

City of ELGIN | OK



ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**THE CITY OF ELGIN,
OKLAHOMA**

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

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024**

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ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

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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, 2024, 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, 2024, 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.

<http://AUDIT.HOODCPAS.COM>

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 February 18, 2025, 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 16 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, PC

Tulsa, Oklahoma
February 18, 2025

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Management's Discussion and Analysis
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MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF ELGIN, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2024

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, 2024. 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 \$135,138 and the assets of the City exceed its liabilities at June 30, 2024, by \$9,496,793 (net position). Of this amount, \$4,099,964 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2024, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$7,002,255.
- At the end of fiscal year 2024, unassigned fund balance on a modified cash basis for the General Fund was \$420,106 or 25% 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.

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- **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

CITY OF ELGIN, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2024

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 28-42 of this report.

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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 and a debt service coverage requirement schedule.

THE CITY AS A WHOLE

For the year ended June 30, 2024, net position on a modified cash basis for the governmental and business-type activities increased \$135,138.

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.)
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
Total assets	\$ 7,002	\$ 7,152	-2%	\$ 2,519	\$ 2,235	13%	\$ 9,521	\$ 9,387	1%
Total liabilities	-	3	-100%	24	23	4%	24	26	-8%
Net position									
Restricted	5,444	5,795	-6%	119	114	4%	5,563	5,909	-6%
Unrestricted	1,558	1,354	15%	2,376	2,098	13%	3,934	3,452	14%
Total net position	<u>\$ 7,002</u>	<u>\$ 7,149</u>	<u>-2%</u>	<u>\$ 2,495</u>	<u>\$ 2,212</u>	<u>13%</u>	<u>\$ 9,497</u>	<u>\$ 9,361</u>	<u>1%</u>

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
Revenues									
Charges for service	\$ 135	\$ 103	31%	\$ 2,141	\$ 1,254	71%	\$ 2,276	\$ 1,357	68%
Operating grants and contributions	70	41	71%	-	-	-	70	41	71%
Capital grants, contributions and debt proceeds	-	4,915	-100%	-	740	-100%	-	5,655	-100%
Taxes	2,780	2,489	12%	188	166	13%	2,968	2,655	12%
Intergovernmental revenue	513	314	63%	-	-	-	513	314	63%
Investment income	240	23	943%	53	13	308%	293	36	714%
Miscellaneous	609	125	387%	26	628	-96%	635	753	-16%
Total revenues	<u>4,347</u>	<u>8,010</u>	<u>-46%</u>	<u>2,408</u>	<u>2,801</u>	<u>-14%</u>	<u>6,755</u>	<u>10,811</u>	<u>-38%</u>
Expenses									
General government	1,080	1,189	-9%	-	-	-	1,080	1,189	-9%
Public safety	1,265	786	61%	-	-	-	1,265	786	61%
Highways and streets	1,132	1,266	-11%	-	-	-	1,132	1,266	-11%
Culture and recreation	464	426	9%	-	-	-	464	426	9%
Interest on long-term debt	180	10	1700%	-	-	-	180	10	1700%
Water	-	-	-	1,272	962	32%	1,272	962	32%
Sewer	-	-	-	617	1,296	-52%	617	1,296	-52%
Sanitation	-	-	-	420	403	4%	420	403	4%
Economic development	-	-	-	189	280	-33%	189	280	-33%
Total expenses	<u>4,121</u>	<u>3,677</u>	<u>12%</u>	<u>2,498</u>	<u>2,941</u>	<u>-15%</u>	<u>6,619</u>	<u>6,618</u>	<u>0%</u>
Excess (deficiency) before transfers	226	4,333	-95%	(90)	(140)	-36%	136	4,193	97%
Transfers	(373)	(770)	-52%	373	770	-52%	-	-	
Change in net position	<u>(147)</u>	<u>3,563</u>	<u>-104%</u>	<u>283</u>	<u>630</u>	<u>55%</u>	<u>136</u>	<u>4,193</u>	<u>97%</u>
Beginning net position	<u>7,149</u>	<u>3,586</u>	<u>99%</u>	<u>2,212</u>	<u>1,582</u>	<u>40%</u>	<u>9,361</u>	<u>5,168</u>	<u>81%</u>
Ending net position	<u>\$ 7,002</u>	<u>\$ 7,149</u>	<u>-2%</u>	<u>\$ 2,495</u>	<u>\$ 2,212</u>	<u>13%</u>	<u>\$ 9,497</u>	<u>\$ 9,361</u>	<u>1%</u>

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Governmental Activities:

Capital grants, contributions and debt proceeds decreased approximately \$4.9 million or negative 100% due to the issuance of the 2023 Sales Tax Revenue note of \$4.9 million in the prior year. Investment income increased approximately \$217,000 due to a higher return on investments in the current year. Public Safety expenses increased approximately \$479,000 or 60.9% from prior year due to the purchase of a new fire truck.

Business-Type Activities:

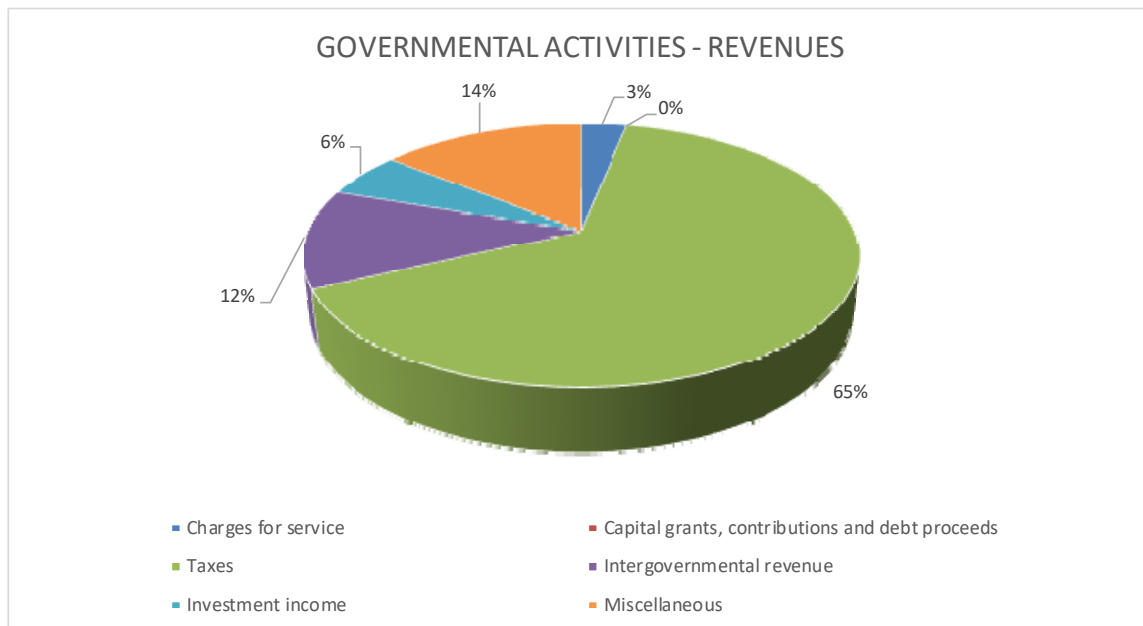
Sewer expense decreased by \$678,586 or negative 52.3% from prior year due to increased wastewater system improvements in FY23. The decrease in miscellaneous revenue of \$602,204 is due to proceeds from the sale of land at the industrial park that were in the prior year.

Governmental Activities

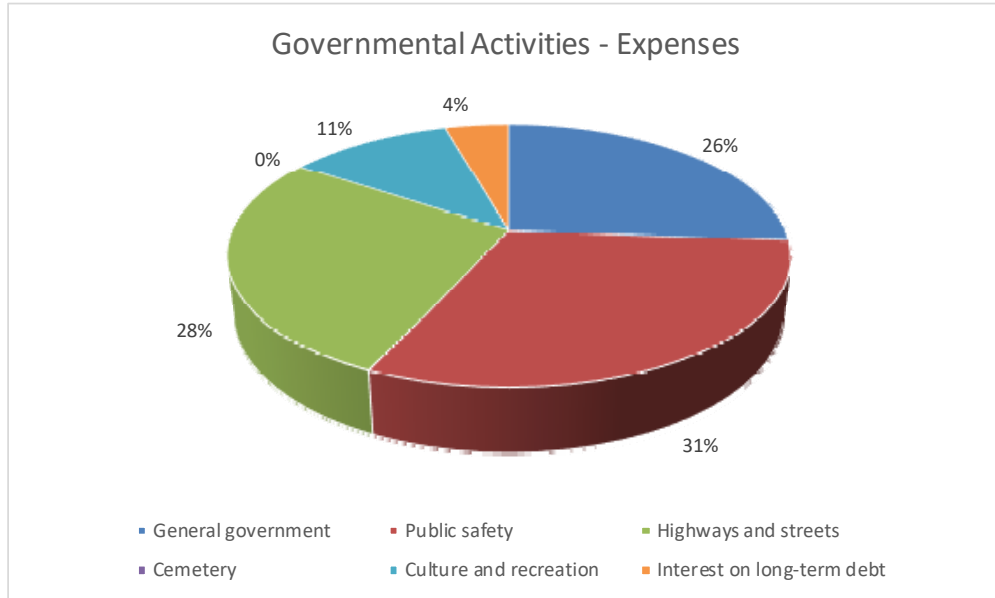
The City's governmental activities had a decrease in net position of \$147,317.

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
General government	\$ 1,080	\$ 1,189	-9%	\$ (1,070)	\$ (1,174)	-9%
Public safety	1,265	786	61%	(1,134)	(704)	61%
Highways and streets	1,132	1,266	-11%	(1,074)	3,682	-129%
Cemetery	-	-	-	4	6	-33%
Culture and recreation	464	426	9%	(462)	(418)	11%
Interest on long-term debt	180	10	1700%	(180)	(10)	1700%
Total	<u>\$ 4,121</u>	<u>\$ 3,677</u>	12%	<u>\$ (3,916)</u>	<u>\$ 1,382</u>	-383%



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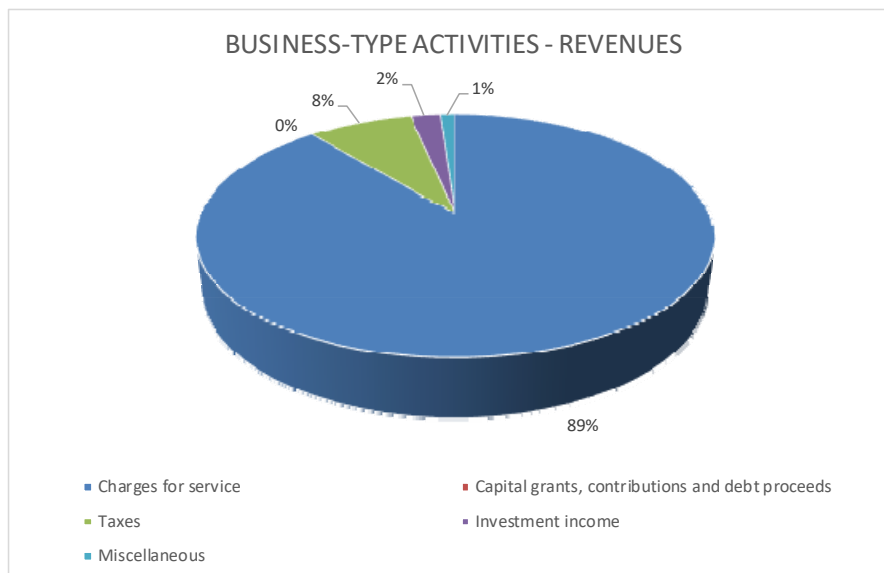


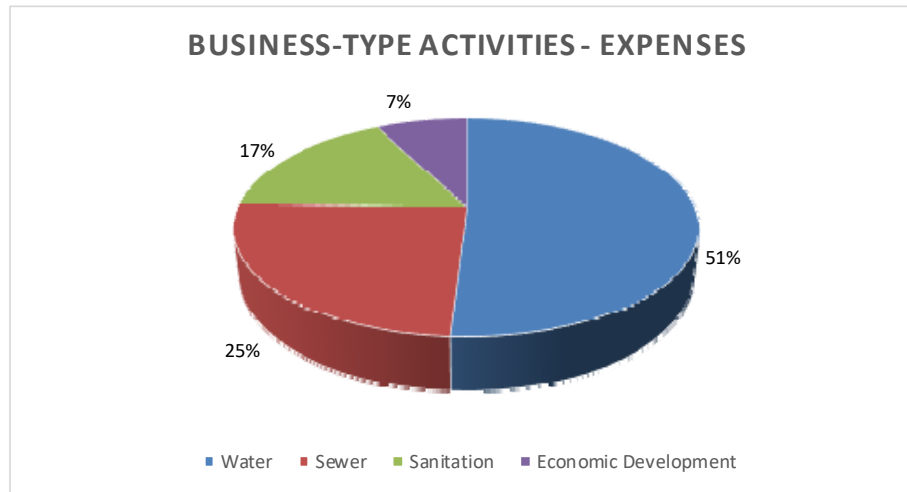
Business-Type Activities

The business-type activities had an increase in net position of \$282,455 or 13%.

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2024	2023		2024	2023	
Water	\$ 1,272	\$ 962	32%	\$ (597)	\$ (299)	100%
Sewer	617	1,296	-52%	(442)	(393)	12%
Sanitation	420	403	4%	20	20	0%
Economic Development	189	280	-33%	662	(276)	-340%
Total	\$ 2,498	\$ 2,941	-15%	\$ (357)	\$ (948)	-62%





A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2024 fiscal year, the governmental funds reported a combined fund balance of \$7,002,255.

Other fund highlights include:

- For the year ended June 30, 2024, the EEDA Fund's total fund balance increased by \$891,534.
- The General Fund had total revenues of \$3,171,225, which is a \$691,376 increase from prior year.
- The General Fund was able to expend \$345,000 to acquire a new fire truck for the City. (See cover for picture)

Budgetary Highlights

For the year ended June 30, 2024, the General Fund reported actual budgetary basis revenues over final estimates by \$143,066 or a 3.9% positive variance. General Fund actual expenditures were under final appropriations by \$355,098 or an 8.7% 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 continue construction of the waste water system improvement project – phase 3.
- The City will continue the sanitary sewer improvement project.
- The City started an Advanced Metering Infrastructure meter replacement project.

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.

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BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES

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Statement of Net Position (Modified Cash Basis) – June 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,041,790	\$ 1,356,136	\$ 3,397,926
Restricted cash and equivalents	4,738,106	132,864	4,870,970
Investments	222,359	1,021,569	1,243,928
Restricted investments	-	8,000	8,000
Total assets	<u>7,002,255</u>	<u>2,518,569</u>	<u>9,520,824</u>
LIABILITIES			
Due to depositors	-	24,031	24,031
Total liabilities	<u>-</u>	<u>24,031</u>	<u>24,031</u>
NET POSITION			
Restricted for:			
Debt Service	-	116,833	116,833
Cemetery	17,233	-	17,233
Streets	4,864,610	-	4,864,610
Parks	300,086	-	300,086
Police K-9	2,184	-	2,184
Insurance	2,129	2,129	4,258
Grant purposes	91,625	-	91,625
Unrestricted	1,724,388	2,375,576	4,099,964
Total net position	<u>\$ 7,002,255</u>	<u>\$ 2,494,538</u>	<u>\$ 9,496,793</u>

See accompanying notes to the basic financial statements.

CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2024

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	\$ 1,080,421	\$ 10,792	\$ -	\$ -	\$ (1,069,629)	\$ -	\$ (1,069,629)
Public Safety	1,264,751	120,199	9,994	-	(1,134,558)	-	(1,134,558)
Highways and Streets	1,131,611	-	57,260	-	(1,074,351)	-	(1,074,351)
Cemetery	-	4,250	-	-	4,250	-	4,250
Culture and Recreation	464,697	-	2,705	-	(461,992)	-	(461,992)
Interest on Long-Term Debt	179,688	-	-	-	(179,688)	-	(179,688)
Total governmental activities	<u>4,121,168</u>	<u>135,241</u>	<u>69,959</u>	<u>-</u>	<u>(3,915,968)</u>	<u>-</u>	<u>(3,915,968)</u>
Business-Type Activities:							
Water	1,272,021	674,584	-	-	-	(597,437)	(597,437)
Sewer	617,374	175,359	-	-	-	(442,015)	(442,015)
Sanitation	420,509	440,219	-	-	-	19,710	19,710
Economic Development	188,590	850,720	-	-	-	662,130	662,130
Total business-type activities	<u>2,498,494</u>	<u>2,140,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(357,612)</u>	<u>(357,612)</u>
Total primary government	<u>\$ 6,619,662</u>	<u>\$ 2,276,123</u>	<u>\$ 69,959</u>	<u>\$ -</u>	<u>(3,915,968)</u>	<u>(357,612)</u>	<u>(4,273,580)</u>
General revenues:							
Taxes:							
Sales and use taxes					2,704,300	187,469	2,891,769
Franchise taxes and public service taxes					75,787	-	75,787
Intergovernmental revenue not restricted to specific programs					512,773	-	512,773
Unrestricted investment earnings					240,082	53,007	293,089
Miscellaneous					264,185	26,115	290,300
Proceeds from long term debt					345,000	-	345,000
Transfers					(373,476)	373,476	-
Total general revenues and transfers					<u>3,768,651</u>	<u>640,067</u>	<u>4,408,718</u>
Change in net position					<u>(147,317)</u>	<u>282,455</u>	<u>135,138</u>
Net position - beginning					<u>7,149,572</u>	<u>2,212,083</u>	<u>9,361,655</u>
Net position - ending					<u>\$ 7,002,255</u>	<u>\$ 2,494,538</u>	<u>\$ 9,496,793</u>

See accompanying notes to the basic financial statements.

**CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
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BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2024

	<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	\$ 1,607,967	\$ 300,086	\$ 4,741,950	\$ 129,893	\$ 6,779,896
Investments	212,359	-	-	10,000	222,359
Total assets	<u>\$ 1,820,326</u>	<u>300,086</u>	<u>4,741,950</u>	<u>\$ 139,893</u>	<u>\$ 7,002,255</u>
Fund balances:					
Restricted for:					
Streets	\$ -	\$ -	\$ 4,741,950	\$ 122,660	\$ 4,864,610
Cemetery	-	-	-	17,233	17,233
Parks	-	300,086	-	-	300,086
Insurance	2,129	-	-	-	2,129
Police K-9	2,184	-	-	-	2,184
Grant purposes	91,625	-	-	-	91,625
Assigned to:					
Cemetery	65,037	-	-	-	65,037
Library	15,357	-	-	-	15,357
Capital Improvements	1,041,338	-	-	-	1,041,338
Balance future years budget	182,550	-	-	-	182,550
Unassigned	420,106	-	-	-	420,106
Total fund balances	<u>1,820,326</u>	<u>300,086</u>	<u>4,741,950</u>	<u>139,893</u>	<u>7,002,255</u>
Total liabilities and fund balances	<u>\$ 1,820,326</u>	<u>\$ 300,086</u>	<u>\$ 4,741,950</u>	<u>\$ 139,893</u>	<u>\$ 7,002,255</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, 2024

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances
(Modified Cash Basis) – Year Ended June 30, 2024

	General Fund	Parks and Recreation CIP Fund	Street and Alley CIP Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 2,259,215	\$ 133,537	\$ 400,611	\$ -	\$ 2,793,363
Intergovernmental	512,196	-	-	57,260	569,456
Charges for services	94,053	-	-	1,356	95,409
Fines and forfeitures	29,040	-	-	-	29,040
Licenses and permits	10,792	-	-	-	10,792
Investment income	5,745	-	234,337	-	240,082
Miscellaneous	260,184	-	-	500	260,684
Total revenues	<u>3,171,225</u>	<u>133,537</u>	<u>634,948</u>	<u>59,116</u>	<u>3,998,826</u>
EXPENDITURES					
Current:					
General government	146,631	-	-	-	146,631
Public safety	896,631	-	-	-	896,631
Highway and streets	187,310	-	-	49,222	236,532
Culture and recreation	268,855	-	-	-	268,855
Capital Outlay	1,301,910	81,252	728,181	9,988	2,121,331
Debt Service:					
Principal	-	114,590	156,910	-	271,500
Interest and other charges	-	47,976	131,712	-	179,688
Total expenditures	<u>2,801,337</u>	<u>243,818</u>	<u>1,016,803</u>	<u>59,210</u>	<u>4,121,168</u>
Excess (deficiency) of revenues over expenditures	<u>369,888</u>	<u>(110,281)</u>	<u>(381,855)</u>	<u>(94)</u>	<u>(122,342)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt	345,000	-	-	-	345,000
Proceeds from sale of capital assets	3,501	-	-	-	3,501
Transfers in	881,794	35,482	106,445	-	1,023,721
Transfers out	(1,395,900)	-	(1,297)	-	(1,397,197)
Total other financing sources and uses	<u>(165,605)</u>	<u>35,482</u>	<u>105,148</u>	<u>-</u>	<u>(24,975)</u>
Net change in fund balances	204,283	(74,799)	(276,707)	(94)	(147,317)
Fund balances - beginning	1,616,043	374,885	5,018,657	139,987	7,149,572
Fund balances - ending	<u>\$ 1,820,326</u>	<u>\$ 300,086</u>	<u>\$ 4,741,950</u>	<u>\$ 139,893</u>	<u>\$ 7,002,255</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, 2024

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

Proprietary Funds Statement of Net Position (Modified Cash Basis) – June 30, 2024

	<u>Elgin Public Works Authority</u>	<u>Elgin Economic Development Authority</u>	<u>Total Proprietary Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 315,578	\$ 1,040,558	\$ 1,356,136
Investments	250,000	771,569	1,021,569
Restricted cash and cash equivalents	132,864	-	132,864
Restricted investments	8,000	-	8,000
Total current assets	<u>706,442</u>	<u>1,812,127</u>	<u>2,518,569</u>
Total assets	<u>706,442</u>	<u>1,812,127</u>	<u>2,518,569</u>
LIABILITIES			
Current liabilities:			
Deposits subject to refund	<u>24,031</u>	-	<u>24,031</u>
Total current liabilities	<u>24,031</u>	-	<u>24,031</u>
Total liabilities	<u>24,031</u>	-	<u>24,031</u>
NET POSITION			
Restricted for debt service	116,833	-	116,833
Restricted for insurance	2,129	-	2,129
Unrestricted	563,449	1,812,127	2,375,576
Total net position	<u>\$ 682,411</u>	<u>\$ 1,812,127</u>	<u>\$ 2,494,538</u>

See accompanying notes to the basic financial statements.

CITY OF ELGIN, OKLAHOMA
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As of and for the Year Ended June 30, 2024

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position
(Modified Cash Basis) – Year Ended June 30, 2024

	Elgin Public Works Authority	Elgin Economic Development Authority	Total Proprietary Funds
Operating Revenues:			
Water charges	\$ 652,483	\$ -	\$ 652,483
Sewer charges	169,614	-	169,614
TIF revenues	-	187,469	187,469
Sanitation charges	440,219	-	440,219
Penalty charges	15,487	-	15,487
Reconnect fee	12,359	-	12,359
Rentals	-	3,280	3,280
Total operating revenues	<u>1,290,162</u>	<u>190,749</u>	<u>1,480,911</u>
Operating Expenses:			
Administration	734,515	-	734,515
Sewer	241,613	-	241,613
Water	602,059	-	602,059
Sanitation	420,509	-	420,509
Economic development	-	188,590	188,590
Total operating expenses	<u>1,998,696</u>	<u>188,590</u>	<u>2,187,286</u>
Operating income (loss)	<u>(708,534)</u>	<u>2,159</u>	<u>(706,375)</u>
Non-Operating Revenues (Expenses):			
Investment income	11,072	41,935	53,007
Proceeds from sale of capital assets	-	847,440	847,440
Debt Service:			
Principal retirement	(187,982)	-	(187,982)
Interest expense and fees	(114,512)	-	(114,512)
Miscellaneous revenue	26,115	-	26,115
Capital Outlay	(8,714)	-	(8,714)
Total non-operating revenue (expenses)	<u>(274,021)</u>	<u>889,375</u>	<u>615,354</u>
Income (loss) before transfers	<u>(982,555)</u>	<u>891,534</u>	<u>(91,021)</u>
Transfers in	677,372	-	677,372
Transfers out	(303,896)	-	(303,896)
Change in net position	<u>(609,079)</u>	<u>891,534</u>	<u>282,455</u>
Total net position - beginning	1,291,490	920,593	2,212,083
Total net position - ending	<u>\$ 682,411</u>	<u>\$ 1,812,127</u>	<u>\$ 2,494,538</u>

See accompanying notes to the basic financial statements.

CITY OF ELGIN, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Proprietary Funds Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2024

	Elgin Public Works Authority	Elgin Economic Development Authority	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,290,162	\$ 190,749	\$ 1,480,911
Payments to suppliers	(1,526,971)	(188,590)	(1,715,561)
Payments to employees	(471,725)	-	(471,725)
Receipts of customer meter deposits	14,175	-	14,175
Refunds of customer meter deposits	(13,535)	-	(13,535)
Miscellaneous revenue	26,115	-	26,115
Net cash provided by (used in) operating activities	(681,779)	2,159	(679,620)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	677,372	-	677,372
Transfers to other funds	(303,896)	-	(303,896)
Net cash provided by noncapital financing activities	373,476	-	373,476
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(8,714)	-	(8,714)
Proceeds from sale of capital assets	-	847,440	847,440
Principal paid on debt	(187,982)	-	(187,982)
Interest and fiscal agent fees paid on debt	(114,512)	-	(114,512)
Net cash provided by (used in) capital and related financing activities	(311,208)	847,440	536,232
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (Purchase) of investments	746,896	(771,569)	(24,673)
Interest and dividends	11,072	41,935	53,007
Net cash provided by (used in) investing activities	757,968	(729,634)	28,334
Net increase (decrease) in cash and cash equivalents	138,457	119,965	258,422
Balances - beginning of year	309,985	920,593	1,230,578
Balances - end of year	\$ 448,442	\$ 1,040,558	\$ 1,489,000
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 315,578	\$ 1,040,558	\$ 1,356,136
Restricted cash and cash equivalents - current	132,864	-	132,864
Total cash and cash equivalents, end of year	\$ 448,442	\$ 1,040,558	\$ 1,489,000
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (708,534)	\$ 2,159	\$ (706,375)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Miscellaneous revenue	26,115	-	26,115
Change in assets and liabilities:			
Deposits subject to refund	640	-	640
Net cash provided by (used in) operating activities	\$ (681,779)	\$ 2,159	\$ (679,620)

See accompanying notes to the basic financial statements.

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

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The Elgin Fire Department currently operates and maintains a fleet of equipment, including two (2) 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 games 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, proctored 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. 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.

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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 Account – 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

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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:

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- 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.

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, 2024, the City recognized \$293,089 of investment income. Most of the City’s deposits are in demand and short-term time deposits, and money market funds.

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At June 30, 2024, the primary government held the following deposits and investments:

<u>Type of Deposits and Investments</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Deposits:		
Demand deposits		\$ 3,409,699
Deposit with Insurance pool		4,258
Time deposit		1,251,928
Investments:		
Money market fund	AAAm	4,854,939
Total deposits		<u><u>\$ 9,520,824</u></u>
Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 3,397,926
Restricted cash and cash equivalents		4,870,970
Investments		1,243,928
Restricted investments		8,000
		<u><u>\$ 9,520,824</u></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, 2024, the City had \$23,000 of uninsured funds held at a financial institution. The under collateralization issue occurred due to the unexpected maturing of a certificate of deposit.

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 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.

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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, 2024 are as follows:

Governmental Activities:	Cash and cash equivalents	Business-Type Activities and Proprietary Funds:	Cash and cash equivalents	Investments
2023 BancFirst Construction Account	4,532,804	Utility deposits	\$ 16,031	\$ 8,000
2023 BancFirst Note Account	205,302	OWRB Trustee Debt Service Account	116,833	-
Total	<u>\$ 4,738,106</u>	Total	<u>\$ 132,864</u>	<u>\$ 8,000</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	\$ 534,148	Sales tax transfer
General Fund	Capital Improvement Fund	456,422	Sales tax transfer
General Fund	EPWA Operating	141,927	Use tax transfer
General Fund	Capital Improvement Fund	121,476	Use tax transfer
General Fund	SAF CIF	106,445	Use tax transfer
General Fund	Park CIF	35,482	Use tax transfer
EPWA Operating	General Fund	303,896	Return of sales tax
SAF CIF	EPWA Operating	1,297	Debt service overpayment
Total		<u>\$ 1,701,093</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 1,023,721	\$ (1,397,197)	\$ (373,476)
Proprietary Funds	677,372	(303,896)	373,476
	<u>\$ 1,701,093</u>	<u>\$ (1,701,093)</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 full-time or volunteer firefighters. For 2024, the City's annual required contribution was \$8,834 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, 2024, the City contributed \$30,463 to the plan, while the employee contributions totaled \$29,506.

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
2022	8,482	100%	2022	20,985	100%
2023	8,071	100%	2023	28,793	100%
2024	8,834	100%	2024	30,463	100%

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7. Commitments and Contingencies

Long-term Debt Commitments:

Governmental Activities

At June 30, 2024, 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. \$ 4,645,000

Liberty National Bank Promissory Note, issued June of 2024, original amount \$345,000, with an annual interest rate of 4.625%, due in monthly installments, final installment due June 10, 2031. 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. 345,000

Total Notes Payable	<u>\$ 4,990,000</u>
Current portion	444,646
Noncurrent portion	4,545,354
Total Notes Payable	<u>\$ 4,990,000</u>

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. \$ 610,303

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Business-Type Activities, continued

Notes Payable (Direct borrowings), continued:

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.

2,049,041

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.

1,109,751

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.

1,110,473

Total Notes Payable	<u>\$ 4,879,568</u>
Current portion	192,695
Noncurrent portion	<u>4,686,873</u>
Total Notes Payable	<u>\$ 4,879,568</u>

Change in Long-term Debt Commitments

Type of Debt	Balance June 30, 2023	Additions	Deductions	Balance June 30, 2024	Due Within One Year
Governmental Activities:					
Note Payable (direct borrowings)	\$ 4,915,000	\$ 345,000	\$ 270,000	\$ 4,990,000	\$ 444,646
Total Governmental Activities	<u>4,915,000</u>	<u>345,000</u>	<u>270,000</u>	<u>4,990,000</u>	<u>444,646</u>
Business-Type Activities:					
Notes Payable (direct borrowings)	\$ 5,067,551	\$ -	\$ 187,983	\$ 4,879,568	\$ 192,695
Total Business-Type Activities	<u>5,067,551</u>	<u>-</u>	<u>187,983</u>	<u>4,879,568</u>	<u>192,695</u>
Total Long-Term Debt	<u>\$ 9,982,551</u>	<u>\$ 345,000</u>	<u>\$ 457,983</u>	<u>\$ 9,869,568</u>	<u>\$ 637,341</u>

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Payment Requirements to Maturity

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Notes Payable</u>		<u>Notes Payable</u>	
	<u>(Direct borrowings)</u>		<u>(Direct borrowings)</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	444,646	219,819	192,695	155,452
2026	464,689	199,483	258,981	149,274
2027	485,831	178,239	266,178	142,945
2028	508,051	156,039	272,455	136,508
2029	531,424	132,785	280,035	129,777
2030-2034	2,555,359	288,773	1,340,697	545,405
2035-2039	-	-	1,093,934	419,602
2040-2044	-	-	1,210,073	306,491
2045-2049	-	-	1,335,279	181,376
2050-2053	-	-	1,383,727	43,027
Totals	<u>\$ 4,990,000</u>	<u>\$ 1,175,138</u>	<u>\$ 7,634,054</u>	<u>\$ 2,209,857</u>
		Less amount to be drawn	(2,754,486)	
			<u>\$ 4,879,568</u>	

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 \$596,056. Debt service payments of \$194,398 for the current fiscal year were 32.6% 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 \$534,148 and the net sewer and water utility revenues were \$112,332. Debt service payments of \$108,097 for the current fiscal year were 16.7% of the pledged sales tax and net sewer and water revenues of \$646,480.

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 \$1,352,150. Debt service payments of \$449,688 for the current fiscal year were 33.3% of the pledged taxes.

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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	\$ 614,481
	Total EEDA Conduit Debt	<u>\$ 614,481</u>

(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, 2024 is \$55,986.

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.

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8. Capital Assets Pledged for Debt

At June 30, 2024 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:

<u>DEPARTMENT</u>	<u>BALANCE JUNE 30, 2023</u>	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>BALANCE JUNE 30, 2024</u>
EPWA:				
Utility Property Improvements				
Water	\$ 3,869,340	\$ -	\$ -	\$ 3,869,340
Sewer	7,988,179	-	-	7,988,179
Subtotal	<u>11,857,519</u>	<u>-</u>	<u>-</u>	<u>11,857,519</u>
Total Property, Plant, Equip.	11,857,519	-	-	11,857,519
Accumulated Depreciation				
Utility Property Improvements				
Water	1,595,147	90,787	-	1,685,934
Sewer	<u>1,852,186</u>	<u>197,306</u>	<u>-</u>	<u>2,049,492</u>
	<u>3,447,333</u>	<u>288,093</u>	<u>-</u>	<u>3,735,426</u>
Net Property, Plant, Equip.	<u>\$ 8,410,186</u>	<u>\$ (288,093)</u>	<u>\$ -</u>	<u>\$ 8,122,093</u>

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SUPPLEMENTARY AND OTHER INFORMATION

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Budgetary Comparison Schedule (Modified Cash Basis) – General Fund – Year Ended June 30, 2024

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 367,500	\$ 430,070	\$ 630,500	\$ 200,430
Resources (Inflows):				
Taxes	2,400,000	2,709,000	2,259,215	(449,785)
Intergovernmental	501,000	508,900	509,491	591
Charges for services	74,500	93,400	92,815	(585)
Fines and forfeitures	50,000	40,000	29,040	(10,960)
Licenses and permits	6,000	10,000	10,792	792
Investment income	3,000	3,000	3,951	951
Miscellaneous	114,500	242,900	253,066	10,166
Loan proceeds	600,000	-	345,000	345,000
Transfers in	520,000	57,000	303,896	246,896
Total Resources (Inflows)	<u>4,269,000</u>	<u>3,664,200</u>	<u>3,807,266</u>	<u>143,066</u>
Amounts available for appropriation	<u>4,636,500</u>	<u>4,094,270</u>	<u>4,437,766</u>	<u>343,496</u>
Charges to Appropriations (Outflows):				
Police	556,400	566,500	561,078	5,422
Fire	242,830	299,700	643,586	(343,886)
Animal control	61,500	64,920	60,087	4,833
Parks	980,260	927,732	647,580	280,152
General government	229,690	146,618	146,631	(13)
Streets	154,350	190,550	187,310	3,240
Transfers out	2,411,470	1,898,250	1,492,900	405,350
Total Charges to Appropriations	<u>4,636,500</u>	<u>4,094,270</u>	<u>3,739,172</u>	<u>355,098</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 698,594</u>	<u>\$ 698,594</u>
Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance:				
Cemetery Account			65,037	
Community Library Account			15,357	
Capital Improvement Account			<u>1,041,338</u>	
Total General Fund Balance			<u>\$ 1,820,326</u>	

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 47 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.

3. Expenditures exceeded appropriations by department in the following:

- Fire Department \$343,886
- General Government \$13

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Combining Balance Sheet – Nonmajor Governmental Funds (Modified Cash Basis) – City of Elgin
– June 30, 2024

	CAPITAL PROJECT FUNDS		Total - Other Governmental Funds
	Street and Alley Fund	Cemetery CIP Fund	
ASSETS			
Cash and cash equivalents	\$ 117,660	\$ 12,233	\$ 129,893
Investments	5,000	5,000	10,000
Total assets	<u>\$ 122,660</u>	<u>\$ 17,233</u>	<u>\$ 139,893</u>
FUND BALANCES			
Fund balances:			
Restricted for:			
Streets	\$ 122,660	\$ -	\$ 122,660
Cemetery	-	17,233	17,233
Total fund balances	<u>122,660</u>	<u>17,233</u>	<u>139,893</u>
Total fund balances	<u>\$ 122,660</u>	<u>\$ 17,233</u>	<u>\$ 139,893</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds (Modified Cash Basis) - City of Elgin - Year Ended June 30, 2024

	CAPITAL PROJECT FUNDS		Total-Other Governmental Funds
	Street and Alley Fund	Cemetery CIP Fund	
REVENUES			
Intergovernmental	\$ 57,260	\$ -	\$ 57,260
Charges for services	-	1,356	1,356
Miscellaneous	-	500	500
Total revenues	<u>57,260</u>	<u>1,856</u>	<u>59,116</u>
EXPENDITURES			
Current:			
Highways and streets	49,222	-	49,222
Capital Outlay	9,988	-	9,988
Total expenditures	<u>59,210</u>	<u>-</u>	<u>59,210</u>
Excess (deficiency) of revenues over expenditures	<u>(1,950)</u>	<u>1,856</u>	<u>(94)</u>
Net change in fund balances	(1,950)	1,856	(94)
Fund balances - beginning	124,610	15,377	139,987
Fund balances - ending	<u>\$ 122,660</u>	<u>\$ 17,233</u>	<u>\$ 139,893</u>

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Combining Balance Sheet – General Fund Accounts (Modified Cash Basis) - June 30, 2024

	GENERAL FUND				
	General Fund	Cemetery Account	Community Library Account	Capital Improvement Account	Total General Fund
ASSETS					
Cash and cash equivalents	\$ 632,594	\$ 18,678	\$ 15,357	\$ 941,338	\$ 1,607,967
Investments	66,000	46,359	-	100,000	212,359
Total assets	<u>698,594</u>	<u>65,037</u>	<u>15,357</u>	<u>1,041,338</u>	<u>1,820,326</u>
FUND BALANCES					
Liabilities:					
Payable to other governments	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Restricted for:					
Insurance	2,129	-	-	-	2,129
Police K-9	2,184	-	-	-	2,184
Grant purposes	91,625	-	-	-	91,625
Assigned to:					
Cemetery	-	65,037	-	-	65,037
Library	-	-	15,357	-	15,357
Capital Improvements	-	-	-	1,041,338	1,041,338
Balance future years budget	182,550	-	-	-	182,550
Unassigned	420,106	-	-	-	420,106
Total fund balances	<u>698,594</u>	<u>65,037</u>	<u>15,357</u>	<u>1,041,338</u>	<u>1,820,326</u>
Total liabilities and fund balances	<u>\$ 698,594</u>	<u>\$ 65,037</u>	<u>\$ 15,357</u>	<u>\$ 1,041,338</u>	<u>\$ 1,820,326</u>

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts (Modified Cash Basis) – Year Ended June 30, 2024

	General Fund	Cemetery Account	Community Library Account	Capital Improvement Account	Total General Fund
REVENUES					
Taxes	\$ 2,259,215	\$ -	\$ -	\$ -	\$ 2,259,215
Intergovernmental	509,491	-	2,705	-	512,196
Charges for services	92,815	1,238	-	-	94,053
Fines and forfeitures	29,040	-	-	-	29,040
Licenses and permits	10,792	-	-	-	10,792
Investment earnings	3,951	1,044	-	750	5,745
Miscellaneous	249,565	-	10,619	-	260,184
Total revenues	<u>3,154,869</u>	<u>2,282</u>	<u>13,324</u>	<u>750</u>	<u>3,171,225</u>
EXPENDITURES					
Current:					
General government	146,631	-	-	-	146,631
Public Safety	896,631	-	-	-	896,631
Highways and streets	187,310	-	-	-	187,310
Culture and recreation	162,539	-	106,316	-	268,855
Capital Outlay	853,161	-	-	448,749	1,301,910
Total expenditures	<u>2,246,272</u>	<u>-</u>	<u>106,316</u>	<u>448,749</u>	<u>2,801,337</u>
Excess (deficiency) of revenues over expenditures	<u>908,597</u>	<u>2,282</u>	<u>(92,992)</u>	<u>(447,999)</u>	<u>369,888</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt	345,000	-	-	-	345,000
Proceeds from sale of capital assets	3,501	-	-	-	3,501
Intra-account transfer in	-	-	97,000	-	97,000
Intra-account transfer out	(97,000)	-	-	-	(97,000)
Transfers in	303,896	-	-	577,898	881,794
Transfers out	(1,395,900)	-	-	-	(1,395,900)
Total other financing sources and uses	<u>(840,503)</u>	<u>-</u>	<u>97,000</u>	<u>577,898</u>	<u>(165,605)</u>
Net change in fund balances	68,094	2,282	4,008	129,899	204,283
Fund balances - beginning	630,500	62,755	11,349	911,439	1,616,043
Fund balances - ending	<u>\$ 698,594</u>	<u>\$ 65,037</u>	<u>\$ 15,357</u>	<u>\$ 1,041,338</u>	<u>\$ 1,820,326</u>

CITY OF ELGIN, OKLAHOMA
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EPWA Fund Combining Schedule of Net Position (Modified Cash Basis) – EPWA Accounts – June 30, 2024

	Elgin Public Works Authority Accounts			
	EPWA Operating	PWA Bond Account	Meter Deposit Account	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 252,528	\$ 62,975	\$ 75	\$ 315,578
Investments	50,000	200,000	-	250,000
Restricted:				
Restricted cash and cash equivalents	116,833	-	16,031	132,864
Restricted investments	-	-	8,000	8,000
Total current assets	<u>419,361</u>	<u>262,975</u>	<u>24,106</u>	<u>706,442</u>
Total assets	<u>419,361</u>	<u>262,975</u>	<u>24,106</u>	<u>706,442</u>
LIABILITIES				
Current liabilities:				
Deposits subject to refund	-	-	24,031	24,031
Total liabilities	<u>-</u>	<u>-</u>	<u>24,031</u>	<u>24,031</u>
NET POSITION				
Restricted for debt service	116,833	-	-	116,833
Restricted for Insurance	2,129	-	-	2,129
Unrestricted	300,399	262,975	75	563,449
Total net position	<u>\$ 419,361</u>	<u>\$ 262,975</u>	<u>\$ 75</u>	<u>\$ 682,411</u>

EPWA Fund Combining Schedule of Revenues, Expenses and Changes in Net Position (Modified Cash Basis) - EPWA Accounts - Year Ended June 30, 2024

	Elgin Public Works Authority Accounts			
	EPWA Operating	PWA Bond Account	Meter Deposit Account	Total
Operating Revenues:				
Water charges	\$ 652,483	\$ -	\$ -	\$ 652,483
Sewer charges	160,764	8,850	-	169,614
Sanitation charges	440,219	-	-	440,219
Penalty charges	15,487	-	-	15,487
Reconnect fee	12,359	-	-	12,359
Total operating revenues	<u>1,281,312</u>	<u>8,850</u>	<u>-</u>	<u>1,290,162</u>
OPERATING EXPENSES				
Administration	734,515	-	-	734,515
Sewer	241,613	-	-	241,613
Water	602,059	-	-	602,059
Sanitation	420,509	-	-	420,509
Total operating expenses	<u>1,998,696</u>	<u>-</u>	<u>-</u>	<u>1,998,696</u>
Operating income (loss)	<u>(717,384)</u>	<u>8,850</u>	<u>-</u>	<u>(708,534)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	6,896	4,176	-	11,072
Miscellaneous revenue	26,115	-	-	26,115
Debt Service:				
Principal Retirement	(187,982)	-	-	(187,982)
Interest expense and fees	(114,512)	-	-	(114,512)
Capital Outlay	(8,714)	-	-	(8,714)
Total non-operating revenue (expenses)	<u>(278,197)</u>	<u>4,176</u>	<u>-</u>	<u>(274,021)</u>
Income (loss) before transfers	<u>(995,581)</u>	<u>13,026</u>	<u>-</u>	<u>(982,555)</u>
Transfers in	677,372	-	-	677,372
Transfers out	(303,896)	-	-	(303,896)
Change in net position	<u>(622,105)</u>	<u>13,026</u>	<u>-</u>	<u>(609,079)</u>
Total net position - beginning	1,041,466	249,949	75	1,291,490
Total net position - ending	<u>\$ 419,361</u>	<u>\$ 262,975</u>	<u>\$ 75</u>	<u>\$ 682,411</u>

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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)	\$ 169,614	\$ -	\$ 169,614	\$ -
Operating revenues (water and sewer)	-	822,097	-	822,097
Transfer in - sales tax	534,148	534,148	534,148	534,148
Total Gross Revenues Available	703,762	1,356,245	703,762	1,356,245
Public Works Authority operating expenses (sewer)	107,706	-	107,706	-
Public Works Authority operating expenses (water and sewer)	-	709,765	-	709,765
Net Revenues Available for Debt Service	\$ 596,056	\$ 646,480	\$ 596,056	\$ 646,480
Debt Service Requirements:				
Maximum annual debt service - OWRB	\$ 146,794	\$ 79,575	\$ 108,822	\$ 354,225
Total Debt Service Requirements	\$ 146,794	\$ 79,575	\$ 108,822	\$ 354,225
Coverage	4.06	8.12	5.48	1.83
Coverage Requirement	1.25	1.25	1.25	1.25

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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, 2024, 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 February 18, 2025.

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.

HOOD & ASSOCIATES CPAs, P.C.

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The Board of Directors
City of Elgin
Elgin, Oklahoma
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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, PC

Tulsa, Oklahoma
February 18, 2025