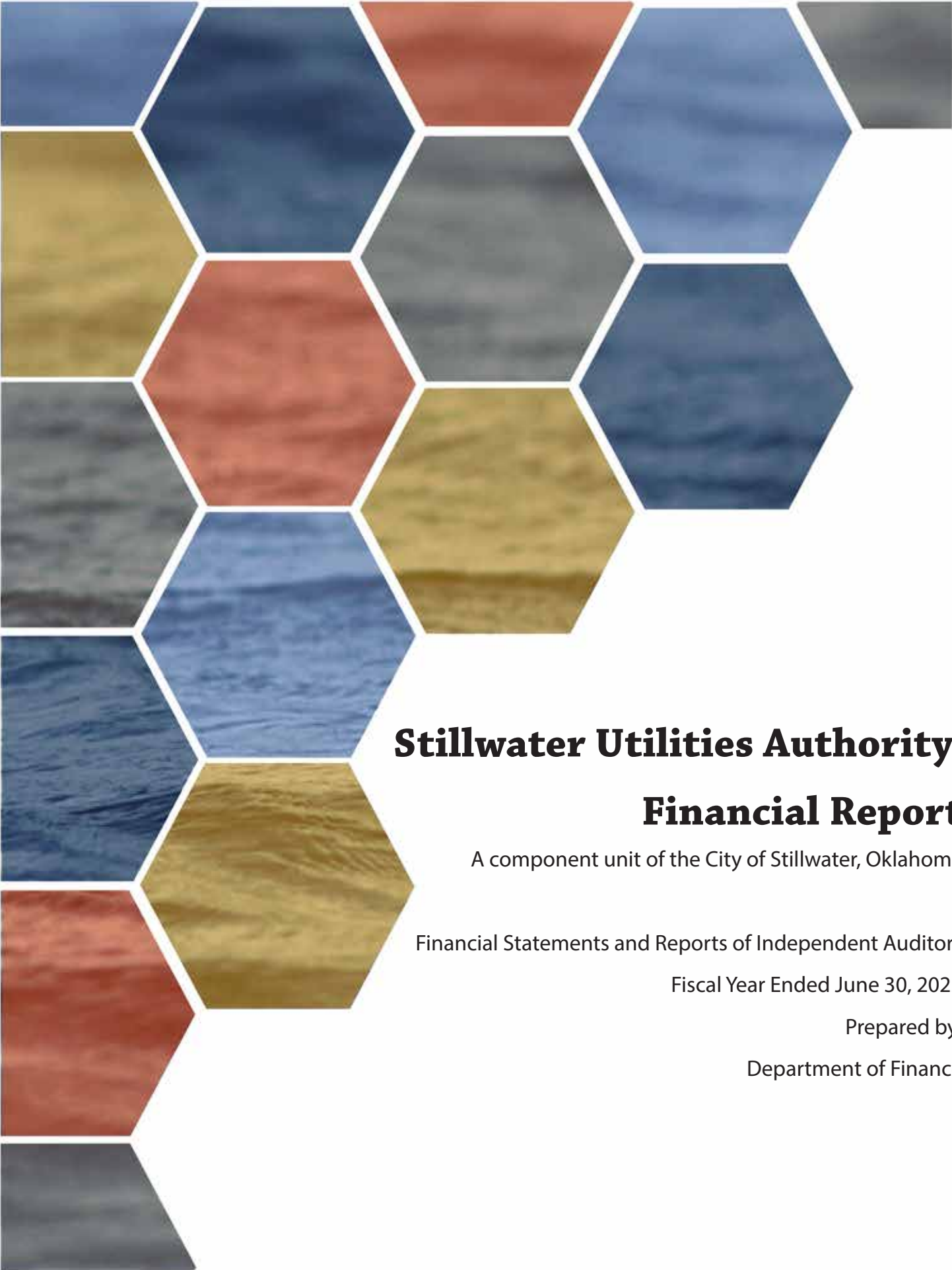
FY25 Stillwater Utilities Authority Financial Report

A component unit of the City of Stillwater, Oklahoma
Financial Statements and Reports of Independent Auditors
Fiscal Year Ended June 30, 2025

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Stillwater Utilities Authority

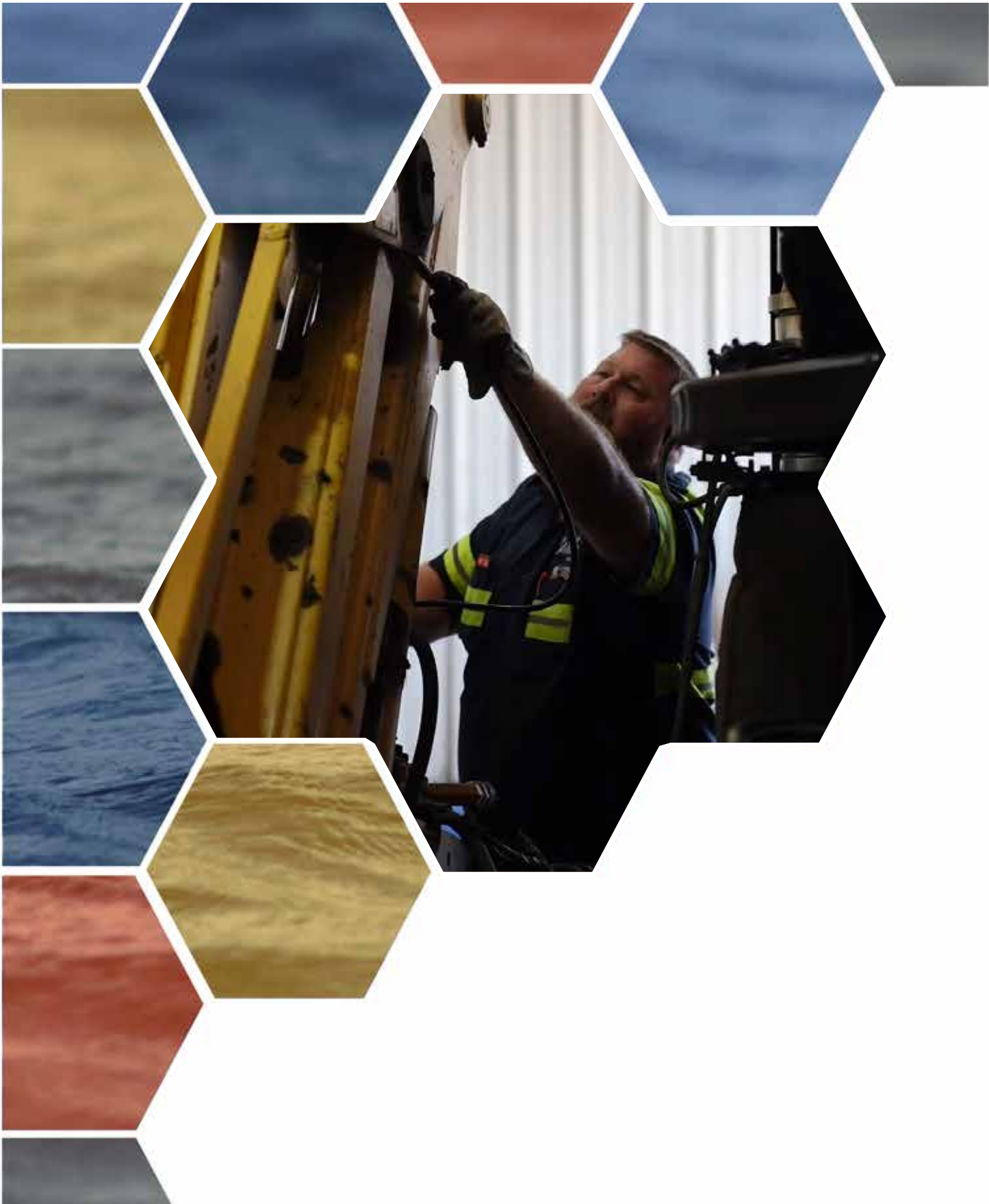
Financial Report

A component unit of the City of Stillwater, Oklahoma

Financial Statements and Reports of Independent Auditors

Fiscal Year Ended June 30, 2025

Prepared by
Department of Finance



STILLWATER UTILITIES AUTHORITY

A Component Unit of the City of Stillwater, Oklahoma

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Financial Section





STILLWATER UTILITIES AUTHORITY

A Component Unit of the City of Stillwater, Oklahoma

Independent Auditor's Report



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 (the "City") as of and for the years ended June 30, 2025 and 2024, 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 respective financial position of the Authority as of June 30, 2025 and 2024, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2025, the City adopted Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, and Statement No. 102, *Certain Risk Disclosures*. Our opinion is not modified with respect to this matter.

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.

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.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2025, 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.

STILLWATER UTILITIES AUTHORITY

A Component Unit of the City of Stillwater, Oklahoma

Independent Auditor's Report

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.

October 29, 2025

DRAFT

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, 2025 and 2024 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 include 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 report 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)	2025	2024	2023*
Current assets	\$144.7	\$143.4	\$123.5
Noncurrent assets	267.6	246.8	245.2
Total assets	412.3	390.2	368.7
Deferred outflows of resources	0.2	0.2	0.3
Current liabilities	22.5	19.7	21.7
Noncurrent liabilities	102.4	102.9	102.2
Total liabilities	124.9	122.6	123.9
Deferred inflows of resources	6.3	2.3	2.0
Net position:			
Net investment in capital assets	143.5	123.4	118.1
Restricted for debt service	1.9	2.5	2.1
Restricted for capital projects	1.1	1.0	1.0
Unrestricted	134.8	138.6	121.9
Total net position	\$281.3	\$265.5	\$243.1

*Balances have been restated to reflect the implementation of GASB Statement 101, see Note #1 for additional information.

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 (51.0% in 2025, 46.5% in 2024, and 48.6% in 2023) 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 (1.1% in 2025, 1.3% in 2024, and 1.3% in 2023) represents resources that are subject to restrictions as to how they may be used. The remaining balance (47.9% in 2025, 52.2% in 2024, and 50.1% in 2023) is unrestricted.

Noncurrent assets increased \$20.9 million or 8.5% in 2025 primarily due to an increase in capital assets under construction at the water treatment plant related to the lime system and raw water delivery and storage. Current liabilities increased by \$2.8 million or 14.2%. This was related to an increase in the amount due to the City of Stillwater for transfers of surplus revenues in accordance with the Authority's Trust Indenture and large deposits held by the Authority for electric system relocation work requested by private entities. Once the work is complete, these deposits will be applied to the total cost of the relocation incurred by the Authority.

Deferred inflows of resources increased by \$4.0 million or 173.9% in 2025 due to a gain to be recognized in future years related to the refunding of the 2014A revenue bonds. This gain will be amortized over the life of the new 2025A revenue bonds, which will mature in October 2042.

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.

Changes in Net Position

For the years ended June 30, 2025, 2024, and 2023 the Authority's net position increased by \$15.8 million, \$22.4 million, and \$14.6 million, respectively. Details of the changes in net position are 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)	2025	2024	2023*
Operating revenues	\$98.0	\$95.6	\$99.5
Operating expenses	80.0	77.8	81.6
Operating income	18.0	17.8	17.9
Nonoperating revenues (expenses)	(7.3)	(2.6)	(5.1)
Net income before contributions	10.7	15.2	12.8
Capital contributions	5.1	7.2	1.8
Increase in net position	\$15.8	\$22.4	\$14.6

*Balances have been restated to reflect the implementation of GASB Statement 101, see Note #1 for additional information.

Operating revenues of the Authority increased by \$2.4 million in 2025, which was the result of the implementation of scheduled rate increases for the water and wastewater utilities effective July 1, 2024, and for the electric utility effective January 1, 2025. The decrease of \$2.1 million in capital contributions is primarily the result of less infrastructure contributions from developers.

Operating expenses of the Authority increased by \$2.2 million in 2025. This increase was primarily due to increased personnel costs of \$1.3 million, which is attributable to an across-the-board raise for employees on July 1, 2024 of 3% and health insurance claims. In addition, depreciation expense increased by \$0.6 million and indirect costs paid to the City of Stillwater by the Authority for the use of shared services (i.e. City Manager's Office, City Attorney, Finance, Human Resources and Information Technology) increased by \$0.4 million.

The increase of \$4.7 million in nonoperating expenses is due to increased transfers of surplus revenues to the City of Stillwater. This transfer was made in accordance with the Authority's Trust Indenture.

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 \$3.8 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 of Stillwater and transferred to the Authority during 2024.

Nonoperating expense decreased by \$2.5 million in 2024 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, 2025, 2024, and 2023. 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, 2025, 2024, and 2023, the Authority had \$242.1 million, \$221.6 million, and \$215.8 million, respectively, invested in capital assets as detailed below:

(in millions)	2025	2024	2023
Land	\$1.0	\$1.0	\$1.0
Intangible assets	1.5	1.5	1.5
Water plant	66.9	71.8	70.6
Electric plant	83.4	84.6	88.6
Wastewater plant	26.6	27.4	23.7
Construction work in progress	56.7	29.0	26.0
General plant	5.1	5.9	4.0
Lease & subscription assets	0.9	0.4	0.4
Totals	\$242.1	\$221.6	\$215.8

Debt Administration

At June 30, 2025, 2024, and 2023 the Authority had \$102.4 million, \$103.0 million, and \$102.7 million respectively, in bonds, notes, and long-term leases and subscriptions outstanding. The decrease of \$0.6 million in FY25 was the result of a \$7.1 million reduction created by the refunding of the 2014 revenue bonds offset by the increase of draws taken on 2017, 2023, and 2024 OWRB construction loans of \$8.7 million as projects continue at the water treatment plant. Outstanding debt was further reduced by the payments made on other outstanding debt as indicated in the chart below. The increase of \$0.3 million in 2024 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 being made during the fiscal year.

(in millions)	2025	2024	2023
2014 revenue bonds	\$0.0	\$55.9	\$57.8
2005 OWRB fixed rate note	0.0	0.5	1.0
2009 OWRB DWSRF note	4.0	4.5	5.0
2009 OWRB CWSRF note	0.4	0.5	0.5
2016 OWRB DWSRF note	21.8	22.5	23.1
2017 OWRB DWSRF note	10.2	5.9	5.7
2023 OWRB CWSRF note	8.7	7.4	4.9
2024 OWRB DWSRF note	3.1	0.0	0.0
2025 revenue bonds	48.8	0.0	0.0
USACE note	0.5	0.5	0.6
Long-term equipment notes	4.0	5.0	3.3
Lease & subscription obligations	0.9	0.3	0.8
Totals	\$102.4	\$103.0	\$102.7

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

Budgeting for the Authority is done in conjunction with budgeting for the City of Stillwater 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.

A cost of service study for the waste management utility was completed and presented to the Authority's Board of Trustees on June 16, 2025. The Authority approved resolution 2025-007 on September 8, 2025, adopting the initial rate increase recommended for waste management to be effective on January 1, 2026. This resolution also adopted future rate increases for FY 2027 through FY 2031 based on the recommendations of the study. The future rate increases will be effective January 1st for the years approved by the resolution.

The Authority is in the process of finalizing a Financial Assistance Program Loan from the Oklahoma Water Resources Board (OWRB) with an expected closing in December 2025. The Trustees approved resolution 2025-5 authorizing the loan from the OWRB for an amount not to exceed \$112,905,000. The proceeds from this loan are anticipated to be utilized to complete the Lake McMurtry raw water transmission project, the Northeast transmission project, water line and storage improvements, and wastewater lift stations.

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, 2025 and 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$104,863,537	\$102,566,998
Restricted cash and cash equivalents	7,814,964	3,773,254
Investments	10,728,750	10,263,982
Restricted investments	0	4,628,735
Accounts receivable, net of allowance for uncollectible accounts of \$1,603,086 for 2025 and \$1,365,824 for 2024	14,404,996	14,826,612
Leases receivable, current	127,830	119,410
Prepaid items	63,121	29,626
Interest receivable	133,061	133,261
Inventories	6,567,693	7,024,441
Total current assets	144,703,952	143,366,319
Noncurrent assets:		
Restricted cash and cash equivalents	1,964,550	1,820,420
Investments	14,185,270	13,614,334
Restricted investments	0	234,970
Due from Stillwater Economic Development Authority	7,911,478	8,000,000
Leases receivable, noncurrent	1,450,643	1,535,884
Capital assets: non depreciable		
Land	1,042,994	1,042,994
Intangible assets	1,530,403	1,530,403
Construction work in progress	56,724,808	28,998,642
Capital assets: depreciable		
Water plant	158,567,477	158,293,339
Electric plant	180,167,334	176,841,234
Wastewater plant	67,266,812	66,392,778
General plant assets	7,784,878	7,784,878
Lease & subscription assets	982,923	361,602
Less-accumulated depreciation	(231,930,173)	(219,640,384)
Total noncurrent assets	267,649,397	246,811,094
Total assets	412,353,349	390,177,413
DEFERRED OUTFLOWS OF RESOURCES		
Other postemployment benefits	188,155	258,755

(continued...)

STILLWATER UTILITIES AUTHORITY

A component unit of the City of Stillwater, Oklahoma

Statements of Net Position (...continued from previous page) As of June 30, 2025 and 2024

	2025	2024
LIABILITIES		
Current liabilities:		
Accounts payable	7,832,867	8,271,055
Accrued liabilities	837,520	721,573
Due to City of Stillwater	5,164,987	2,791,659
Current portion of compensated absences	96,930	103,327
Accrued interest payable	921,258	935,278
Unearned revenue	0	22,622
Current portion of lease & subscription obligations	135,650	29,005
Current portion of customer deposits payable	2,019,614	1,233,341
Current portion of long-term debt obligations	5,503,187	5,630,868
Total current liabilities	22,512,013	19,738,728
Noncurrent liabilities:		
Noncurrent portion of compensated absences	2,265,359	2,257,275
Noncurrent portion of lease & subscription obligations	741,691	269,391
Noncurrent portion of customer deposits payable	885,840	770,059
Noncurrent portion of long-term debt obligations	96,068,062	97,134,275
Other postemployment benefits	2,433,861	2,449,759
Total noncurrent liabilities	102,394,813	102,880,759
Total liabilities	124,906,826	122,619,487
DEFERRED INFLOWS OF RESOURCES		
Leases receivable	1,483,679	1,581,726
Other postemployment benefits	754,107	725,707
Bond refunding	4,042,064	0
Total deferred inflow of resources	6,279,850	2,307,433
NET POSITION		
Net investment in capital assets	143,480,585	123,405,652
Restricted for debt service	1,911,993	2,451,545
Restricted for capital projects	1,078,710	1,050,361
Unrestricted	134,883,540	138,601,690
Total net position	\$281,354,828	\$265,509,248

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, 2025 and 2024

	2025	2024
Operating revenues:		
Charges for services, net of bad debt expense	\$88,259,615	\$84,805,143
Other	9,774,142	10,815,660
Total operating revenues	98,033,757	95,620,803
Operating expenses:		
Operations and maintenance	67,311,918	65,658,536
Depreciation	12,702,833	12,100,417
Total operating expenses	80,014,751	77,758,953
Operating income	18,019,006	17,861,850
Nonoperating revenues (expenses):		
Investment income	6,267,668	6,163,138
Debt issuance costs	(889,851)	0
Interest expense and fiscal charges	(3,334,319)	(3,354,077)
Gain (loss) on sale of assets	83,962	(716,592)
Transfer from City of Stillwater	10,439,486	10,038,770
Transfer to City of Stillwater	(19,821,866)	(14,755,945)
Total nonoperating revenues (expenses)	(7,254,920)	(2,624,706)
Income before contributions	10,764,086	15,237,144
Capital contributions	5,081,494	7,199,793
Change in net position	15,845,580	22,436,937
Total net position, beginning of year, as previously stated	265,509,248	244,204,432
Cumulative effect of a change in accounting principle	0	(1,132,121)
Total net position, beginning of year, as restated	265,509,248	243,072,311
Total net position, end of year	\$281,354,828	\$265,509,248

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, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers, including deposits	\$89,583,285	\$84,167,147
Payments to suppliers	(45,252,199)	(47,017,192)
Payments to employees	(19,489,004)	(18,143,121)
Payments to City of Stillwater for administrative costs	(1,805,970)	(1,378,656)
Other receipts	9,752,916	10,789,762
Net cash provided by (used in) operating activities	32,789,028	28,417,940
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from City of Stillwater	10,373,089	10,020,547
Transfers from (to) Stillwater Economic Development Authority	88,522	250,000
Operating Subsidies and transfers to City of Stillwater	(17,382,141)	(17,403,060)
Net cash provided by (used in) noncapital financing activities	(6,920,530)	(7,132,513)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	58,522,415	3,451,808
Capital contributions	2,000,507	1,450,924
Proceeds from sale of capital assets	73,705	1,069,272
Purchases of capital, lease, and subscription assets	(30,176,438)	(10,614,821)
Principal paid on capital debt	(56,276,904)	(5,861,894)
Interest paid on capital debt	(3,638,781)	(3,565,945)
Net cash provided by (used in) capital and related financing activities	(29,495,496)	(14,070,656)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	0	(10,000,000)
Proceeds from maturities of investment	5,029,441	0
Interest received	5,079,936	5,818,315
Net cash provided by (used in) investing activities	10,109,377	(4,181,685)
Net increase in cash and cash equivalents	6,482,379	3,033,086
Cash and cash equivalents, beginning of year	108,160,672	105,127,586
Cash and cash equivalents, end of year	\$114,643,051	\$108,160,672

(continued...)

STILLWATER UTILITIES AUTHORITY

A component unit of the City of Stillwater, Oklahoma

Statements of Cash Flows

For the Years Ended June 30, 2025 and 2024 (...continued from previous page)

	2025	2024
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$18,019,006	\$17,861,850
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	12,702,833	12,100,417
Changes in assets, liabilities, and deferred inflows and outflows of resources:		
Receivables, net	421,616	(1,165,574)
Lease liability	578,945	(33,395)
Lease receivables and related deferral	(21,226)	(25,899)
Inventories	456,748	(1,364,331)
Prepaid Items	(33,495)	68,654
Accounts and other payables	463,865	903,030
Accrued liabilities	117,634	2,433
Other postemployment benefits-liabilities	(15,898)	(228,522)
Other postemployment benefits-deferred outflows	70,600	71,855
Other postemployment benefits-deferred inflows	28,400	227,422
Net cash provided by operating activities	\$32,789,028	\$28,417,940
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Capital assets contributed to the Authority	\$3,058,365	\$5,771,490
Capital assets transferred to City of Stillwater	0	151,116
Borrowings under capital lease	0	3,495,000
Premium amortization	287,192	233,963
Change in fair value of investments	570,936	244,299

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, 2025 and 2024

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, by a Second Amendment to Trust Indenture dated March 24, 2014, and Amended Trust Indenture Creating and Recreating the Stillwater Utilities Authority dated October 7, 2024. The City is the beneficiary of the trust. The Authority was created to operate and maintain a utilities system that provides electric, water, wastewater, and solid waste 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.

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, 2025 and 2024, cash and cash equivalents in the amount of \$123,615,634 and \$118,446,768, 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 also accumulate sick leave at a set rate each pay period and may accrue up to a maximum of 1,000 hours of sick leave. In accordance with GASB Statement No. 101, the estimated sick leave to be used as paid time off is included in the calculation of the liability. An employee with five or more years of service who retires or resigns receives 10% of the accumulated unused sick leave. 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 is based on the employees' pay rates at the financial statement date and includes salary-related benefits where applicable. The liability for these compensated absences is recorded as a noncurrent liability. 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 and bond refunding. 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, 2025, the statement of net position reports restricted net position in the amount of \$2,990,703, of which \$1,023,954 is restricted by 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.
- 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 standards:

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. The implementation of this statement resulted in a restatement of beginning net position for the year ended June 30, 2024 in the amount of \$1,132,121, which is due to the inclusion of sick leave expected to be used by employees of the Authority.

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. 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, 2025 and 2024 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, 2025 and 2024.

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, 2025 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	\$10,728,750	\$0	\$10,728,750	\$0
U.S. agencies-FHLB	14,185,270	0	14,185,270	0

The Authority had the following deposits and investments subject to credit risk at June 30, 2025:

Type	Credit Rating	Amount	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Demand Deposits	(1)	\$108,939,339	\$108,939,339	\$0	\$0	\$0
Certificates of deposit	(1)	10,728,750	10,728,750	0	0	0
Money market mutual funds	AAAm (2)	5,703,712	5,703,712	0	0	0
U.S. agencies-FHLB	AA+ (2)	14,185,270	0	14,185,270	0	0
Total		\$139,557,071	\$125,371,801	\$14,185,270	\$0	\$0

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

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

Deposits and investments presented in the statement of net position as of June 30, 2025 and 2024 are as follows:

	2025	2024
Cash and cash equivalents:		
Unrestricted	\$104,863,537	\$102,566,998
Restricted—current	7,814,964	3,773,254
Restricted—noncurrent	1,964,550	1,820,420
Investments:		
Unrestricted—current	10,728,750	10,263,982
Restricted—current	0	4,628,735
Unrestricted—noncurrent	14,185,270	13,614,334
Restricted—noncurrent	0	234,970
Total	\$139,557,071	\$136,902,693

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 \$5,703,712 at June 30, 2025 and \$2,451,545 at June 30, 2024 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, 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, 2025 and 2024, 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 \$1,023,954 at June 30, 2025 and \$995,605 at June 30, 2024, 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, 2025 and 2024, cash and cash equivalents, classified as current, in the amount of \$91,638 and \$88,368, 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, 2025 cash and cash equivalents in the amount of \$2,905,454 of which \$2,019,614 is classified as current and \$885,840 is classified as noncurrent, have been restricted for customer deposits. 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.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance at June 30, 2024	Transfers	Additions	Deletions	Balance at June 30, 2025
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	28,998,642	(547,967)	28,274,133	0	56,724,808
Total capital assets not being depreciated	31,572,039	(547,967)	28,274,133	0	59,298,205
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	84,862,744	0	2,368,050	315,668	86,915,126
Infrastructure	231,996,535	547,967	1,970,309	96,386	234,418,425
Total other capital assets at historical cost	409,312,229	547,967	4,338,359	412,054	413,786,501
Less accumulated depreciation for:					
Buildings	62,776,178	0	2,058,035	0	64,834,213
Improvements other than buildings	106,035	0	7,654	0	113,689
Machinery and equipment	34,494,793	0	3,547,562	315,668	37,726,687
Infrastructure	122,197,833	0	7,043,850	96,386	129,145,297
Total accumulated depreciation	219,574,839	0	12,657,101	412,054	231,819,886
Other capital assets, net	189,737,390	547,967	(8,318,742)	0	181,966,615
Lease & Subscription assets:					
Land	305,408	0	0	0	305,408
Equipment & Software	56,194	0	622,311	990	677,515
Total lease & subscription assets, being amortized	361,602	0	622,311	990	982,923
Less accumulated amortization for:					
Land	34,513	0	15,880	0	50,393
Equipment & Software	31,032	0	29,852	990	59,894
Total accumulated amortization	65,545	0	45,732	990	110,287
Total lease assets being amortized, net	296,057	0	576,579	0	872,636
Total capital assets, net	\$221,605,486	\$0	\$20,531,970	\$0	\$242,137,456

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	00	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	9,326,921	(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

Contributed Capital Assets

For the years ended June 30, 2025 and 2024, the Authority accepted and received water and sewer lines that were installed by developers. These assets were valued at \$107,455 and \$1,769,886, respectively.

5. LEASE RECEIVABLES

The Authority, as a lessor, has entered into lease agreements involving land and electric infrastructure as of June 30, 2025 and 2024 and is summarized below:

Leases Receivable	2025	2024
The Authority has 4 active land leases. The leases have receipts that range from \$13,688 to \$15,720 and interest rates that range from 1.527% to 2.440%. The lease terms include extension options, which are reasonably certain to be exercised.	\$886,673	\$927,440
The Authority has 29 active electric pole attachment leases. Annual payments of \$20 per pole leased (5,147 poles leased at June 30, 2025 and 4,886 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.	691,800	727,854
Total Leases Receivable	\$1,578,473	\$1,655,294
Current portion	\$127,830	\$119,410
Noncurrent portion	1,450,643	1,535,884
Total Leases Receivable	\$1,578,473	\$1,655,294

The total amount of inflows of resources, including lease revenue and interest revenue recognized during the years ended June 30, 2025 and 2024 was \$185,533 and \$168,824, respectively.

6. LONG-TERM LIABILITIES

For the years ended June 30, 2025 and 2024, the Authority's outstanding debt consisted of the following:

Revenue Bonds Payable	2025	2024
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. Bonds were refunded during the fiscal year.	\$0	\$51,615,000
Series 2025A Revenue Bonds dated March 19, 2025, original issue amount of \$45,525,000, secured by utility revenues, interest rates range from 3.75% to 5%, semiannual interest and annual principal installments commencing October 1, 2025 through October 1, 2042.	45,525,000	0
Plus: Unamortized Debt Premium	3,293,502	4,275,427
Total Revenue Bonds Payable	\$48,818,502	\$55,890,427
Current portion	\$1,765,753	\$1,968,963
Noncurrent portion	47,052,749	53,921,464
Total Revenue Bonds Payable	\$48,818,502	\$55,890,427

Notes Payable	2025	2024
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	\$0	\$492,936
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	3,991,113	4,525,879
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	409,758	477,586
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.	21,773,492	22,544,019
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.	10,207,148	5,842,862
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 commencing September 15, 2024.	8,696,696	7,409,103
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.	3,151,391	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	507,833	550,312
Total Notes Payable	\$48,737,431	\$41,842,697
Current portion	\$2,666,792	\$2,645,201
Noncurrent portion	46,070,639	39,197,496
Total Notes Payable	\$48,737,431	\$41,842,697

Direct Obligations – Notes Payable	2025	2024
\$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.	\$607,946	\$826,145
\$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	401,125	535,163
\$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	132,468	175,711
\$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	2,873,777	3,495,000
Total Direct Obligations – Notes Payable	\$4,015,316	\$5,032,019
Current portion	\$1,070,642	\$1,016,704
Noncurrent portion	2,944,674	4,015,315
Total Direct Obligations – Notes Payable	\$4,015,316	\$5,032,019
Accrued Compensated Absences	2025	2024
Current portion	\$96,930	\$103,327
Noncurrent portion	2,265,359	2,257,275
Total Accrued Compensated Absences	\$2,362,289	\$2,360,602
Deposits Subject to Refund	2025	2024
Current portion	\$2,019,614	\$1,233,341
Noncurrent portion	885,840	770,059
Total Deposits Subject to Refund	\$2,905,454	\$2,003,400

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	2025	2024
The Authority has two active land leases. The leases have payments that range from \$5,375 to \$14,486 and interest rates that range from 2.426% to 2.522%. The lease terms include extension options, which are reasonably certain to be exercised.	\$260,900	\$273,912
The Authority has five active equipment leases. The leases have payments that range from \$600 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.	8,491	16,072
The Authority has 13 active vehicle leases. The leases have payments that range from \$170 to \$2,459 and interest rates that range from 2.899% to 2.925%.	607,950	0
Total Lease Obligations Payable	\$877,341	\$289,984
Current portion	\$135,650	\$20,593
Noncurrent portion	741,691	269,391
Total Lease Obligations Payable	\$877,341	\$289,984

Subscription Obligations Payable	2025	2024
The Authority has two active software subscriptions. The subscriptions have payments that range from \$1,522 to \$8,098 and interest rates that range from 2.184% to 3.102%.	\$0	\$8,412
Total Subscription Obligations Payable	\$0	\$8,412
Current portion	\$0	\$8,412
Noncurrent portion	0	0
Total Subscription Obligations Payable	\$0	\$8,412

Changes in Long-Term Liabilities

Changes in the long-term liabilities for the years ended June 30, 2025 are summarized below:

	Balance at June 30, 2024	Additions	Reductions	Balance at June 30, 2025	Amounts Due Within One Year
Notes payable	\$41,842,697	\$10,539,935	\$3,645,201	\$48,737,431	\$2,666,792
Revenue bonds payable, net	55,890,427	48,872,331	55,944,256	48,818,502	1,765,753
Direct borrowings:					
Notes payable	5,032,019	0	1,016,703	\$4,015,316	1,070,642
Total long-term debt obligations	102,765,143	59,412,266	60,606,160	101,571,249	5,503,187
Lease obligations payable	289,984	622,311	34,954	877,341	135,650
Subscription obligations payable	8,412	0	8,412	0	0
Accrued compensated absences	2,360,602	98,617	96,930	2,362,289	96,930
Deposits subject to refund	2,003,400	1,609,043	706,989	2,905,454	2,019,614
Total long-term liabilities	\$107,427,541	\$61,742,237	\$61,453,445	\$107,716,333	\$7,755,381

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	2,186,920	277,009	103,327	2,360,602	103,327
Deposits subject to refund	1,475,822	1,280,047	752,469	2,003,400	1,233,341
Total long-term liabilities	\$105,908,724	\$8,559,059	\$7,040,242	\$107,427,541	\$6,996,541

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	
	Principal	Interest	Principal	Interest	Principal	Interest
JUNE 30,						
2026	\$1,575,000	\$2,236,875	\$2,666,792	\$1,211,607	\$1,070,641	\$188,907
2027	1,725,000	2,154,375	3,312,214	1,183,945	1,127,500	132,049
2028	1,830,000	2,065,500	3,356,716	1,086,950	1,035,811	72,998
2029	1,905,000	1,972,125	2,358,380	991,866	781,364	24,539
2030	2,000,000	1,874,500	2,256,482	928,338	0	0
2031-2035	11,560,000	7,011,875	9,295,820	3,895,528	0	0
2036-2040	14,440,000	4,497,500	8,694,641	2,813,580	0	0
2041-2045	10,490,000	801,000	9,562,249	1,664,572	0	0
2046-2050	0	0	5,550,377	566,010	0	0
2051-2054	0	0	1,683,760	114,676	0	0
Total	\$45,525,000	\$22,613,750	\$48,737,431	\$14,457,072	\$4,015,316	\$418,493

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

YEAR ENDING	LEASE OBLIGATIONS PAYABLE	
	Principal	Interest
JUNE 30,		
2026	\$135,650	\$22,366
2027	131,162	18,887
2028	132,566	15,105
2029	135,969	11,252
2030	128,890	7,301
2031-2035	48,230	24,198
2036-2040	54,664	17,759
2041-2045	61,967	10,461
2046-2048	48,243	2,464
Total	\$877,341	\$129,793

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, 2025 and 2024. 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, 2025 and 2024 is presented below:

Fiscal Year Ended	Total Payroll	Covered Payroll	Employee Contributions	Employer Contributions	Total Contributions	Liability at June 30*
2025	\$14,584,411	\$14,454,873	\$836,854	\$861,823	\$1,698,677	\$88,242
2024	13,287,649	13,141,113	723,803	784,110	1,507,913	75,683

*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, 2025 and 2024. 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 2025 ranged from \$51 to \$685 for active employees, \$820 to \$3,031 for retired participants, and \$836 to \$3,091 for COBRA participants. 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.

Employees Covered by Benefit Terms: At June 30, 2025 and 2024, the following City employees were covered by the benefit terms.

	2025	2024
Active plan members	517	519
Inactive employees or beneficiaries currently receiving benefit payments	24	31
Total plan members	541	550

Total OPEB Liability: As of June 30, 2025, the City's total OPEB liability was \$7,118,692. The measurement date was as of June 30, 2024 and was determined by an actuarial valuation performed as of June 30, 2024. The Authority's allocated portion of the City's total OPEB liability was \$2,433,861.

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.

Actuarial Assumptions and Other Inputs: The total OPEB liabilities in the June 30, 2024 and 2023 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	4.21% in 2024 and 4.13% in 2023 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 5.88% in 2024 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, 2024, the 20-year bond rates increased from 4.13% to 4.21%. Over the twelve-month measurement period ending June 30, 2023, the 20-year bond rates increased from 4.09% to 4.13%.

Changes in the Total OPEB Liability

	2024	2023
Beginning balance	\$2,449,759	\$2,678,281
Changes for the year:		
Service cost	138,968	132,711
Interest	104,896	105,596
Changes of benefit terms	0	0
Differences between expected and actual experience	(153,309)	(145,849)
Change of assumptions	(19,237)	(54,909)
Change in proportion	(10,532)	(192,739)
Expected net benefit payments	(76,684)	(73,332)
Net changes	(15,898)	(228,522)
Balance at June 30	\$2,433,861	\$2,449,759

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 4.13% to 4.21% from June 30, 2023 to June 30, 2022 and an increase from 4.09% to 4.13% from June 30, 2022 to June 30, 2023).

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:

	2025		
	1% Decrease (3.21%)	Discount Rate (4.21%)	1% Increase (5.21%)
Total OPEB liability	\$2,694,349	\$2,433,861	\$2,203,170

	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

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:

2025			
	1% Decrease (4.90% Grading to 2.94%)	Healthcare Cost Trend Rates (5.90% Grading to 3.94%)	1% Increase (6.90% Grading to 4.94%)
Total OPEB liability	\$2,170,414	\$2,433,861	\$2,746,298

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

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the years ended June 30, 2025 and 2024, the Authority recognized OPEB expense of \$83,102 and \$70,755, respectively. The Authority reported deferred inflows and outflows of resources related to OPEB from the following source:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Actuarial (gains)/losses	\$27,803	\$(298,724)	\$39,757	\$(200,850)
Changes in assumptions	91,612	(282,921)	136,954	(338,728)
Change in proportion & difference in contributions	4,663	(172,462)	5,029	(186,129)
Contributions subsequent to measurement date	64,077	0	77,015	0
Total	\$188,155	\$(754,107)	\$258,755	\$(725,707)

The \$64,077 and \$77,015 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, 2025 and 2024, 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
2026	(\$85,717)
2027	(95,392)
2028	(103,520)
2029	(102,992)
2030	(92,735)
Thereafter	(149,673)

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, 2025 and 2024 was \$5,164,987 and \$2,791,659, 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, 2025 was \$7,911,478 and at June 30, 2024 was \$8,000,000.

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 water, sanitary sewer, solid waste, and electric systems from the City under a 100-year lease agreement which expires in 2124, 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 \$16,246 during fiscal year 2025 and \$15,366 during fiscal year 2024. 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 \$1,805,970 for the year ended June 30, 2025 and \$1,378,656 for the year ended June 30, 2024 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, 2025 and 2024, the transfers to the Authority related to this sales tax were \$10,439,486 and \$10,038,770, 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, 2025, the transfer amount was \$19,821,866 and for the year ended June 30, 2024, the transfer amount was \$14,604,829.

During the year ended June 30, 2024, the Authority transferred capital assets in the amount of \$151,116 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, 2025 and 2024, sales tax revenues were \$10,439,486 and \$10,038,770, respectively. Net revenues were \$36,101,681 for the year ended June 30, 2025 and \$34,381,763 for the year ended June 30, 2024. The following is a summary of the debt issues included in this pledge of revenues as of June 30, 2025 and 2024:

2025

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	\$0	\$494,786
2009 OWRB DWSRF note	11,645,000	Nov 2009	Sept 2032	4,329,427	\$654,338
2009 OWRB CWSRF note	1,875,000	Nov 2009	Sept 2030	437,744	79,535
Series 2014A revenue bonds	61,830,000	Aug 2014	Oct 2042	0	53,928,606
2016 OWRB DWSRF note	29,900,000	Jun 2016	Sept 2046	27,871,940	1,296,370
2017 OWRB DWSRF note	12,600,000	Sept 2017	Sept 2048	13,599,898	575,852
2023 OWRB CWSRF note	10,500,000	Jan 2023	Mar 2054	13,032,571	546,613
2024 OWRB DWSRF note	37,000,000	Dec 2023	Mar 2056	3,320,822	1,000,000
Series 2025A revenue bonds	45,525,000	Mar 2025	Oct 2042	68,138,750	0

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

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, 2025, since the specific legally required costs of retirement have not yet been identified.

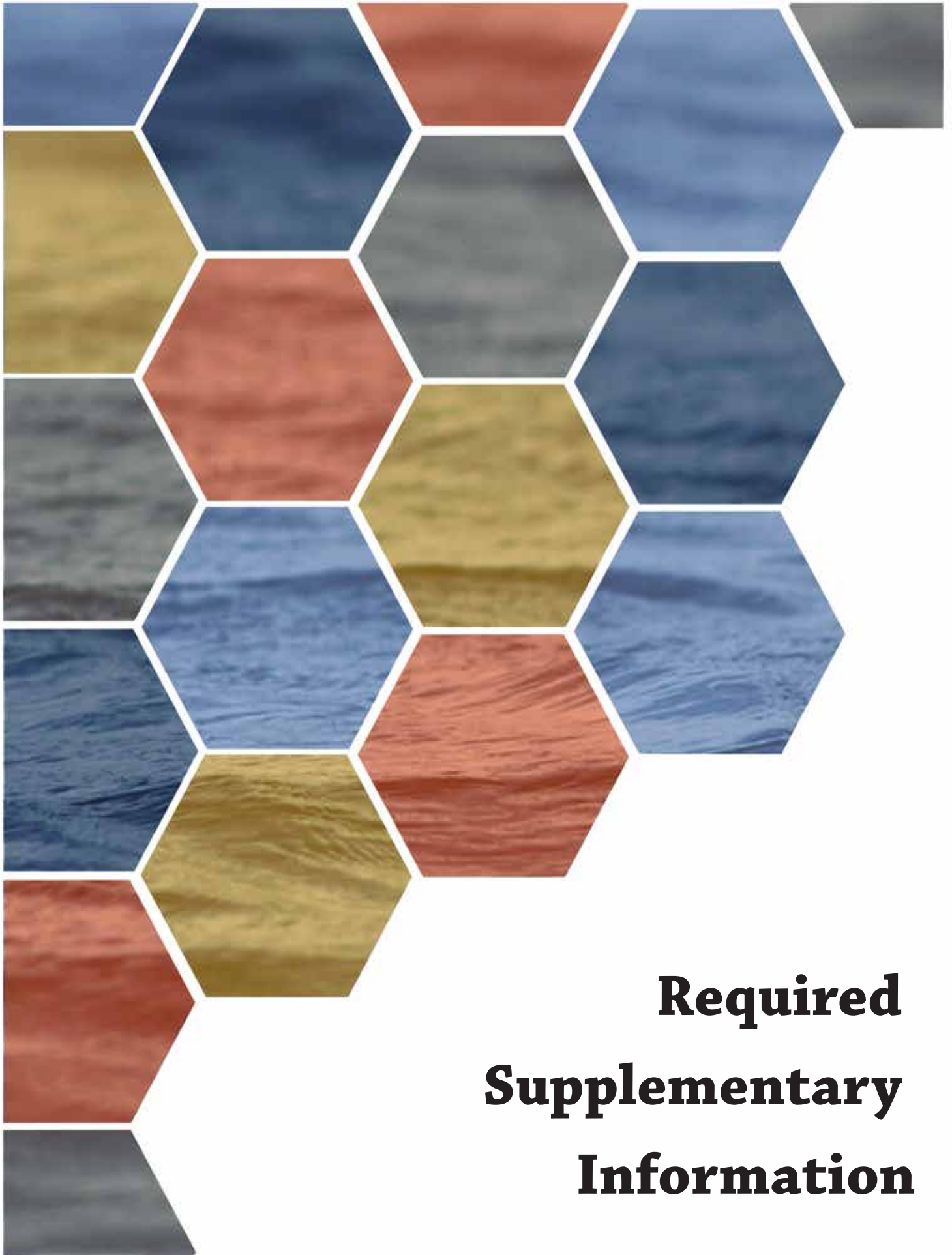
16. RECENTLY ISSUED ACCOUNTING STANDARDS

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. 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.

GASB Statement No. 104, "Disclosure of Certain Capital Assts" – This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. This Statement will become effective for the Authority in the fiscal year ended June 30, 2026.

Draft



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 Years¹

	2025 ²	2024 ³	2023 ⁴	2022 ⁵
Total OPEB liability:				
Service cost	\$138,968	\$132,711	\$168,999	\$160,132
Interest	104,896	105,596	62,351	63,111
Differences between expected and actual experience	(153,309)	(145,849)	25,311	21,907
Changes of assumptions	(19,237)	(54,909)	(255,989)	(142,249)
Change in proportion	(10,532)	(192,739)	0	0
Benefit payments	(76,684)	(73,332)	(80,011)	(81,656)
Net change in total OPEB liability	(15,898)	(228,522)	(79,339)	21,245
Total OPEB liability, beginning	2,449,759	2,678,281	2,757,620	2,736,375
Total OPEB liability, ending	\$2,433,861	\$2,449,759	\$2,678,281	\$2,757,620
Covered-employee payroll	\$14,454,873	\$13,141,113	\$12,230,735	\$11,091,982
Authority's total OPEB liability as a percentage of covered-employee payroll	16.84%	18.64%	21.90%	24.86%

	2021 ⁶	2020 ⁷	2019 ⁸	2018 ⁹
Total OPEB liability:				
Service cost	\$129,942	\$356,242	\$95,575	\$107,817
Interest	91,728	88,889	67,561	53,080
Differences between expected and actual experience	(156,844)	(8,645)	46,298	0
Changes of assumptions	203,817	159,239	(100,534)	(151,593)
Change in proportion	0	0	0	0
Benefit payments	(46,256)	(44,744)	(33,059)	(30,093)
Net change in total OPEB liability	222,387	550,981	75,841	(20,789)
Total OPEB liability, beginning	2,513,988	1,963,007	1,887,166	1,907,955
Total OPEB liability, ending	\$2,736,375	\$2,513,988	\$1,963,007	\$1,887,166
Covered-employee payroll	\$11,107,169	\$11,363,295	\$10,624,612	\$9,994,326
Authority's total OPEB liability as a percentage of covered-employee payroll	24.64%	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 4.13% to 4.21% for the end of year measurement.

³ Changes of assumptions: The discount rate was changed from 4.09% to 4.13% for the end of year measurement.

⁴ Changes of assumptions: The discount rate was changed from 2.16% to 4.09% for the end of year measurement.

⁵ Changes of assumptions: The discount rate was changed from 2.21% to 2.16% for the end of year measurement.

⁶ Changes of assumptions: The discount rate was changed from 3.50% to 2.21% for the end of year measurement.

⁷ Changes of assumptions: The discount rate was changed from 3.87% to 3.50% for the end of year measurement.

⁸ Changes of assumptions: The discount rate was changed from 3.58% to 3.87% for the end of year measurement.

⁹ 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



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, 2025, 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 29, 2025.

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. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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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*.

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.

October 29, 2025

DRAFT







STILLWATER UTILITIES AUTHORITY

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

stillwater.org | 405.372.0025



October 29, 2025

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, 2025. 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 May 7, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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. Effective July 1, 2024, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*. As discussed in Note 1 to the financial statements, previously reported beginning net position as of July 1, 2023 decreased by \$1,132,121 as a result of implementing GASB 101. The implementation of GASB 102 had no material effect on the financial statements. 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 actuarially 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.

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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.

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. No audit differences were noted as a result of our audit procedures.

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 29, 2025.

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 is 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,