



CITY OF
ELGIN,
OKLAHOMA

**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

**THE CITY OF ELGIN,
OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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TABLE OF CONTENTS

Independent Auditor’s Report on Financial Statements	5-8
Other Information - Management’s Discussion and Analysis	9-17
The Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position (Modified Cash Basis).....	19
Statement of Activities (Modified Cash Basis).....	20
Governmental Funds Financial Statements:	
Balance Sheet (Modified Cash Basis).....	22
Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis).....	23
Proprietary Funds Financial Statements:	
Statement of Net Position (Modified Cash Basis)	25
Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis).....	26
Statement of Cash Flows (Modified Cash Basis).....	27
Footnotes to the Basic Financial Statements	28-41
Supplementary and Other Information:	
Budgetary Comparison Information	
Budgetary Comparison Schedule (Modified Cash Basis)– General Fund.....	43
Footnotes to Budgetary Comparison Schedule.....	43
Combining Non-Major Governmental Fund Statements	
Combining Balance Sheet (Modified Cash Basis).....	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis).....	44
Combining General Fund Accounts Schedules	
Combining Balance Sheet (Modified Cash Basis).....	45
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis).....	45

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

TABLE OF CONTENTS

Combining Proprietary Fund Account Schedules

EPWA Fund Combining Schedule of Net Position (Modified Cash Basis).....	46
EPWA Fund Combining Schedule of Revenues, Expenses and Changes in Net Position (Modified Cash Basis).....	46

Schedule of Federal and State Awards

Schedule of Expenditures of Federal and State Awards.....	47
---	----

Debt Service Coverage Information

Schedule of Debt Service Coverage Requirement	48
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Internal Control and Compliance Information:

Independent Auditor’s Report on Internal Control and Compliance Over Financial Reporting in Accordance to Government Auditing Standards.....	51-52
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INDEPENDENT AUDITOR'S OPINION

The Board of Directors
City of Elgin,
Elgin, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Elgin, Oklahoma of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City'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 modified cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Elgin, Oklahoma, as of June 30, 2023, and the respective changes in modified cash basis financial position, and cash flows for the year then ended in accordance with the modified cash basis of accounting described in Note B.

Basis for Opinions

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 City of Elgin, Oklahoma 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 opinions.

Emphasis of Matter

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

HOOD & ASSOCIATES CPAs, P.C.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note B, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. 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 City of Elgin, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Elgin, Oklahoma's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023, on our consideration of the City of Elgin, Oklahoma'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 City of Elgin, Oklahoma's internal control over financial reporting or on compliance.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9 through 17 be presented to supplement the basic financial statements. Such information, 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 my 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Elgin, Oklahoma's basic financial statements. The combining and individual non major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to me materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement exists, we are required to describe it in our report.

Hood & Associates CPAs, P.C.

Hood & Associates, CPAs, P.C.
Tulsa, Oklahoma
November 28, 2023

CITY OF ELGIN, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF ELGIN, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

The management of the City of Elgin is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the year ended June 30, 2023. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net position increased by \$4,193,043 and the assets of the City exceed its liabilities at June 30, 2023, by \$9,361,655 (net position). Of this amount, \$3,452,734 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2023, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$7,149,572.
- At the end of fiscal year 2023, unassigned fund balance on a modified cash basis for the General Fund was \$1,229 or 0.05% of General Fund revenues.

ABOUT THE CITY

The City of Elgin is an incorporated municipality with a population of approximately 3,656 located in Comanche County in southwestern Oklahoma. The City is a statutory aldermanic form of government. Under this form of government, the City is governed by the Mayor and a four-member City Council and operates under state law and City ordinances through the three branches of democratic government:

- Legislative – the City Council is a four-member governing body with a weak Mayor; all are elected by the citizens at large
- Executive – the Mayor is the Chief Executive Officer
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, and through its Public Works Authority and Economic Development Authority, certain utility services including water, wastewater, sanitation and economic development activities.

The City's Financial Reporting Entity

This annual report includes all activities for which the City of Elgin City Council is financially accountable. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

The City's financial reporting entity includes the following separate legal entities.

- **The City of Elgin** – an incorporated City that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City – *reported as part of the primary government*
- **The Elgin Public Works Authority (EPWA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, and sanitation services of the City, with the Mayor and City Council members serving as the trustees – *considered part of the primary government as a blended component unit for reporting purposes*
- **The Elgin Economic Development Authority (EEDA)** - public trust created pursuant to 60 O.S. § 176 that promotes general economic development within the City, with five members serving as the trustees, appointed by the Mayor and approved by the City Council which has authority to remove at will – *considered part of the primary government as a blended component unit for reporting purposes*

In addition, as required by state law, all debt obligations incurred by the trusts must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trusts within the City’s financial reporting entity. The public trusts do not issue separate annual financial statements.

Related Organization:

Although not included as part of the City of Elgin reporting entity, the City also is a participant in a joint venture with the towns of Apache, Cement, Cyril, Fletcher, Medicine Park, and Sterling. The joint venture is a public trust known as the Multiple Community Services Authority and is formed to conduct certain activities that are of mutual benefit to the participating towns. The City of Elgin has a 1/7 beneficial interest in the trust.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Elgin (the “City”), the Elgin Public Works Authority (the “EPWA”), and the Elgin Economic Development Authority (the “EEDA”). Included in this report are government-wide statements for each of the two categories of activities - governmental and business-type.

The government-wide financial statements present the financial picture of the City as a whole as applicable to the modified cash basis of accounting. They present governmental activities and business-type activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements report the City’s operations in more detail than the government-wide statements by providing information about the City’s most significant funds.

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions to ask about the City’s finances is, “Has the City’s overall financial condition improved, declined or remained steady as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. You will need to consider other non-financial factors, however, such as changes in the City’s sales tax base, the condition of the City’s roads, and quality of

service to assess the overall health of the City. You will also need to keep in mind that these government-wide statements are prepared in accordance with the modified cash basis of accounting and include only those City assets and liabilities resulting from cash transactions.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities: *Governmental activities* - Most of the City's basic services are reported here, including the police, fire, administration, and streets. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities; and *Business-type activities* - Activities where the City typically charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The City's water, sewer, sanitation and economic development activities are reported as business-type activities.

Reporting the City's Most Significant Funds - Fund Financial Statements

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant (major) funds -- not the City as a whole. Some funds are required to be established by State law and by debt covenants. However, the City Council may also establish certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City has two kinds of funds - *governmental and proprietary*.

Governmental funds - All of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on a modified cash basis of accounting. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following the governmental fund financial statements.

Proprietary funds - When the City, through the Public Works Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are also reported on the modified cash basis of accounting. The City's proprietary funds are the Elgin Public Works Authority that accounts for the operation of the water, sewer, and sanitation activities and the Elgin Economic Development Authority that accounts for the promotion of economic development.

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 28-41 of this report.

CITY OF ELGIN, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

Supplementary and Other Information

In addition to the basic financial statements and accompanying notes, this report also presents a Budgetary Comparison Schedule for the General Fund, combining and individual fund financial statements and schedules, a schedule of expenditures of federal and state awards and a debt service coverage requirement schedule.

THE CITY AS A WHOLE

For the year ended June 30, 2023, net position on a modified cash basis for the governmental and business-type activities increased \$4,193,043.

Following is a summary of net position reported on a modified cash basis for the City of Elgin.

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2023	2022		2023	2022		2023	2022	
Total assets	\$ 7,152	\$ 3,587	99%	\$ 2,235	\$ 1,622	38%	\$ 9,387	\$ 5,209	80%
Total liabilities	3	-	100%	23	40	-43%	26	40	-35%
Net position									
Restricted	5,795	1,362	325%	114	111	3%	5,909	1,473	301%
Unrestricted	1,354	2,225	-39%	2,098	1,471	43%	3,452	3,696	-7%
Total net position	\$ 7,149	\$ 3,587	99%	\$ 2,212	\$ 1,582	40%	\$ 9,361	\$ 5,169	81%

Governmental Activities:

Capital grants, contributions and debt proceeds increased approximately \$4.8 million or 3134% due to the issuance of the 2023 Sales Tax Revenue Note in the amount of \$4.9 million in the current year. This was partially offset by an increase in highway and street expenses due to a general increase in various operating and capital street expenses, as well as debt payments for a loan from BOK in the amount of \$300,000 and bond issuance costs relating to the issuance of the new revenue note of \$203,986.

Business-Type Activities:

Capital grants, contributions and debt proceeds decreased due to the significant draws on the clean water loan with Oklahoma Water Resource Board in the prior year. The decrease in miscellaneous revenue of approximately \$161,000 is due to the sale of fewer lots and land at the industrial park in the current year. Economic Development expense decreased about \$392,000 or 58% due to significant prior year costs associated with the installation of a concrete drainage ditch and land cleanup that were not replicated in the current year.

CITY OF ELGIN, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2023	2022		2023	2022		2023	2022	
Revenues									
Charges for service	\$ 103	\$ 101	2%	\$ 1,254	\$ 1,224	2%	\$ 1,357	\$ 1,325	2%
Operating grants and contributions	41	-	100%	-	-	-	41	-	100%
Capital grants, contributions and debt proceeds	4,915	152	3134%	740	981	-25%	5,655	1,133	399%
Taxes	2,489	2,506	-1%	166	156	6%	2,655	2,662	0%
Intergovernmental revenue	314	311	1%	-	-	-	314	311	1%
Investment income	23	4	475%	13	2	550%	36	6	500%
Miscellaneous	125	91	37%	628	789	-20%	753	880	-14%
Total revenues	8,010	3,165	153%	2,801	3,152	-11%	10,811	6,317	71%
Expenses									
General government	1,189	1,292	-8%	-	-	-	1,189	1,292	-8%
Public safety	786	678	16%	-	-	-	786	678	16%
Highways and streets	1,266	412	207%	-	-	-	1,266	412	207%
Culture and recreation	426	317	34%	-	-	-	426	317	34%
Interest on long-term debt	10	14	-29%	-	-	-	10	14	-29%
Water	-	-	-	962	749	28%	962	749	28%
Sewer	-	-	-	1,296	1,801	-28%	1,296	1,801	-28%
Sanitation	-	-	-	403	395	2%	403	395	2%
Economic development	-	-	-	280	672	-58%	280	672	-58%
Total expenses	3,677	2,713	36%	2,941	3,617	-19%	6,618	6,330	5%
Excess (deficiency) before transfers	4,333	452	859%	(140)	(465)	-70%	4,193	(13)	32354%
Transfers	(770)	(347)	122%	770	347	122%	-	-	
Change in net position	3,563	105	3293%	630	(118)	634%	4,193	(13)	32354%
Beginning net position	3,586	3,482	3%	1,582	1,700	-7%	5,168	5,182	0%
Ending net position	\$ 7,149	\$ 3,587	99%	\$ 2,212	\$ 1,582	40%	\$ 9,361	\$ 5,169	81%

See previous page for explanations of significant changes.

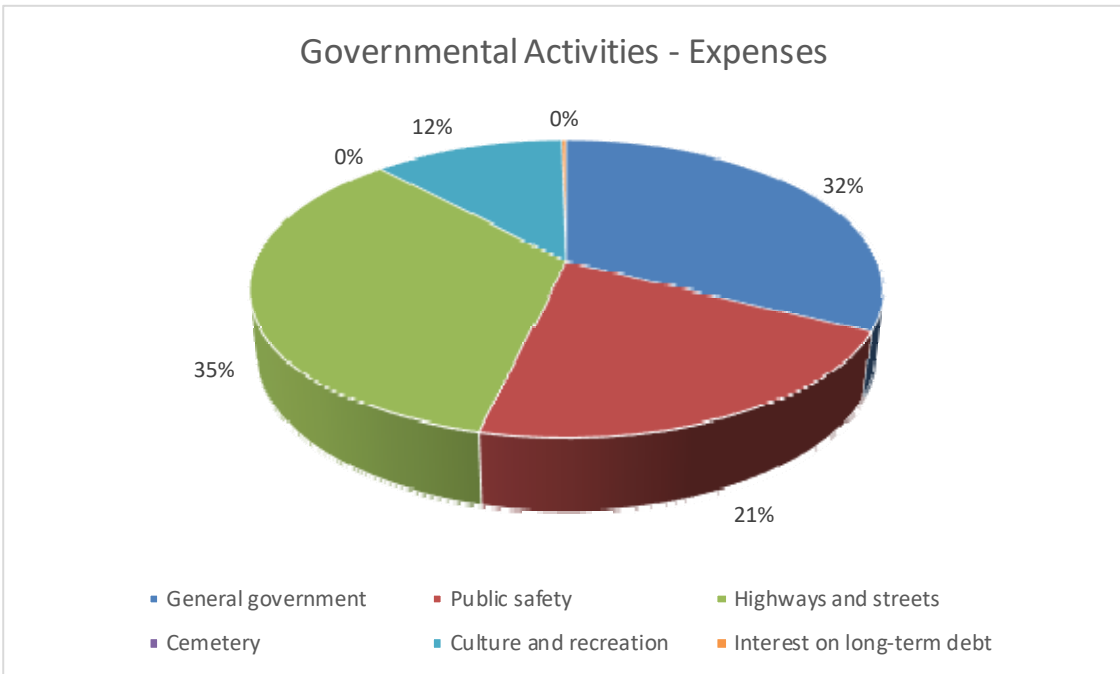
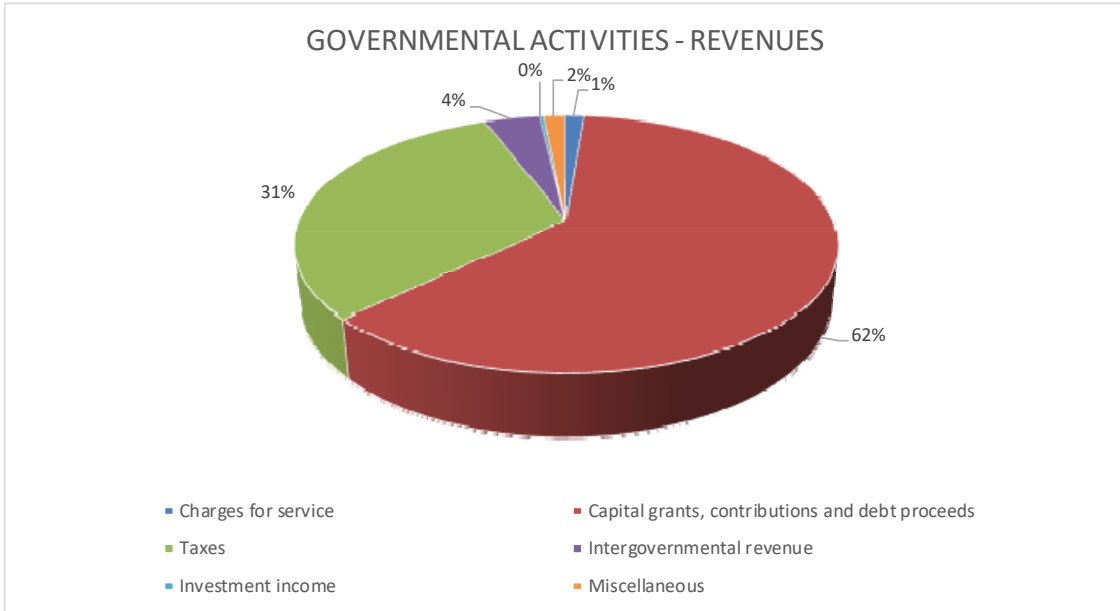
Governmental Activities

The City's governmental activities had an increase in net position of \$3,563,084 or 99%.

TABLE 3
Net Revenue (Expense) of Governmental Activities
(In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2023	2022		2023	2022	
General government	\$ 1,189	\$ 1,292	-8%	\$ (1,174)	\$ (1,176)	0%
Public safety	786	678	16%	(704)	(583)	21%
Highways and streets	1,266	412	207%	3,682	(378)	-1074%
Cemetery	-	-	-	6	1	500%
Culture and recreation	426	317	34%	(418)	(311)	34%
Interest on long-term debt	10	14	-29%	(10)	(14)	-29%
Total	\$ 3,677	\$ 2,713	36%	\$ 1,382	\$ (2,461)	-156%

CITY OF ELGIN, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023



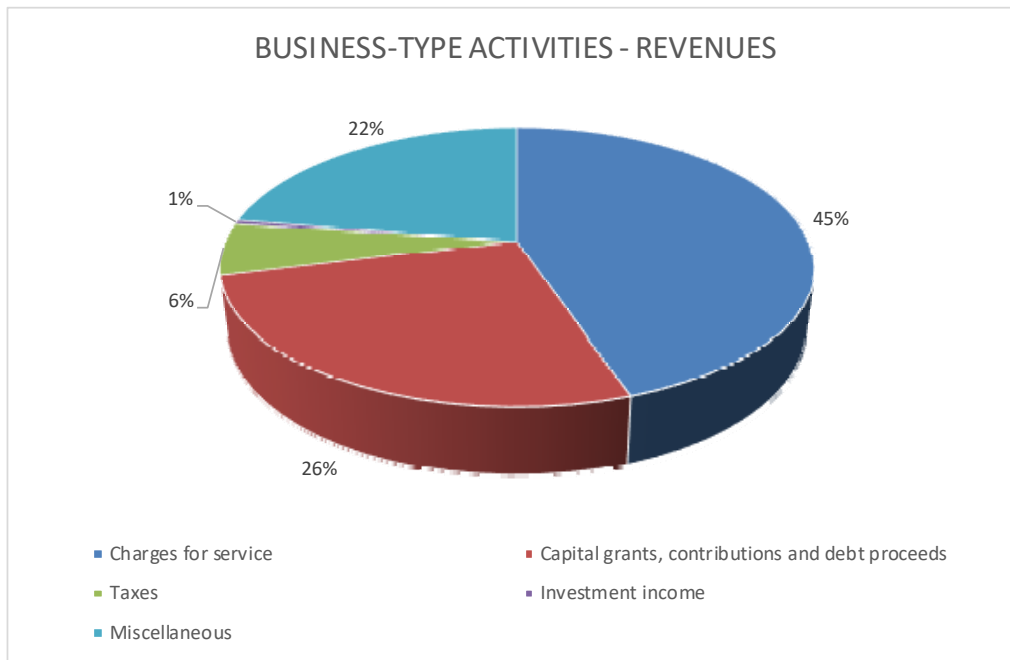
CITY OF ELGIN, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

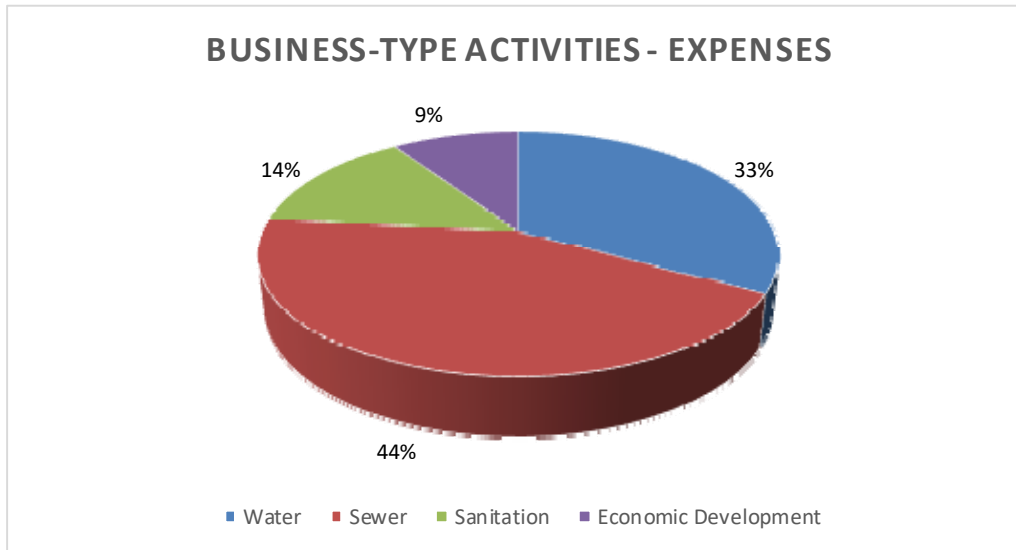
Business-Type Activities

The business-type activities had an increase in net position of \$629,959 or 40%.

TABLE 4
Net Revenue (Expense) of Business-Type Activities
(In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Water	\$ 962	\$ 749	28%	\$ (299)	\$ (109)	174%
Sewer	1,296	1,801	-28%	(393)	(651)	-40%
Sanitation	403	395	2%	20	17	18%
Economic Development	280	672	-58%	(276)	(668)	-59%
Total	<u>\$ 2,941</u>	<u>\$ 3,617</u>	-19%	<u>\$ (948)</u>	<u>\$ (1,411)</u>	-33%





A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2023 fiscal year, the governmental funds reported a combined fund balance of \$7,149,572.

Other fund highlights include:

- For the year ended June 30, 2023, the General Fund's total fund balance decreased by \$819,145.
- The Street and Alley Capital Improvement Fund reported an ending fund balance of \$5,018,657 which is an increase of \$4,393,844 from the prior year.

Budgetary Highlights

For the year ended June 30, 2023, the General Fund reported actual budgetary basis revenues under final estimates by \$1,444,247 or a 36.0% negative variance. General Fund actual expenditures were under final appropriations by \$1,257,208 or an 27.7% positive variance.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

The following information outlines significant known factors that will affect subsequent year finances:

- The City will be continuing construction of phase 3 of waste water system improvements.
- The City will continue with remodeling the Community Center in the upcoming year.
- The City also recently issued a new Sales Tax revenue note in the amount of \$4.9 million that will be used for street related construction expenditures.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at P.O. Box 310, Elgin, Oklahoma 73538 or telephone at 580-492-5777.

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES

CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Statement of Net Position (Modified Cash Basis) – June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,157,683	\$ 1,102,927	\$ 3,260,610
Restricted cash and equivalents	4,773,427	127,651	4,901,078
Investments	221,314	996,896	1,218,210
Restricted investments	-	8,000	8,000
Total assets	<u>7,152,424</u>	<u>2,235,474</u>	<u>9,387,898</u>
LIABILITIES			
Due to other governments	2,852	-	2,852
Due to depositors	-	23,391	23,391
Total liabilities	<u>2,852</u>	<u>23,391</u>	<u>26,243</u>
NET POSITION			
Restricted for:			
Debt Service	-	112,260	112,260
Cemetery	15,377	-	15,377
Streets	5,143,267	-	5,143,267
Parks	374,885	-	374,885
Police K-9	2,134	-	2,134
Insurance	1,361	1,361	2,722
Grant purposes	258,276	-	258,276
Unrestricted	1,354,272	2,098,462	3,452,734
Total net position	<u>\$ 7,149,572</u>	<u>\$ 2,212,083</u>	<u>\$ 9,361,655</u>

See accompanying notes to the basic financial statements.

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2023

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions and Debt Proceeds	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General Government	\$ 1,189,212	\$ 14,755	\$ -	\$ -	\$ (1,174,457)	\$ -	\$ (1,174,457)
Public Safety	785,924	81,811	-	-	(704,113)	-	(704,113)
Highways and Streets	1,265,872	-	33,297	4,915,000	3,682,425	-	3,682,425
Cemetery	-	6,050	-	-	6,050	-	6,050
Culture and Recreation	425,474	-	7,653	-	(417,821)	-	(417,821)
Interest on Long-Term Debt	9,900	-	-	-	(9,900)	-	(9,900)
Total governmental activities	<u>3,676,382</u>	<u>102,616</u>	<u>40,950</u>	<u>4,915,000</u>	<u>1,382,184</u>	<u>-</u>	<u>1,382,184</u>
Business-Type Activities:							
Water	962,059	663,369	-	-	-	(298,690)	(298,690)
Sewer	1,295,960	163,291	-	739,547	-	(393,122)	(393,122)
Sanitation	403,499	423,852	-	-	-	20,353	20,353
Economic Development	279,551	3,279	-	-	-	(276,272)	(276,272)
Total business-type activities	<u>2,941,069</u>	<u>1,253,791</u>	<u>-</u>	<u>739,547</u>	<u>-</u>	<u>(947,731)</u>	<u>(947,731)</u>
Total primary government	<u>\$ 6,617,451</u>	<u>\$ 1,356,407</u>	<u>\$ 40,950</u>	<u>\$ 5,654,547</u>	<u>1,382,184</u>	<u>(947,731)</u>	<u>434,453</u>
General revenues:							
Taxes:							
Sales and use taxes					2,414,073	166,339	2,580,412
Franchise taxes and public service taxes					75,012	-	75,012
Intergovernmental revenue not restricted to specific programs					313,714	-	313,714
Unrestricted investment earnings					22,984	12,891	35,875
Miscellaneous					125,258	628,319	753,577
Transfers					(770,141)	770,141	-
Total general revenues and transfers					<u>2,180,900</u>	<u>1,577,690</u>	<u>3,758,590</u>
Change in net position					<u>3,563,084</u>	<u>629,959</u>	<u>4,193,043</u>
Net position - beginning					<u>3,586,488</u>	<u>1,582,124</u>	<u>5,168,612</u>
Net position - ending					<u>\$ 7,149,572</u>	<u>\$ 2,212,083</u>	<u>\$ 9,361,655</u>

See accompanying notes to the basic financial statements.

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2023

	<u>General Fund</u>	<u>Parks and Recreation CIP Fund</u>	<u>Street and Alley CIP Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 1,407,581	\$ 374,885	\$ 5,018,657	\$ 129,987	\$ 6,931,110
Investments	211,314	-	-	10,000	221,314
Total assets	<u>\$ 1,618,895</u>	<u>374,885</u>	<u>5,018,657</u>	<u>\$ 139,987</u>	<u>\$ 7,152,424</u>
FUND BALANCES					
Liabilities:					
Due to other governments	\$ 2,852	-	-	-	\$ 2,852
Total liabilities	<u>2,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,852</u>
Fund balances:					
Restricted for:					
Streets	\$ -	\$ -	\$ 5,018,657	\$ 124,610	\$ 5,143,267
Cemetery	-	-	-	15,377	15,377
Parks	-	374,885	-	-	374,885
Insurance	1,361	-	-	-	1,361
Police K-9	2,134	-	-	-	2,134
Grant purposes	258,276	-	-	-	258,276
Assigned to:					
Cemetery	62,755	-	-	-	62,755
Library	11,349	-	-	-	11,349
Capital Improvements	911,439	-	-	-	911,439
Balance future years budget	367,500	-	-	-	367,500
Unassigned	1,229	-	-	-	1,229
Total fund balances	<u>1,616,043</u>	<u>374,885</u>	<u>5,018,657</u>	<u>139,987</u>	<u>7,149,572</u>
Total liabilities and fund balances	<u>\$ 1,618,895</u>	<u>\$ 374,885</u>	<u>\$ 5,018,657</u>	<u>\$ 139,987</u>	<u>\$ 7,152,424</u>

See accompanying notes to the basic financial statements.

CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances
(Modified Cash Basis) – Year Ended June 30, 2023

	General Fund	Parks and Recreation CIP Fund	Street and Alley CIP Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 2,017,591	\$ 121,182	\$ 363,545	\$ -	\$ 2,502,318
Intergovernmental	308,134	-	-	33,297	341,431
Charges for services	50,755	-	-	2,295	53,050
Fines and forfeitures	34,811	-	-	-	34,811
Licenses and permits	14,755	-	-	-	14,755
Investment income	3,475	-	19,509	-	22,984
Miscellaneous	50,328	-	-	350	50,678
Total revenues	<u>2,479,849</u>	<u>121,182</u>	<u>383,054</u>	<u>35,942</u>	<u>3,020,027</u>
EXPENDITURES					
Current:					
General government	324,709	-	-	-	324,709
Public safety	760,298	-	-	-	760,298
Highway and streets	200,979	-	203,986	85,608	490,573
Culture and recreation	475,667	-	-	-	475,667
Capital Outlay	739,685	100,251	462,721	12,578	1,315,235
Debt Service:					
Principal	-	-	300,000	-	300,000
Interest and other charges	-	-	9,900	-	9,900
Total expenditures	<u>2,501,338</u>	<u>100,251</u>	<u>976,607</u>	<u>98,186</u>	<u>3,676,382</u>
Excess (deficiency) of revenues over expenditures	<u>(21,489)</u>	<u>20,931</u>	<u>(593,553)</u>	<u>(62,244)</u>	<u>(656,355)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt	-	-	4,915,000	-	4,915,000
Proceeds from sale of capital assets	74,580	-	-	-	74,580
Transfers in	633,591	29,698	89,093	-	752,382
Transfers out	(1,505,827)	-	(16,696)	-	(1,522,523)
Total other financing sources and uses	<u>(797,656)</u>	<u>29,698</u>	<u>4,987,397</u>	<u>-</u>	<u>4,219,439</u>
Net change in fund balances	(819,145)	50,629	4,393,844	(62,244)	3,563,084
Fund balances - beginning	2,435,188	324,256	624,813	202,231	3,586,488
Fund balances - ending	<u>\$ 1,616,043</u>	<u>\$ 374,885</u>	<u>\$ 5,018,657</u>	<u>\$ 139,987</u>	<u>\$ 7,149,572</u>

See accompanying notes to the basic financial statements.

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Proprietary Funds Statement of Net Position (Modified Cash Basis) – June 30, 2023

	<u>Elgin Public Works Authority</u>	<u>Elgin Economic Development Authority</u>	<u>Total Proprietary Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 182,334	\$ 920,593	\$ 1,102,927
Investments	996,896	-	996,896
Restricted cash and cash equivalents	127,651	-	127,651
Restricted investments	8,000	-	8,000
Total current assets	<u>1,314,881</u>	<u>920,593</u>	<u>2,235,474</u>
Total assets	<u>1,314,881</u>	<u>920,593</u>	<u>2,235,474</u>
LIABILITIES			
Current liabilities:			
Deposits subject to refund	<u>23,391</u>	-	<u>23,391</u>
Total current liabilities	<u>23,391</u>	-	<u>23,391</u>
Total liabilities	<u>23,391</u>	-	<u>23,391</u>
NET POSITION			
Restricted for debt service	112,260	-	112,260
Restricted for insurance	1,361	-	1,361
Unrestricted	1,177,869	920,593	2,098,462
Total net position	<u>\$ 1,291,490</u>	<u>\$ 920,593</u>	<u>\$ 2,212,083</u>

See accompanying notes to the basic financial statements.

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

**Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position
(Modified Cash Basis) – Year Ended June 30, 2023**

	<u>Elgin Public Works Authority</u>	<u>Elgin Economic Development Authority</u>	<u>Total Proprietary Funds</u>
Operating Revenues:			
Water charges	\$ 644,366	\$ -	\$ 644,366
Sewer charges	158,613	-	158,613
TIF revenues	-	166,339	166,339
Sanitation charges	423,852	-	423,852
Penalty charges	15,041	-	15,041
Reconnect fee	8,640	-	8,640
Rentals	-	3,279	3,279
Total operating revenues	<u>1,250,512</u>	<u>169,618</u>	<u>1,420,130</u>
Operating Expenses:			
Administration	768,589	-	768,589
Sewer	919,055	-	919,055
Water	205,202	-	205,202
Sanitation	403,499	-	403,499
Economic development	-	279,551	279,551
Total operating expenses	<u>2,296,345</u>	<u>279,551</u>	<u>2,575,896</u>
Operating income (loss)	<u>(1,045,833)</u>	<u>(109,933)</u>	<u>(1,155,766)</u>
Non-Operating Revenues (Expenses):			
Investment income	12,891	-	12,891
Proceeds from sale of capital assets	-	614,044	614,044
Proceeds from debt	739,547	-	739,547
Debt Service:			
Principal retirement	(183,633)	-	(183,633)
Interest expense and fees	(106,755)	-	(106,755)
Miscellaneous revenue	1,207	13,068	14,275
Capital Outlay	(74,785)	-	(74,785)
Total non-operating revenue (expenses)	<u>388,472</u>	<u>627,112</u>	<u>1,015,584</u>
Income (loss) before transfers	<u>(657,361)</u>	<u>517,179</u>	<u>(140,182)</u>
Transfers in	800,214	-	800,214
Transfers out	(30,073)	-	(30,073)
Change in net position	<u>112,780</u>	<u>517,179</u>	<u>629,959</u>
Total net position - beginning	<u>1,178,710</u>	<u>403,414</u>	<u>1,582,124</u>
Total net position - ending	<u>\$ 1,291,490</u>	<u>\$ 920,593</u>	<u>\$ 2,212,083</u>

See accompanying notes to the basic financial statements.

CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Proprietary Funds Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2023

	Elgin Public Works Authority	Elgin Economic Development Authority	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,250,512	\$ 182,686	\$ 1,433,198
Payments to suppliers	(1,742,677)	(279,551)	(2,022,228)
Payments to employees	(553,668)	-	(553,668)
Receipts of customer meter deposits	14,655	-	14,655
Refunds of customer meter deposits	(31,018)	-	(31,018)
Miscellaneous revenue	1,207	-	1,207
Net cash provided by (used in) operating activities	(1,060,989)	(96,865)	(1,157,854)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	800,214	-	800,214
Transfers to other funds	(30,073)	-	(30,073)
Net cash provided by noncapital financing activities	770,141	-	770,141
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(74,785)	-	(74,785)
Proceeds from sale of capital assets	-	614,044	614,044
Proceeds from debt	739,547	-	739,547
Principal paid on debt	(183,633)	-	(183,633)
Interest and fiscal agent fees paid on debt	(106,755)	-	(106,755)
Net cash provided by capital and related financing activities	374,374	614,044	988,418
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(187,607)	-	(187,607)
Interest and dividends	12,891	-	12,891
Net cash provided by (used in) investing activities	(174,716)	-	(174,716)
Net increase (decrease) in cash and cash equivalents	(91,190)	517,179	425,989
Balances - beginning of year	401,175	403,414	804,589
Balances - end of year	\$ 309,985	\$ 920,593	\$ 1,230,578
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 182,334	\$ 920,593	\$ 1,102,927
Restricted cash and cash equivalents - current	127,651	-	127,651
Total cash and cash equivalents, end of year	\$ 309,985	\$ 920,593	\$ 1,230,578
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (1,045,833)	\$ (109,933)	\$ (1,155,766)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Miscellaneous revenue	1,207	13,068	14,275
Change in assets and liabilities:			
Deposits subject to refund	(16,363)	-	(16,363)
Net cash provided by (used in) operating activities	\$ (1,060,989)	\$ (96,865)	\$ (1,157,854)

See accompanying notes to the basic financial statements.

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

In determining the financial reporting entity, the City uses the provisions of Governmental Accounting Standards Board Statement No. 14, “*The Financial Reporting Entity*” as amended by GASB Statement No. 61, “*The Financial Reporting Entity: Omnibus*” that requires the primary government and all component units of which the primary government is financially accountable be included in the financial report. The City’s financial reporting entity includes three separate legal entities reported as the primary government.

- **The City of Elgin** – operates the public safety, streets, health and welfare, culture and recreation, and administrative activities of the City – reported as part of the primary government.
- **The Elgin Public Works Authority (EPWA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, and sanitation services of the City, with the City Council serving as the governing body of the trust – considered part of the primary government for reporting purposes as a blended component unit since the primary government can impose its will and both entities are managed by the same staff.
- **The Elgin Economic Development Authority (EEDA)** – public trust created pursuant to 60 O.S. § 176 to promote the general economic development of the City. The City of Elgin is the beneficiary of the trust and the City Council appoints by majority, the five trustees that serve as the governing body of the trust – considered part of the primary government for reporting purposes as a blended component unit since it provides services that almost entirely benefit the primary government and is managed by the same staff.

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, and, through its public trusts, certain utility services including water, wastewater, and sanitation, and economic development activities.

The component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authorities. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority-generated resources. In addition, the City has leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

The EPWA component unit has the City Council as their governing body (trustees) and the EEDA has trustees appointed by the majority of the City Council and the City is able to impose its will on the Authorities through required approval of all debt obligations issued by these entities.

As required by state law, all debt obligations incurred by the above trusts must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to demonstrate financial

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

accountability and to include the trust within the City's financial reporting entity. The public trusts do not issue separate annual financial statements.

The Elgin Fire Department currently operates and maintains a fleet of equipment, including ladder, engine, and rescue trucks, four brush trucks, a tanker truck, a light tower, an incident command trailer, a rehab trailer with air, hoses, and a generator, a dually pickup and a Ford F150 pickup, Chevy Tahoe and Ford Expedition SUVs, a Can Am and a T Boss.

Elgin Community Library was born in the 1980s in the then-vacant City Jail. It was then moved to a room in the Municipal Building. Then, finally, to a corner of City Hall. Unfortunately, a lack of visibility prevented many from realizing it existed. In fall 2011, the library was moved to an 1,100 square foot building west of City Hall. With new signage, large front windows and an active Facebook page, the library blossomed. Grants brought an automation system, new computers, and new children's books. By 2012, the library was recognized as a "legal" public library by the State of Oklahoma. Librarian certification opened the door to state and federal funding. By 2017, it was clear the city needed a bigger library to meet community needs. An empty 3,200 square foot building was purchased at a greatly reduced price and volunteers began remodeling and expanding the site. The new site opened Sept. 11, 2018, at 108 Thoma Drive. The new site provides a children's area with board and picture books, beginner readers and sensory play toys. The youth section offers chapter books through fifth-grade level and a vertical Lego wall. There are separate shelving sections for teens, adults, DVDs, and audiobooks. A casual seating area is available for patrons who want to sit and read or visit quietly with a friend. The library offers weekly story times, a teen group, a STEAM program, adult book club, movie club, proctors tests, copier, fax and scan services, and minimal computer assistance as needed. A charging station, disc cleaning and repair machine, six computers, hotspots, Chromebooks and Launchpads are also available. From the library website one can access a variety of services from Ancestry.com, Transparent Languages and the BrainFuse databases, and the OK Virtual Library/Libby. In 2021, the library had 19,906 visitors, offered 255 programs, circulated 22,662 items, and 2,047 patrons accessed public computers. ECL is a Library Excellence Award-winner — the first small municipal library to ever receive the award.

The Elgin Water System is supplied by Four (4) ground water wells located east of the City. The Wells yield a total of 350-400 GPM. The City is currently investigating options for expanding the water supply system. The Water System has two (2) water storage tanks: a 500,000 gallon elevated tank and a 225,000 gallon standpipe. Water is distributed through the City via approximately 189,700 LF (35.9 mi.) of water main pipes ranging in size from 2-inch to 12-inch diameter. The system operating pressures vary from 30 psi to 60 psi. The water system includes 170 fire hydrants throughout the contentious city.

The Elgin Sewer System consists of approximately 91,700 LF (17.4 mi.) of sewer main pipes ranging in size from 6-inch to 15-inch diameter and 259 manholes. In 2022, an OWRB loan, ARPA and City funds financed the rehabilitation of 38 manholes and other repairs within the sewer system. Approximately 40 manholes remain deteriorated and in need of rehabilitation or replacement. One major lift station pumps sewage to the City's drainage divide, from which sewage gravity flows through the remainder of the system to the Wastewater Treatment Facility (WWTF). The WWTF, located in the southeast part of the City, has a design capacity of 0.253 MGD. The City is currently working toward expanding the treatment capacity to 0.455 MGD to accommodate future growth.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position and statement of activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles.

These modifications include adjustments for the following balances arising from cash transactions:

- cash-based interfund receivables and payables
- assets that normally convert to cash or cash equivalents (certificates of deposit, marketable investments, and receivables resulting from cash)
- liabilities for cash (or cash equivalents) held on behalf of others, or held in escrow

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Program revenues within the statement of activities are derived directly from each activity or from parties outside the City's taxpayers. The City has the following program revenues in each activity:

- General government: License and permits
- Public safety: Fine revenue, fire runs
- Highways and streets: Gas excise and commercial vehicle taxes, and debt proceeds
- Cemetery: Lot sales and interments
- Culture and Recreation: Operating grants and contributions

Governmental Funds:

The City's governmental funds are comprised of the following:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds

Combined as accounts of the General Fund:

- Cemetery Account – accounts for revenues and expenditures of the cemetery
- Community Library Account – accounts for revenues and expenditures of the library

- Capital Improvement Fund – a capital project fund that accounts for capital improvement activities
- Street and Alley Capital Improvement Fund – accounts for dedicated sales tax for design, construction, reconstruction and improvements to streets, roads and sidewalks in the City as well as related drainage improvements for the use and benefit of the City and any public trust having the City as beneficiary thereof and/or for the payment of debt service in connection with obligations heretofore issued or to be issued to finance or refinance said capital expenditures and related costs.
- Park and Recreation CIP Fund– a capital project fund that accounts for dedicated sales tax for design, construction, reconstruction, and improvements of parks and recreation facilities, all for the use and benefit of the City and any public trust having the City as beneficiary thereof and/or for the payment of debt service in connection with obligations heretofore issued or to be issued to finance or refinance said capital expenditures and related costs.

Non-Major Funds (Reported as Other Governmental Funds):

- Street and Alley Fund – a capital project fund that accounts for state-shared gasoline excise and commercial vehicle taxes legally restricted for street and alley purposes
- Cemetery CIP Fund – a capital project fund that accounts for 12.5 percent of cemetery revenues restricted by State law for cemetery capital improvements

The governmental funds are reported on a modified cash basis of accounting. Only current financial assets and liabilities arising from cash transactions are generally included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

Proprietary Funds:

The City’s proprietary funds are comprised of the following:

- Elgin Public Works Authority (EPWA) – accounts for the operation of the water, wastewater, and sanitation activities
- Elgin Economic Development Authority (EEDA) – accounts for promoting the general economic development of the City

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

C. Cash, Cash Equivalents, and Investments

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit, any short-term investments with an original maturity of three months or less, and open-end government mutual funds. Investments consist of long-term certificates of deposits and a money market account with the trustee bank and are reported at cost.

D. Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due employees upon termination is reported as a commitment in Note 7.

E. Fund Balances and Net Position

Fund Balances:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.
- d. Assigned – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City’s policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City’s policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Position:

Net Position is displayed in two components:

- a. *Restricted Net Position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- b. *Unrestricted Net Position* - All remaining net position that does not meet the definition of “restricted”.

It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

F. Internal and Interfund Balances and Transfers

The City’s policy is to eliminate interfund transfers and balances in the statement of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances then offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements.

2. Deposits and Investments

For the year ended June 30, 2023, the City recognized \$35,875 of investment income. Most of the City’s deposits are in demand and short-term time deposits, and money market funds.

At June 30, 2023, the primary government held the following deposits and investments:

Type of Deposits and Investments	Credit Rating	Carrying Value
Deposits:		
Demand deposits		\$ 3,273,279
Deposit with Insurance pool		2,722
Time deposit		1,226,210
Investments:		
Money market fund	AAAm	4,885,687
Total deposits		<u>\$ 9,387,898</u>
Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 3,260,610
Restricted cash and cash equivalents		4,901,078
Investments		1,218,210
Restricted investments		8,000
		<u>\$ 9,387,898</u>

Custody Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The City is governed by the State Public Deposit Act which requires that the City obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by either a counterparty or a counterparty’s trust, department or agent, but not in the government’s name. As of June 30, 2023, the City was not exposed to custodial credit risk as defined above.

Investment Interest Rate Risk - the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk - The City has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investments in: (1) full faith and credit, direct obligations of the U. S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (4) county, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district; and government money market funds regulated by the SEC. These investment limitations do not apply to the City's public trusts.

Concentration of Investment Credit Risk - the City places no limit on the amount it may invest in any one issuer.

Restricted Cash and Investments – The amounts reported as restricted assets on the proprietary funds statement of net position are comprised of amounts restricted for utility deposits and debt service. Restricted assets for Governmental Activities are comprised of amounts held by a trustee bank for debt retirement and bond proceeds. The restricted assets as of June 30, 2023 are as follows:

Governmental Activities:	Cash and cash equivalents	Business-Type Activities and Proprietary Funds:	Cash and cash equivalents	Investments
2013 STRN Construction Acct BOK	\$ 1,213	Utility deposits	\$ 15,391	\$ 8,000
2013 STRN Princ Acct BOK	51	OWRB Trustee Debt Service Account	112,260	-
2013 STRN Int Acct BOK	3	Total	<u>\$ 127,651</u>	<u>\$ 8,000</u>
2023 BancFirst Construction Account	4,723,890			
2023 BancFirst Note Account	48,270			
Total	<u>\$ 4,773,427</u>			

3. Sales Tax Revenue

Sales tax revenue represents a 4 cent tax on each dollar of taxable sales of which 1 cent is required to be transferred to the EPWA for the OWRB loan (City Ordinance No. 49). 75% of 1 cent is to be recorded in the Street Capital Improvement Fund. 25% of one cent is to be recorded in the Parks and Recreation Capital Improvement Fund.

4. Schedule of Interfund Balances and Transfers

Transfers between funds and legal entities are comprised of the following:

Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	EPWA Operating	\$ 484,726	Sales tax transfer
General Fund	Capital Improvement Fund	484,727	Sales tax transfer
General Fund	EPWA Operating	118,791	Use tax transfer
General Fund	Capital Improvement Fund	118,792	Use tax transfer
General Fund	SAF CIF	89,093	Use tax transfer
General Fund	Park CIF	29,698	Use tax transfer
EPWA Operating	General Fund	30,073	Return of sales tax
General Fund	EPWA Operating	180,000	To purchase a certificate of deposit
SAF CIF	EPWA Operating	16,696	Debt service overpayment
Total		<u>\$ 1,552,596</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 752,382	\$ (1,522,523)	\$ (770,141)
Proprietary Funds	800,214	(30,073)	770,141
	<u>\$ 1,552,596</u>	<u>\$ (1,552,596)</u>	<u>-</u>

5. Risk Management

The City and its public trusts are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. These risks are managed by securing commercial insurance for all risks. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

6. Employee Retirement Plan Participation

The City of Elgin participates in two pension or retirement plans:

- Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement Fund (OMRF-DCP) – an agent multiple-employer defined contribution plan

OFPRS

The City of Elgin, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter’s Pension and Retirement System (OFPRS) as a result of the employment of volunteer firefighters. The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ fulltime or volunteer firefighters. For 2023, the City's annual required contribution was \$8,071 for the OFPRS plan and was equal to the City's actual contribution.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

OFPRS
4545 N. Lincoln Blvd., Suite 265
Oklahoma City, OK 73105-3414

OkMRF Defined Contribution Plan

The City provides a defined contribution plan and trust known as the City of Elgin Plan and Trust (the Plan”) in the form of the Oklahoma Municipal Retirement System Master Defined Contribution Plan. OMRF operations are supervised by a nine-member Council of Trustees elected by the participating municipalities. The Plan is administered by JP Morgan Chase of Oklahoma. The defined contribution plan is available to all full-time employees on a voluntary basis who are not already participating in another plan. The employee must contribute 2% of gross wages. The City, as employer, contributes an amount equal to 3% of the employee’s gross wages. 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 contribution requirements. The authority to establish and amend the provisions of the plan rests with the City Council. For the year ended June 30, 2023, the City contributed \$28,793 to the plan, while the employee contributions totaled \$27,222.

Schedule of Retirement Plan Contributions – OFPRS and OMRF

Oklahoma Firefighter's Pension and Retirement System			Oklahoma Municipal Retirement Fund		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2021	7,469	100%	2021	15,053	100%
2022	8,482	100%	2022	20,985	100%
2023	8,071	100%	2023	28,793	100%

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

7. Commitments and Contingencies

Long-term Debt Commitments:

Governmental Activities

At June 30, 2023, the governmental activities long-term payable from taxes and other general revenues include the following:

Notes Payable (Direct borrowings):

2023 Sales Tax Revenue Note, issued in May of 2023, original amount \$4,915,000, with an annual interest rate of 4.50% , due in semi-annual installments, final installment due September 2033. In the event default, the lender may: 1) file suit to require any or all of the borrower covenants be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint the temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit or equity to enjoin the action or inaction of the borrower under the provisions of this note indenture and sales tax agreement.

	\$ 4,915,000
Total Notes Payable	\$ 4,915,000
Current portion	270,000
Noncurrent portion	4,645,000
Total Notes Payable	\$ 4,915,000

Business-Type Activities

Notes Payable (Direct borrowings):

2012 OWRB DWSRF Promissory Note, issued in March 2013, original amount \$1,250,000, with an annual interest rate of 1.80% and an administration fee of 0.5%, due in semi-annual installments of \$9,109, final installment due September 2032. In the event default, the lender may: 1) file suit to require any or all of the borrower covenants be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint the temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

\$ 674,477

2019 OWRB CWSRF Promissory Note dated December 1, 2019, original amount \$2,400,000 due in semi-annual principal installments each March 15 and September 15 beginning March 15, 2020, final installment due September 15, 2050 with an administration fee of 0.5% and interest at 1.64% payable annually based on principal outstanding. In the event default, the lender may: 1) file suit to require any or all of the borrower covenants be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint the temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement. Remaining funds to be drawn at June 30, 2022 are \$343,959.

2,051,042

CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Notes Payable (Direct borrowings)- continued:

2011 OWRB CWSRF Promissory Note dated December 1, 2011, original amount \$3,060,000 due in semi-annual principal installments each March 15 and September 15 beginning September 15, 2013, final installment due September 15, 2032 with an administration fee of 0.5% and interest at 2.13% payable annually based on principal outstanding. In the event default, the lender may: 1) file suit to require any or all of the borrower covenants be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint the temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

1,224,559

2021 OWRB CWSRF Promissory Note dated October 1, 2021, original amount \$3,535,000 due in semi-annual principal installments each March 15 and September 15 beginning March 15, 2022, final installment due September 15, 2052 with an administration fee of 0.5% and interest at 1.38% payable annually based on principal outstanding. In the event default, the lender may: 1) file suit to require any or all of the borrower covenants be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint the temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement. Remaining funds to be drawn at June 30, 2022 are \$3,150,074.

1,117,473

	Total Notes Payable	\$ 5,067,551
	Current portion	246,909
	Noncurrent portion	4,820,642
	Total Notes Payable	\$ 5,067,551

Change in Long-term Debt Commitments

<u>Type of Debt</u>	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Governmental Activities:					
Note Payable (direct borrowings)	\$ 300,000	\$ 4,915,000	\$ 300,000	\$ 4,915,000	\$ 270,000
Total Governmental Activities	300,000	4,915,000	300,000	4,915,000	270,000
Business-Type Activities:					
Notes Payable (direct borrowings)	\$ 4,511,637	\$ 739,547	\$ 183,633	\$ 5,067,551	\$ 246,909
Total Business-Type Activities	4,511,637	739,547	183,633	5,067,551	246,909
Total Long-Term Debt	\$ 4,811,637	\$ 5,654,547	\$ 483,633	\$ 9,982,551	\$ 516,909

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Payment Requirements to Maturity

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Notes Payable		Notes Payable	
	(Direct borrowings)		(Direct borrowings)	
	Principal	Interest	Principal	Interest
2024	270,000	177,687	246,909	161,609
2025	402,000	204,547	252,933	155,452
2026	420,000	186,255	258,981	149,274
2027	439,000	167,152	266,178	142,945
2028	459,000	147,173	272,455	136,508
2029-2033	2,628,000	402,908	1,414,352	578,648
2034-2038	297,000	6,683	1,073,469	440,907
2039-2043	-	-	1,185,657	330,045
2044-2048	-	-	1,309,806	207,387
2049-2053	-	-	1,541,297	68,691
Totals	\$ 4,915,000	\$ 1,292,405	\$ 7,822,037	\$ 2,371,466
		Less amount to be drawn	(2,754,486)	
			\$ 5,067,551	

Pledge of Future Revenues:

Sales Tax and Net Revenues Pledge - The City has pledged one cent of future sales tax revenues and also net sewer utility revenues to repay \$5,460,000 of the two 2011 and 2019 CWSRF OWRB Promissory Notes Payable. Proceeds from these notes provided financing for improvements to the wastewater system in the City of Elgin. The notes are payable from pledged sales tax and net utility revenues and are payable through September 2032 and 2050. The pledged sales tax revenues and net sewer utility revenues were \$460,271. Debt service payments of \$194,320 for the current fiscal year were 42.2% of the pledged sales tax and net utility revenues.

Sales Tax and Net Revenues Pledge - The City has pledged one cent of future sales tax revenues and also net water and sewer utility revenues to repay \$1,250,000 of the 2012 OWRB DWSRF Promissory Note Payable and also \$3,535,000 of the 2021 OWRB CWSRF Promissory Note Payable. Proceeds from the DWSRF note provided refinancing of the 2011 USDA Promissory Note for improvements to the water system in the City of Elgin. Proceeds from the CWSRF note provided financing for improvements to the wastewater system. The notes are payable from pledged sales tax and net utility revenues and is payable through September 2032 and 2052. The pledged sales tax revenues were \$484,726 and the net sewer and water utility revenues were \$414,709. Debt service payments of \$96,068 for the current fiscal year were 10.7% of the pledged sales tax and net sewer and water revenues of \$899,435.

Sales & Use Tax Pledge - The City has pledged two of its four cents of future sales tax revenue and also all of its future Use Tax Revenue to repay the \$4,915,000 of the 2023 Sales Tax Revenue Note Payable. Proceeds from the note provided financing for street improvements for the City of Elgin. The note is payable from pledged sales and use tax revenues and is payable through September 2033. The pledged sales and use tax revenues were \$1,444,620. There were no debt service payments in the current fiscal year.

Conduit Debt Obligations of EEDA:

Original Debt	Project	Remaining Principal
Elgin Economic Development Authority		
\$3,350,000	(1) BAE Systems Land & Armaments L.P. Tax Increment Revenue Note Series 2008	\$ 836,781
	Total EEDA Conduit Debt	\$ 836,781

(1) BAE Systems Land & Armaments L.P.

The Tax Increment Revenue Bonds were issued to partially fund the construction of the Fort Sill Industrial Park. The bonds were purchased by a subsidiary of BAE Systems Land & Armaments L.P. and are secured by incremental ad valorem taxes on the industrial park. The only commitment the Elgin Economic Development Authority has is remittance to the trustee bank of these incremental taxes received from the county. If the incremental taxes are insufficient to service the debt, the EEDA has no further liability.

Compensated Absences:

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and compensatory time leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2023 is \$57,067.

Litigation:

The City and its public trusts are parties to various legal proceedings or have threatened litigation which normally occurs in the course of municipal governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State Constitution and statutes provide for the levy of an ad valorem tax over a three-year period by a Sinking Fund for the payment of any court assessed judgment rendered against the City. (This provision is not available to public trusts.) While the outcome of the above noted proceedings or threatened litigation cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Federal and State Award Programs:

The City of Elgin participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

8. Capital Assets Pledged for Debt

At June 30, 2023 the roll forward schedule to report infrastructure assets pledged to Oklahoma Water Resource Board Series 2011, 2012, 2019, and 2021 with related accumulated depreciation is as follows:

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

<u>DEPARTMENT</u>	<u>BALANCE JUNE 30, 2022</u>	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>BALANCE JUNE 30, 2023</u>
EPWA:				
Utility Property Improvements				
Water	\$ 3,858,240	\$ 11,100	\$ -	\$ 3,869,340
Sewer	7,988,179	-	-	7,988,179
Subtotal	<u>11,846,419</u>	<u>11,100</u>	<u>-</u>	<u>11,857,519</u>
Total Property, Plant, Equip.	11,846,419	11,100	-	11,857,519
Accumulated Depreciation				
Utility Property Improvements				
Water	1,493,498	101,649	-	1,595,147
Sewer	<u>1,653,280</u>	<u>198,906</u>	<u>-</u>	<u>1,852,186</u>
	<u>3,146,778</u>	<u>300,555</u>	<u>-</u>	<u>3,447,333</u>
Net Property, Plant, Equip.	<u>\$ 8,699,641</u>	<u>\$ (289,455)</u>	<u>\$ -</u>	<u>\$ 8,410,186</u>

9. Subsequent Events

The Elgin Public Works Authority approved an agreement with Utility Technology Service for the purchase of Advanced Metering Infrastructure in the amount of \$522,340.

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

SUPPLEMENTARY AND OTHER INFORMATION

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Budgetary Comparison Schedule (Modified Cash Basis) – General Fund – Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 530,941	\$ 515,184	\$ 1,332,723	\$ 817,539
Resources (Inflows):				
Taxes	2,465,000	2,471,000	2,017,591	(453,409)
Intergovernmental	298,964	301,000	300,481	(519)
Charges for services	48,000	49,400	49,201	(199)
Fines and forfeitures	47,500	32,500	34,811	2,311
Licenses and permits	6,000	12,000	14,755	2,755
Investment income	600	2,500	2,976	476
Miscellaneous	39,500	277,000	122,265	(154,735)
Loan proceeds	500,750	740,000	-	(740,000)
Transfers in	120,290	131,000	30,073	(100,927)
Total Resources (Inflows)	3,526,604	4,016,400	2,572,153	(1,444,247)
Amounts available for appropriation	4,057,545	4,531,584	3,904,876	(626,708)
Charges to Appropriations (Outflows):				
Police	445,900	466,900	462,822	4,078
Fire	213,300	244,350	241,468	2,882
Animal control	86,955	82,455	81,634	821
Parks	691,490	569,258	385,477	183,781
General government	262,880	324,709	324,709	-
Streets	113,550	203,650	200,979	2,671
Transfers out	2,243,470	2,640,262	1,577,287	1,062,975
Total Charges to Appropriations	4,057,545	4,531,584	3,274,376	1,257,208
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 630,500	\$ 630,500
Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance:				
Cemetery Account			62,755	
Community Library Account			11,349	
Capital Improvement Account			911,439	
Total General Fund Balance			\$ 1,616,043	

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedule is reported on the same modified cash basis as governmental funds within the basic financial statements. See page 45 General Fund combining accounts for actual comparison.
2. The legal level of appropriation control is the department level within a fund. All appropriations require City Council's approval.

CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Balance Sheet – Nonmajor Governmental Funds (Modified Cash Basis) – City of Elgin – June 30, 2023

	CAPITAL PROJECT FUNDS		
	Street and Alley Fund	Cemetery CIP Fund	Total - Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 119,610	\$ 10,377	\$ 129,987
Investments	5,000	5,000	10,000
Total assets	<u>\$ 124,610</u>	<u>\$ 15,377</u>	<u>\$ 139,987</u>
FUND BALANCES			
Fund balances:			
Restricted for:			
Streets	\$ 124,610	-	\$ 124,610
Cemetery	-	15,377	15,377
Total fund balances	<u>124,610</u>	<u>15,377</u>	<u>139,987</u>
Total fund balances	<u>\$ 124,610</u>	<u>\$ 15,377</u>	<u>\$ 139,987</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds (Modified Cash Basis) - City of Elgin - Year Ended June 30, 2023

	CAPITAL PROJECT FUNDS		
	Street and Alley Fund	Cemetery CIP Fund	Total-Other Governmental Funds
REVENUES			
Intergovernmental	\$ 33,297	-	\$ 33,297
Charges for services	-	2,295	2,295
Miscellaneous	-	350	350
Total revenues	<u>33,297</u>	<u>2,645</u>	<u>35,942</u>
EXPENDITURES			
Current:			
Highways and streets	85,608	-	85,608
Capital Outlay	12,578	-	12,578
Total expenditures	<u>98,186</u>	<u>-</u>	<u>98,186</u>
Excess (deficiency) of revenues over expenditures	<u>(64,889)</u>	<u>2,645</u>	<u>(62,244)</u>
Net change in fund balances	(64,889)	2,645	(62,244)
Fund balances - beginning	189,499	12,732	202,231
Fund balances - ending	<u>\$ 124,610</u>	<u>\$ 15,377</u>	<u>\$ 139,987</u>

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Combining Balance Sheet – General Fund Accounts (Modified Cash Basis) - June 30, 2023

	GENERAL FUND				Total General Fund
	General Fund	Cemetery Account	Community Library Account	Capital Improvement Account	
ASSETS					
Cash and cash equivalents	\$ 567,352	\$ 17,441	\$ 11,349	\$ 811,439	\$ 1,407,581
Investments	66,000	45,314	-	100,000	211,314
Total assets	<u>633,352</u>	<u>62,755</u>	<u>11,349</u>	<u>911,439</u>	<u>1,618,895</u>
FUND BALANCES					
Liabilities:					
Payable to other governments	2,852	-	-	-	2,852
Total liabilities	<u>2,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,852</u>
Fund balances:					
Restricted for:					
Insurance	1,361	-	-	-	1,361
Police K-9	2,134	-	-	-	2,134
Grant purposes	258,276	-	-	-	258,276
Assigned to:					
Cemetery	-	62,755	-	-	62,755
Library	-	-	11,349	-	11,349
Capital Improvements	-	-	-	911,439	911,439
Balance future years budget	367,500	-	-	-	367,500
Unassigned	1,229	-	-	-	1,229
Total fund balances	<u>630,500</u>	<u>62,755</u>	<u>11,349</u>	<u>911,439</u>	<u>1,616,043</u>
Total liabilities and fund balances	<u>\$ 633,352</u>	<u>\$ 62,755</u>	<u>\$ 11,349</u>	<u>\$ 911,439</u>	<u>\$ 1,618,895</u>

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts (Modified Cash Basis) – Year Ended June 30, 2023

	General Fund	Cemetery Account	Community Library Account	Capital Improvement Account	Total General Fund
REVENUES					
Taxes	\$ 2,017,591	\$ -	\$ -	\$ -	\$ 2,017,591
Intergovernmental	300,481	-	7,653	-	308,134
Charges for services	49,201	1,554	-	-	50,755
Fines and foreitures	34,811	-	-	-	34,811
Licenses and permits	14,755	-	-	-	14,755
Investment earnings	2,976	199	-	300	3,475
Miscellaneous	47,685	-	2,643	-	50,328
Total revenues	<u>2,467,500</u>	<u>1,753</u>	<u>10,296</u>	<u>300</u>	<u>2,479,849</u>
EXPENDITURES					
Current:					
General government	324,709	-	-	-	324,709
Public Safety	760,298	-	-	-	760,298
Highways and streets	200,979	-	-	-	200,979
Culture and recreation	385,477	-	90,190	-	475,667
Capital Outlay	25,626	-	-	714,059	739,685
Total expenditures	<u>1,697,089</u>	<u>-</u>	<u>90,190</u>	<u>714,059</u>	<u>2,501,338</u>
Excess (deficiency) of revenues over expenditures	<u>770,411</u>	<u>1,753</u>	<u>(79,894)</u>	<u>(713,759)</u>	<u>(21,489)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	74,580	-	-	-	74,580
Intra-account transfer in	-	-	71,460	-	71,460
Intra-account transfer out	(71,460)	-	-	-	(71,460)
Transfers in	30,073	-	-	603,518	633,591
Transfers out	(1,505,827)	-	-	-	(1,505,827)
Total other financing sources and uses	<u>(1,472,634)</u>	<u>-</u>	<u>71,460</u>	<u>603,518</u>	<u>(797,656)</u>
Net change in fund balances	(702,223)	1,753	(8,434)	(110,241)	(819,145)
Fund balances - beginning	1,332,723	61,002	19,783	1,021,680	2,435,188
Fund balances - ending	<u>\$ 630,500</u>	<u>\$ 62,755</u>	<u>\$ 11,349</u>	<u>\$ 911,439</u>	<u>\$ 1,616,043</u>

CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

EPWA Fund Combining Schedule of Net Position (Modified Cash Basis) – EPWA Accounts – June 30, 2023

	Elgin Public Works Authority Accounts			Total
	EPWA Operating	PWA Bond Account	Meter Deposit Account	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 132,310	\$ 49,949	\$ 75	\$ 182,334
Investments	796,896	200,000	-	996,896
Restricted:				
Restricted cash and cash equivalents	112,260	-	15,391	127,651
Restricted investments	-	-	8,000	8,000
Total current assets	<u>1,041,466</u>	<u>249,949</u>	<u>23,466</u>	<u>1,314,881</u>
Total assets	<u>1,041,466</u>	<u>249,949</u>	<u>23,466</u>	<u>1,314,881</u>
LIABILITIES				
Current liabilities:				
Deposits subject to refund	-	-	23,391	23,391
Total liabilities	<u>-</u>	<u>-</u>	<u>23,391</u>	<u>23,391</u>
NET POSITION				
Restricted for debt service	112,260	-	-	112,260
Restricted for insurance	1,361	-	-	1,361
Unrestricted	927,845	249,949	75	1,177,869
Total net position	<u>\$ 1,041,466</u>	<u>\$ 249,949</u>	<u>\$ 75</u>	<u>\$ 1,291,490</u>

EPWA Fund Combining Schedule of Revenues, Expenses and Changes in Net Position (Modified Cash Basis) - EPWA Accounts - Year Ended June 30, 2023

	Elgin Public Works Authority Accounts			Total
	EPWA Operating	PWA Bond Account	Meter Deposit Account	
Operating Revenues:				
Water charges	\$ 644,366	\$ -	\$ -	\$ 644,366
Sewer charges	155,113	3,500	-	158,613
Sanitation charges	423,852	-	-	423,852
Penalty charges	15,041	-	-	15,041
Reconnect fee	8,640	-	-	8,640
Total operating revenues	<u>1,247,012</u>	<u>3,500</u>	<u>-</u>	<u>1,250,512</u>
OPERATING EXPENSES				
Administration	768,589	-	-	768,589
Sewer	919,055	-	-	919,055
Water	205,202	-	-	205,202
Sanitation	403,499	-	-	403,499
Total operating expenses	<u>2,296,345</u>	<u>-</u>	<u>-</u>	<u>2,296,345</u>
Operating income (loss)	<u>(1,049,333)</u>	<u>3,500</u>	<u>-</u>	<u>(1,045,833)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	11,119	1,772	-	12,891
Proceeds from debt	739,547	-	-	739,547
Miscellaneous revenue	1,207	-	-	1,207
Debt Service:				
Principal Retirement	(183,633)	-	-	(183,633)
Interest expense and fees	(106,755)	-	-	(106,755)
Capital Outlay	(74,785)	-	-	(74,785)
Total non-operating revenue (expenses)	<u>386,700</u>	<u>1,772</u>	<u>-</u>	<u>388,472</u>
Income (loss) before transfers	<u>(662,633)</u>	<u>5,272</u>	<u>-</u>	<u>(657,361)</u>
Transfers in				
Transfers out	800,214	-	-	800,214
	(30,073)	-	-	(30,073)
Change in net position	<u>107,508</u>	<u>5,272</u>	<u>-</u>	<u>112,780</u>
Total net position - beginning	<u>933,958</u>	<u>244,677</u>	<u>75</u>	<u>1,178,710</u>
Total net position - ending	<u>\$ 1,041,466</u>	<u>\$ 249,949</u>	<u>\$ 75</u>	<u>\$ 1,291,490</u>

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Schedule of Expenditures of Federal and State Awards

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Federal/State Grantor/Pass through agency Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
FEDERAL AWARDS:				
<u>U.S. DEPARTMENT OF TREASURY:</u>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19 State and Local Fiscal Recovery Funds (ARPA)	\$ 558,563	\$ 150,444
TOTAL FEDERAL ASSISTANCE			\$ 558,563	\$ 150,444

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Federal/State Grantor/Pass through agency Grantor/Program Title</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
STATE AWARDS:			
<u>OKLAHOMA DEPARTMENT OF LIBRARIES</u>			
State Aid	N/A	\$ 2,653	\$ 2,653
TOTAL STATE ASSISTANCE		\$ 2,653	\$ 2,653

CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Schedule of Debt Service Coverage

	OWRB 2011 CWSRF NOTE	OWRB 2013 DWSRF NOTE	OWRB 2019 CWSRF NOTE	OWRB 2021 CWSRF NOTE
Gross Revenue Available for Debt Service:				
Operating revenues (sewer)	\$ 158,613	\$ -	\$ 158,613	\$ -
Operating revenues (water and sewer)	-	802,979	-	802,979
Transfer in - sales tax	484,726	484,726	484,726	484,726
Total Gross Revenues Available	643,339	1,287,705	643,339	1,287,705
Public Works Authority operating expenses (sewer)	183,068	-	183,068	-
Public Works Authority operating expenses (water and sewer)	-	388,270	-	388,270
Net Revenues Available for Debt Service	\$ 460,271	\$ 899,435	\$ 460,271	\$ 899,435
Debt Service Requirements:				
Maximum annual debt service - OWRB	\$ 146,794	\$ 79,575	\$ 108,822	\$ 354,225
Total Debt Service Requirements	\$ 146,794	\$ 79,575	\$ 196,174	\$ 354,225
Coverage	3.14	11.30	2.35	2.54
Coverage Requirement	1.25	1.25	1.25	1.25

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

INTERNAL CONTROL AND COMPLIANCE INFORMATION

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**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***

The Board of Directors
City of Elgin
Elgin, 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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Elgin, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Elgin, Oklahoma's basic financial statements, and have issued our report thereon dated November 28, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Elgin, Oklahoma's internal control over financial reporting (internal control) to determine the 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 City of Elgin, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Elgin, Oklahoma'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 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weakness or significant deficiencies. 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 may exist that have not been identified.

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The Board of Directors
City of Elgin
Elgin, Oklahoma
Page 2 of 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Elgin, Oklahoma 's financial statements are free of 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 determination of financial statement amounts. 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. 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.

Hood & Associates, CPAs, P.C.

Hood & Associates, CPAs, P.C.
Tulsa, Oklahoma
November 28, 2023