AGENDA
ELGIN CITY COUNCIL
REGULAR MEETING
MONDAY, OCTOBER 1, 2018
CITY ANNEX COUNCIL CHAMBERS, 310 NORTH MAIN STREET
7:00 PM

I. **CALL TO ORDER**

II. **ROLL CALL**

III. **INVOCATION**

IV. **PLEDGE OF ALLEGIANCE**

V. **PUBLIC HEARING**

1. **Public Hearing On An Zoning Change Request Submitted By Creating Educational Opportunities, LLC For Their Property At 701 North State Highway 95, Elgin, Bastrop County, Texas.**

   Documents:

   PUBLIC HEARING 701 NORTH SH 95 EXEXUTIVE SUMMARY.PDF
   SEPTEMBER 24, 2018 AGENDA.PDF
   701 N SH 95 MAP.PDF
   OPPOSITION LETTERS.PDF

VI. **PUBLIC COMMENT**

Individuals may request to speak on items on the agenda, and items not on the agenda, by requesting to speak during the meeting and under "PUBLIC COMMENT" and will be required to fill out a "PUBLIC COMMENT FORM" and present it, along with any material, handouts or information for Council, to the City Secretary prior to commencement of the Council meeting. Speaker comments are limited to three (3) minutes.

No formal action can be taken by the City Council on items not posted on the agenda. Items requiring a Public Hearing will allow a member of the public an opportunity to speak during the Public Hearing and does not require submission of a "PUBLIC COMMENT FORM." Speakers must address their comments to the Mayor or Presiding Officer rather than to an individual Council Member or member of Staff. All speakers must limit their comments to the specific subject matter noted on the "PUBLIC COMMENT FORM" and refrain from personal attacks or derogatory comments directed at any Council Member, member of Staff, other individual or group.

VII. **PRESENTATION**

1. **Proclamation Elgin Texas Purple Heart**

   Documents:

   EXSUMMARY COVER SHEET PURPLE HEART.PDF
   PROCLAMATION ELGIN TEXAS PURPLE HEART.PDF

2. **Hogeye Festival Proclamation**

   Documents:

   EXECUTIVE SUMMARY PROCLAMATION HOGEYE.PDF
   PROCLAMATION HOGEYE 2018.PDF

3. **Presentation Of The Annual Audit Report For The Period Ending September 30, 2017 By BrooksWatson &Co. PLLC**

   Documents:

   EXSUMMARY ACCEPTANCE OF ANNUAL AUDIT END 9-30-2017.PDF
   SAS 114 COMMUNICATION WITH GOVERNANCE. - PDF.PDF
   FINAL AUDIT REPORT 9.30.2017.PDF
   SINGLE AUDIT 9.30.2017.PDF

VIII. **CITY MANAGERS REPORT**

1. **Request For A Contested Case Hearing Before The Lost Pines Groundwater Conservation District Protesting The LCRA's Pending Applications For Increased Groundwater Pumping**

   Documents:

   EX SUMMARY - LCRA CCH.PDF
   CITY OF ELGIN REQUEST FOR CCH - LCRA 2018.PDF

2. **General Activity Report And/Or Project Update**
   - Lee Dildy Boulevard Grand Opening Ceremony

   Documents:

EXSUMMARY - GENERAL ACTIVITY REPORT.PDF
RIBBON CUTTING LEE DILDY BLVD.FINAL.PDF

3. **Review And Discussion Of City Council Meeting Schedule**

Documents:

EXSUMMARY - MEETING SCHEDULE.PDF

4. **Monthly Departmental Activity Reports - August**

Documents:

EXSUMMARY SUMMARY REPORTS - AUGUST.PDF
SEPTEMBER 2018 COMMUNITY DEVELOPMENT.PDF
MAIN STREET 9-10-2018X.PDF
LIBRARY REPORT FOR AUGUST 2018.PDF
COPY OF UTILITY BILLING AUGUST 2018.PDF
2018-08 PUBLIC WORKS AUGUST 2018 REPORT.PDF
8 PARK SUMMARY AUGUST 2018.PDF
AUGUST 2018 MONTHLY REPORT PLANNING.PDF
WATER MONTHLY REPORT - AUGUST.PDF

IX. CONSENT AGENDA

All of the items on the consent agenda are considered to be self-explanatory by the Council and will be enacted with one motion, one second, and one vote. There will be no separate discussion of theses items unless a council member removes an item from the Consent Agenda and places it on the New Business section for Discussion and action.

1. **Proposed Street Closures For The Safe Trick Or Treat Trail On Wednesday, October 31, 2018 From 4:00pm To 8:00pm**

Documents:

EX SUMMARY STREET CLOSURES FOR SAFE TRICK OR TREAT TRAIL OCT 31 2018.DOC.PDF
SAFE TRICK OR TREAT TRAIL MAP 2018.PDF

2. **City Council Meeting Minutes - September 4, 2018, Special City Council Meeting Minutes - September 18, 2018 And September 25, 2018**

Documents:

EXSUMMARY SHEET MINUTES.PDF
CITY COUNCIL MEETING 9-4-18.PDF
CITY COUNCIL SPECIAL MEETING 9-18-18.PDF
CITY COUNCIL SPECIAL MEETING 9-25-18.PDF

X. NEW BUSINESS

1. **AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF ELGIN, TEXAS ADOPTED IN CHAPTER 46, SECTION 46-3, REVISED CODE OF ORDINANCES, CITY OF ELGIN, TEXAS, 2013 AND MAKING THIS AMENDMENT A PART OF SAID OFFICIAL ZONING MAP, TO WIT: TO REZONE AS C-3 HIGHWAY COMMERCIAL DISTRICT, THE PROPERTY BEING APPROXIMATELY 1.763 ACRES OUT OF THE THOMAS CHRISTIAN ABSTRACT NO. A20, CITY OF ELGIN, BASTROP COUNTY, TEXAS; AND PROVIDING FOR A SAVINGS CLAUSE AND REPEALING CONFLICTING ORDINANCES AND RESOLUTIONS**

Documents:

ZONING CHANGE 701 NORTH SH 95 EXEXUTIVE SUMMARY.PDF
SEPTEMBER 24, 2018 AGENDA.PDF
701 N SH 95 MAP.PDF
MIN 9-24-18.PDF
OPPOSITION LETTERS.PDF
ZONING ORDINANCE -701 N SH 95.PDF

2. **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELGIN, TEXAS TO APPROVE AN AGREEMENT WITH IWORQ, TO PROVIDE PERMIT TRACKING AND INSPECTION SCHEDULING SOFTWARE TO THE CITY FOR A MINIMUM PERIOD OF ONE YEAR AND TO AUTHORIZE THE MAYOR TO EXECUTE SAID AGREEMENT.**

Documents:

EXEC SUMMARY - IWORQ AGREEMENT.PDF
RESOLUTION AND IWORQ AGREEMENT.PDF
SERVICE AGREEMENT WITH IWORQ.PDF

3. **A RESOLUTION TO ADOPT A WRITTEN INVESTMENT POLICY AND INVESTMENT STRATEGY REGARDING THE INVESTMENT OF CITY FUNDS OCTOBER 1, 2018**

Documents:

EXSUMMARY RENEWAL OF INVESTMENT POLICY 10-1-2018.PDF
RESOLUTION NO - INVESTMENT POLICY ADOPTION 10-1-2018.PDF
INVESTMENT POLICY 2018-19 10-1-2018.PDF

4. **Review Of Staff Proposal On The Development Of A Historic Preservation Strategic Plan**

Documents:

EXECUTIVE SUMMARY HISTORIC PRESERVATION STRATEGIC PLAN .PDF
HISTORIC PRESERVATION PLAN 2018 MEMO9-17-18.PDF
HISTORIC PRESERVATION STRATEGIC PLAN 9-20-18.PDF

XI. EXECUTIVE SESSION

The City Council may announce that it will adjourn the public meeting at any time during the meeting and convene in Executive Session pursuant to Chapter 551 of the Texas Government Code to discuss any matter as specifically listed on the agenda and/or as permitted by Chapter 551 of the Texas Government Code.

1. **Adjourn Into Executive Session Pursuant To Section §551.071 Consultations With Attorney; To Deliberate With Legal Counsel Regarding Pending Or Contemplated Litigation: Bonnie Crankshaw V. City Of Elgin And Thomas Mattis, City Manager, In His Individual Capacity**

Documents:

EXSUMMARY - EXECUTIVE SESSION.PDF

XII. RECONVENE

The City Council will return to open session for possible discussion and action as a result of the Executive Session

XIII. ANNOUNCEMENTS

XIV. ADJOURMENT

Notice of Assistance at Public Meetings, the City of Elgin is committed to compliance with the Americans with Disabilities Act. Elgin City Hall and Council Chambers are wheelchair accessible and special marked parking is available. Persons with Disabilities who plan to attend this meeting and who may need assistance are requested to contact the City Secretary's Office at (512)229-3222. Please provide forty-eight hours notice when feasible.

I, Amelia Sanchez, City Secretary for the City of Elgin, hereby certify this notice was posted at the City Hall Annex of the City of Elgin, Texas on or before 7:00 p.m., Thursday, September 27, 2018, in accordance with Chapter 551 of the Texas Government Code.

_____
Amelia Sanchez, City Secretary

Elgin City Council Meeting
Agenda Item Executive Summary

ITEM:
Public hearing on an zoning change request submitted by Creating Educational Opportunities, LLC for their property at 701 North State Highway 95, Elgin, Bastrop County, Texas.

DEPARTMENT: Planning and Development

PROPOSED ACTION:
No Council action proposed or requested at this time; This item is to allow for public comments on the proposed zoning change at 701 North State Highway 95 from R-1 Single Family Dwelling District to C-3 Highway Commercial District.

BACKGROUND:
The Planning & Zoning Commission held the first of two public hearings on the proposed zoning change on September 24, 2018. This is the second of the required public hearings.

BUDGET/FINANCIAL IMPACT:
Funding for this item was { } included { } not included in the current-year budget {X} N/A

RECOMMENTATION:
Hear public comments regarding this issue.

ATTACHMENTS:
Executive Summary
September 24, 2018 Planning & Zoning Commission Agenda
Map of area to be re-zoned
Opposition Letters

{ } Staff will be making a detailed presentation on this agenda item at the meeting.
{ } Staff will provide brief comments and answer questions on this item at the meeting.
{X} This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.

AGENDA
ELGIN PLANNING AND ZONING COMMISSION
PUBLIC HEARING/REGULAR MEETING
MONDAY, SEPTEMBER 24, 2018, 6:30 P.M.
CITY HALL ANNEX COUNCIL CHAMBERS
310 NORTH MAIN STREET

CALL TO ORDER

PUBLIC COMMENT:

Individuals may request to speak on items on the agenda, and items not on the agenda. Speaker comments are limited to three (3) minutes. No formal action can be taken on items not posted on the agenda. All speakers must limit their comments to the specific subject matter noted on the "PUBLIC COMMENT FORM" and refrain from personal attacks or derogatory comments directed at any Commission Member, member of Staff, other individual or group.

CONSENT:
1. Approval of minutes, August 27, 2018 meeting.

UNFINISHED BUSINESS: None

NEW BUSINESS:

1. REVIEW AND MAKE POSSIBLE RECOMMENDATIONS TO THE ELGIN CITY COUNCIL ON A ZONING CHANGE SUBMITTED BY CREATING EDUCATIONAL OPPORTUNITIES, LLC, OWNER OF THE PROPERTY LOCATED IN ABSTRACT 20 THOMAS CHRISTIAN, AT 701 NORTH STATE HIGHWAY 95, AND BEING APPROXIMATELY 1.763 ACRES, CITY OF ELGIN, COUNTY OF BASTROP, TEXAS, TO REZONE THEIR PROPERTY FROM R-1 SINGLE-FAMILY DISTRICT TO C-3 HIGHWAY COMMERCIAL DISTRICT.

2. REVIEW AND TAKE POSSIBLE ACTION ON A CONCEPTUAL PLAN SUBMITTED BY LANDMARK ENGINEERING, INC., AGENT FOR MARIO ALCANTARA CANO, OWNER OF THE PROPERTY LOCATED IN ABSTRACT 345, SURVEY 53 HINES, W, AT 14021 KLAUS LANE AND BEING APPROXIMATELY 10.0 ACRES, CITY OF ELGIN EXTRA TERRITORIAL JURISDICTION, TRAVIS COUNTY, TEXAS, TO DIVIDE HIS PROPERTY INTO 8 LOTS TO BE KNOWN AS "CANO SUBDIVISION".

3. REVIEW AND TAKE POSSIBLE ACTION ON A PRELIMINARY PLAT SUBMITTED BY LANDMARK ENGINEERING, INC., AGENT FOR MARIO ALCANTARA CANO, OWNER OF THE PROPERTY LOCATED IN ABSTRACT 345, SURVEY 53 HINES, W, AT 14021 KLAUS LANE AND BEING APPROXIMATELY 10.0 ACRES, CITY OF ELGIN EXTRA TERRITORIAL JURISDICTION, TRAVIS COUNTY, TEXAS, TO DIVIDE HIS PROPERTY INTO 8 LOTS TO BE KNOWN AS "CANO SUBDIVISION".

EXECUTIVE SESSION
The board may adjourn the public meeting at any time during the meeting and convene in Executive Session pursuant to Chapter 551 of the Texas Government Code to discuss any matter as specifically listed on the agenda and/or as permitted by Chapter 551 of the Texas Government Code.

RECONVENE
The board returns to open session for possible discussion and action as a result of the Executive Session.

ANNOUNCEMENTS

ADJOURNMENT

NOTICE

I, Gary N. Cooke, Director Planning & Development for the City of Elgin, hereby certify this notice was posted at the City Hall Annex of the City of Elgin, Texas on or before the 7th day of September, 2018 before 5:00 p.m. in accordance with Chapter 551 of the Texas Government Code. The Elgin City Council will hold a public hearing on Zoning for item #1 in the City Council Chambers, Elgin City Hall Annex, 310 N Main Street, Elgin, Texas, on Monday, October 1, 2018.

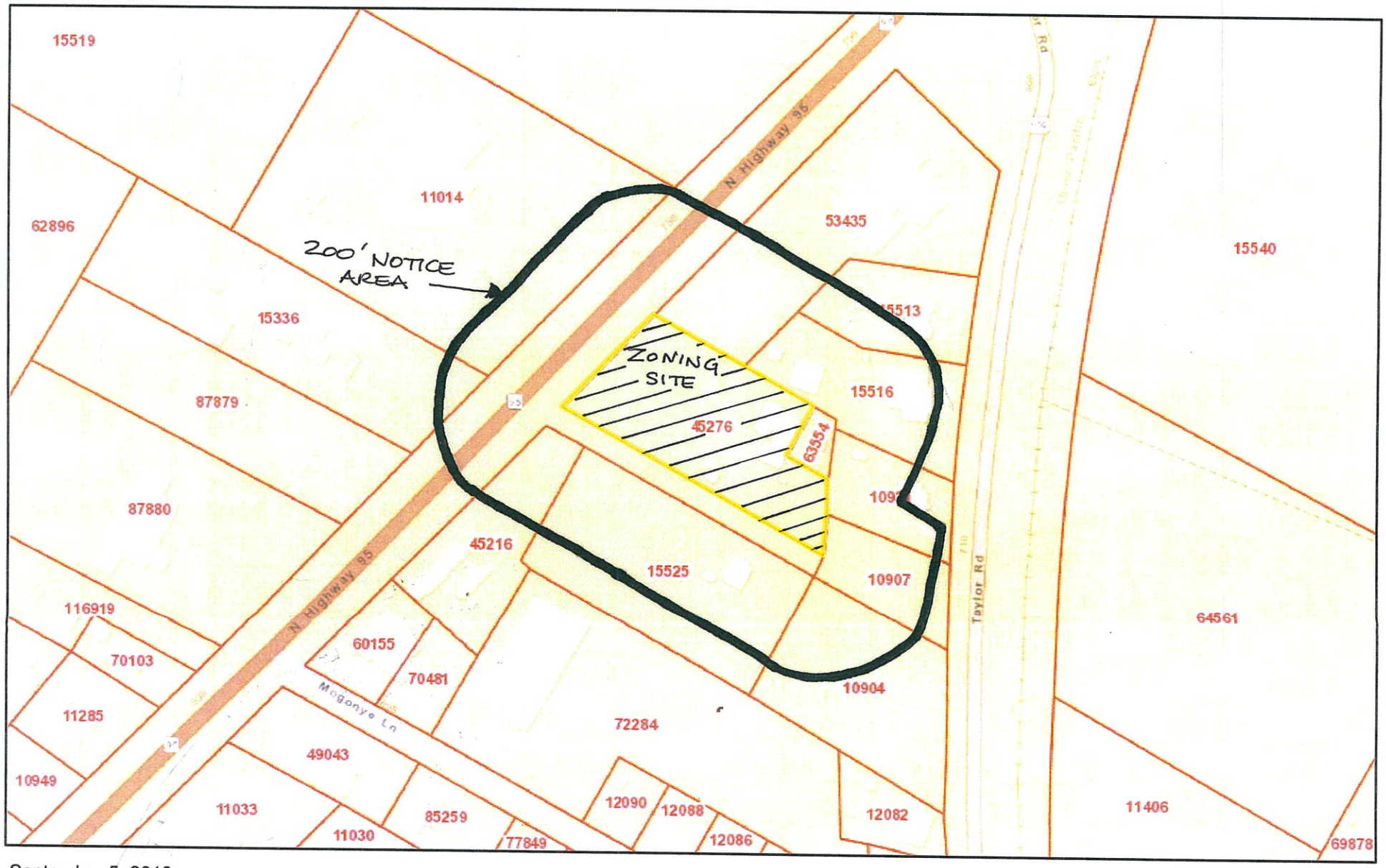
Gary N. Cooke

Gary N. Cooke, Director Planning & Development

Notice of Assistance at Public Meetings, the City of Elgin is committed to compliance with the Americans with Disabilities Act. Elgin City Hall and Council Chambers are wheelchair accessible and special marked parking is available. Persons with Disabilities who plan to attend this meeting and who may need assistance are requested to contact the City Secretary's Office at (512) 281-5724. Please provide forty-eight hours notice when feasible.

Para informacion en espanol favor de llamar 512-281-0119. Servicios de traduccion disponible en la reunion.

701 Hwy 95, North



September 5, 2018

Parcels

1:2,599

0 0.02 0.04 0.08 mi

0 0.04 0.07 0.14 km

Esri, HERE, Garmin, INCREMENT P, NGA, USGS

This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.

Bastrop County Appraisal District & BIS Consulting - www.bisconsultants.com

IRMA O. SOLIS
326 CONRAD
DALLAS, TX. 75224
214-941-6145 (FOR City ONLY)

Dear Mr. Cooke:

I hope this finds you well.

I received your Notice of "Zoning Change Request" dated September 7, 2018, as this would affect my property on Loyola Road: (Christian Acres property).

I am against this change as it would affect my property negatively. Please put me down for a "No" to this zoning request. To be clear, I am against any zoning change requested by any entity, no matter the type of business proposed.

Thank you for your letter.

Sincerely,
Irma O. Solis
9-17-2018

Copy kept.

Dale (JD) Simmons

Rt 4 Box 191A

Elgin, Texas 78621

A20 CHRISTIAN, THOMAS, ACRES 2.02, R15525

B0020-0000-0096

Mailing Address: 13811 Brooklet Vw. Ct. Houston, Texas 77059

9-21-2018

Elgin Planning and Zoning Commision
P.O. Box 591, 1135 Swenson Blvd.
Elgin, TX. 78621
512-281-0119.....or
City Hall Annex Council Chambers
310 N. Main St.
Elgin, Tx.

FAX 512-285-4267

Ref: A Zoning Public Hearing.... 701 N. Hwy 95, Christian, Thomas 20, 1.763 ac from R-1 TO C-3

To Whom it Concerns,

I'M AGAINST THE REZONING UNTIL SUCH TIME, all ADDITIONAL WATER RUN OFF WILL NOT CAUSE ADDITIONAL DAMAGE TO ALREADY DAMAGING DRAINAGE.

Respectfully,

Dale (JD) Simmons

9-21-2018

Elgin City Council Meeting
Agenda Item Executive Summary

ITEM: Proclamation

DEPARTMENT: Administration

PROPOSED ACTION: Proclaim Elgin Texas a Purple Heart City

BACKGROUND: The Purple Heart was the first American service award or decoration made available to the common soldier and is specifically awarded to members of the United States Armed Forces who have been wounded or paid the ultimate sacrifice in combat with a declared enemy of the United States of America. October 1, 2018 has officially been designated as the day in Elgin, Texas to remember and recognize veterans who are recipients of the Purple Heart.

BUDGET/FINANCIAL IMPACT:

Funding for this item was { } included { } not included in the current-year budget {X} N/A

RECOMMENDATION:

ATTACHMENTS:

Proclamation

{ } Staff will be making a detailed presentation on this agenda item at the meeting.
{X} Staff will provide brief comments and answer questions on this item at the meeting.
{ } This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.

Proclamation

WHEREAS, the people of Elgin, Texas have great admiration and the utmost gratitude for all the men and women who have selflessly served their country and this community in the Armed Forces; and

WHEREAS, the Purple Heart is the oldest military decoration in present use and was initially created as the Badge of Military Merit by George Washington in 1782; and

WHEREAS, the Purple Heart was the first American service award or decoration made available to the common soldier and is specifically awarded to members of the United States Armed Forces who have been wounded or paid the ultimate sacrifice in combat with a declared enemy of the United States of America; and

WHEREAS, the contributions and sacrifices of the men and women from Elgin, Texas, who served in the Armed Forces have been vital in maintaining the freedoms and way of life enjoyed by our citizens; and

WHEREAS, many men and women in uniform have given their lives while serving in the Armed Forces; and

WHEREAS, October 1, 2018 has officially been designated as the day in Elgin, Texas to remember and recognize veterans who are recipients of the Purple Heart Medal.

NOW, THEREFORE, the Elgin, Texas City Council, does hereby proclaim Elgin, Texas a

PURPLE HEART CITY

IN WITNESS WHEREOF, we have hereunto set our hands to this Proclamation
on the 1st day of October 2018

_____
Chris Cannon, Mayor
City of Elgin, Texas

Elgin City Council Meeting
Agenda Item Executive Summary

ITEM: Proclamation for Annual Hogeye Festival

DEPARTMENT: Community Development

PROPOSED ACTION: Approve proclamation for Annual Hogeye Festival and have a photo with hogunteers.

BACKGROUND: The City of Elgin, Elgin Main Street Board and local businesses host the Hogeye Festival October 25 – 27 in downtown Elgin. Celebrating its 31st anniversary, Hogeye is a time for family friendly fun and casual feasting in the *Sausage Capital of Texas* with all the pink pork trimmings this proud central Texas town can root up. Thursday October 25th enjoy the Hogeye Stroll from 5 to 9 with the Hogalicious Dessert Contest, Kendra Scott op Up, and the Pearls Before Swine Art Show. Friday October 26th from 8pm to midnight enjoy the free Hogeye Depot Street Dance with Ken Orts and No Chance. Saturday, October 27th from 10:00a.m. until 6:00p.m. The free festival features live music and entertainment on three stages, handmade arts and crafts, children's activities, a children's costume pet parade, a carnival, Road Hog Car Show, BBQ Pork Cook-Off, In a Pig's Eye Corn Hole Tournament, Hogalicious Dessert Contest, Cow Patty Bingo, the Pearls Before Swine Art Show, and great festive food! Free Festival Shuttle available at the Hwy 95 North Park and Ride.

BUDGET/FINANCIAL IMPACT:

Funding for this item was { } included { } not included in the current-year budget {X } N/A

RECOMMENDATION:

Approve proclamation.

ATTACHMENTS:

{ } Staff will be making a detailed presentation on this agenda item at the meeting.
{ } Staff will provide brief comments and answer questions on this item at the meeting.
{X } This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.

Proclamation

Whereas, the Annual Hogeye Festival was named for a small hamlet and stage stop called Hogeye which disappeared after the railroad came and Elgin was formed; and

Whereas, the hog theme is the centerpiece of this downtown community celebration; and

Whereas, Elgin has been recognized as a National Main Street Community every year since 1999, and

Whereas, the State Legislature has declared Elgin the Sausage Capital of Texas for its prodigious supply of outstanding sausage – over 3 million pounds annually; and

Whereas, this is the 31st year for Elgin to host The Best Little Pig Gig in Texas; and

Whereas, more than 20,000 people join in this celebration of "A Time for Warm Hearts and Hot Guts" from across the Great State of Texas and all over the world, and

Whereas, community volunteers, business sponsors, the Elgin Main Street Board and the City of Elgin produce this hometown celebration including the Hogeye Stroll Thursday October 25 with the Hogalicious Dessert Contest, Pearls Before Swine Art Show, Kendra Scott Pop Up, the Free Friday Night Street Dance with Kenny Orts and No Chance, and on Saturday October 27 the Gordon Swenson Memorial BBQ Pork Cook-off, Cow Patty Bingo, live music, Lindsy Kay Wing Memorial Children's Costume Pet Parade, handmade arts and crafts, Road Hog Car Show, a carnival, activities for children, Old Iron Farm Equipment Exhibit, and many more fun activities;

Now, Therefore, in official recognition whereof, this the 1st d**ay of October 2018**, I declare **October 25– 27th Hogeye Festival Weekend in Elgin, Texas** and encourage all citizens to share and enjoy this community celebration.

_____

CHRIS CANNON, MAYOR
City of Elgin, Texas

Elgin City Council Meeting
Agenda Item Executive Summary

ITEM: Presentation of the Annual Audit Report for the period ending September 30, 2017 by BrooksWatson &Co. PLLC

DEPARTMENT: Finance

PROPOSED ACTION: This item is for formal presentation of the Annual Audit Report for the fiscal year ending September 30, 2017.

BACKGROUND:

In compliance with State Law and the Elgin City Charter, the City's external auditor has reviewed and audited the financial statements of governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Elgin as of and for the year ended September 30,2017 and related notes to the financial statements, which collectively comprise the City's basic financial statements of said report.

In the auditor's opinion, "the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Elgin September 30, 2017 and the respective changes in financial position and, where applicable, cashflows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America".

BUDGET/FINANCIAL IMPACT:

Funding for this item was { } included { } not included in the current-year budget {X} N/A

RECOMMENDATION: Recommended for acceptance

ATTACHMENTS: Copy of Annual Finance Report and Audit for 2017; Single Audit for Grant Proceeds received during 2017; management letter.

{ } Staff will be making a detailed presentation on this agenda item at the meeting.
{X} Staff will provide brief comments and answer questions on this item at the meeting.
{ } This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.

BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

September 27, 2018

To the Honorable Mayor,
Members of the City Council
and management
City of Elgin, Texas

We have audited the financial statements of the City of Elgin, Texas (the "City"), for the year ended September 30, 2017, and have issued our report thereon dated September 27, 2018. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 16, 2018, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of Elgin, Texas solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting material weaknesses and material noncompliance, and other matters noted during our audit in a separate letter to you dated September 27, 2018.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, and as appropriate, our firm have complied with all relevant ethical requirements regarding independence.

Our firm and staff do not have any existing relationships, conflicts of interest, or other conditions or circumstances that would impair our independence with the City under U.S. GAAS or ***Government Auditing Standards***

For any nonattest service provided by our firm management maintained responsibility for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of Elgin, Texas is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the current year . No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about futu re events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are.

Management's estimate of the useful lives of capital assets is based on industry standards relating to capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting City of Elgin, Texas's financial statements relate to the City's disclosure of capital assets and long-term debt.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached exhibit summarizes all material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to City of Elgin, Texas's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated September 27, 2018.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with City of Elgin, Texas, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City of Elgin, Texas's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing City of Elgin, Texas's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the governing body and management of City of Elgin, Texas and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

BrooksWatson & Co.

BrooksWatson & Co., PLLC
14950 Heathrow Forest Pkwy | Ste 530
Houston, TX 77032

Exhibit 1

Audit Adjustments

Adjusting Journal Entries JE # 1

To adjust recording of note receivable, prior year entry and misc. fund balance difference.

001-02900-000	FUND BALANCE/RETAINED EARN	475,475.46	
001-08400-000	MISCELLANEOUS	539.26	
001-02240-000	A/P OTHER		33,257.95
001-77230-000	OPERATING TRANSFER OUT		442,756.77
Total		**476,014.72**	**476,014.72**

Adjusting Journal Entries JE # 2

To correct note payable entry to EDC.

044-02900-000	FUNDBAL/RETAINED EARNINGS	3,454,475.80	
044-77230-000	TRANSFER OUT - EDC		3,454,475.80
Total		**3,454,475.80**	**3,454,475.80**

Adjusting Journal Entries JE # 3

To correct EDC fund balance and other entries.

018-02749-000	NOTES PAYABLE GF TIRZ/EDC	17,686.04	
018-02901-000	RESERVED FOR GUARANTEE PROSPER	35,010.84	
018-02902-000	RESERVED PLEDGE GUARANTEE FNB	35,250.25	
018-08940-000	LAND SALES	25,548.00	
018-09400-000	TRANSFER-IN-GENERAL FUND	442,756.77	
018-09401-000	TRANSFER IN - FUND 44	3,454,475.80	
018-44610-058	SUPPLIES	500.00	
018-75000-000	CONTRIB CAPITAL - ASSET TRANSF	483,604.74	
018-75100-000	CONTRIB CAPITAL-380 AGREEMENT	272,999.00	
018-02900-000	FUND BALANCE/RETAINED EARN		500.00
018-02900-000	FUND BALANCE/RETAINED EARN		17,686.04
018-02900-000	FUND BALANCE/RETAINED EARN		25,548.00
018-02900-000	FUND BALANCE/RETAINED EARN		70,261.09
018-02900-000	FUND BALANCE/RETAINED EARN		756,603.74
018-02900-000	FUND BALANCE/RETAINED EARN		3,897,232.57
Total		**4,767,831.44**	**4,767,831.44**

Adjusting Journal Entries JE # 4

To post aje from PY.

002-02900-000	FUND BALANCE/RETAINED EARN	1,783,945.00	
002-03000-000	DUE TO REFUNDED BOND ESCROW AG	28,466.40	
002-01755-000	CONSTRUCTION IN PROGRESS		62,981.95
002-01760-000	PROP. PLANT & EQUIP-WATER		3,996.00
002-01790-000	RESERVE FOR DEPRECIATION		1,351,056.29
002-02763-000	DEFERRED AMOUNT ON REFUNDING		2,649.19
002-11170-000	RETIREMENT-AUDIT AJE		174,697.97
BC 002-02765-000	Bond Premium - 2015 GO Ref.		217,030.00

Total			**1,812,411.40**	**1,812,411.40**
Adjusting Journal Entries JE # 5				
To adjust Pension balances for the year.				
	002-11170-030	RETIREMENT-Audit adjustment	32,980.96	
	002-19900-000	DEFERRED OUTFLOW OF RESOURCES	4,955.10	
	002-29500-000	DEFERRED INFLOW-ACTUAL EXPVASS	37,730.83	
	002-02599-000	NET PENSION OBLIGATION		47,644.00
	002-19950-000	DEFERRED OUTFLOW -INVESTMENT E		28,022.89
Total			**75,666.89**	**75,666.89**
Adjusting Journal Entries JE # 6				
To reclass lease payment.				
	002-77230-027	TRANSFER OUT TO DEBT SVC	86,301.05	
	002-55090-027	SOUTHSIDE BANK - PRINCIPAL		76,356.98
	002-55095-027	SOUTHSIDE BANK - INTEREST		9,944.07
Total			**86,301.05**	**86,301.05**
Adjusting Journal Entries JE # 7				
To reclass lease payment.				
	003-55090-030	SOUTHSIDE BANK - PRINCIPAL	76,412.98	
	003-55095-030	SOUTHSIDE BANK - INTEREST	9,888.07	
	003-09051-000	OPERATING TRANSFERS IN		86,301.05
Total			**86,301.05**	**86,301.05**
Adjusting Journal Entries JE # 8				
To reclass interest payment made during the year.				
	002-45638-027	2016 CO INTEREST	194,729.03	
	002-02751-000	2016 CO'S		194,729.03
Total			**194,729.03**	**194,729.03**
Adjusting Journal Entries JE # 9				
To accrue interest on bonds.				
	002-59900-029	INTEREST EXPENSE	14,233.00	
	002-02220-000	ACCRUED INTEREST PAYABLE		14,233.00
Total			**14,233.00**	**14,233.00**
Adjusting Journal Entries JE # 10				
To apply principal to the note balance.				
	002-02761-000	2013 REFUNDING ISSUE BONDS	92,865.17	
	002-45631-027	WW 2013 LTD REFUND PRINCIPAL		92,865.17
Total			**92,865.17**	**92,865.17**
Adjusting Journal Entries JE # 11				

To true up property tax receivables for the General Fund & Debt Service Funds

003-01330-000	TAXES RECEIVABLE	17,477.59	
001-01330-000	TAXES RECEIVABLE		17,477.59
Total		**17,477.59**	**17,477.59**

Adjusting Journal Entries JE # 12

To true up deferred property tax revenue for the General Fund & Debt Service Funds

001-02250-000	DEFERRED TAX REVENUE	17,477.59	
003-02250-000	DEFERRED TAX REVENUE		17,477.59
Total		**17,477.59**	**17,477.59**

Adjusting Journal Entries JE # 13

To record A/P that system posted to cash.

001-01082-000	STW CAUSED CASH OFFSET	116,551.67	
002-01082-000	STW CAUSED CASH OFFSET	107,231.72	
004-01082-000	CASH OFFSET CAUSED BY STW	28.76	
005-01082-000	CASH OFFSET CAUSED BY STW	63,393.95	
018-01084-000	STW CAUSED CASH OFFSET	57.47	
019-01082-000	CASH OFFSEET CAUSED BY STW	2,423.73	
044-01082-000	CASH OFFSET CAUSED BY STW	650,305.84	
045-01082-000	CASH OFFSET CAUSED BY STW	86,120.59	
072-01082-000	CASH OFFSET CAUSED BY STW	27,149.92	
001-02001-000	AUDIT ACCOUNTS PAYABLE		116,551.67
002-02001-000	AUDIT ACCOUNTS PAYABLE		107,231.72
004-02002-000	AUDIT ACCOUNTS PAYABLE		28.76
005-02002-000	AUDIT ACCOUNTS PAYABLE		63,393.95
018-02001-000	AUDIT ACCOUNTS PAYABLE		57.47
019-02001-000	AUDIT ACCOUNTS PAYABLE		2,423.73
044-02000-000	A/P FUND 44		650,305.84
045-02001-000	AUDIT ACCOUNTS PAYABLE		86,120.59
072-02001-000	AUDIT ACCOUNTS PAYABLE		27,149.92
Total		**1,053,263.65**	**1,053,263.65**

Adjusting Journal Entries JE # 14

To remove old fines & fees belances.

001-01426-000	ALLOW/DOUBTFUL MUNI COURT	367,958.25	
001-02036-000	ACCRUED PAYABLE TO STATE	100,894.48	
001-02260-000	DEFERRED MUNI CRT REVENUE	34,622.37	
001-01425-000	A/R MUNICIPAL COURT		503,475.10
Total		**503,475.10**	**503,475.10**

Adjusting Journal Entries JE # 15

To adjust state fees payable as of YE.

001-02030-000	A/P-STATE COURT FEES	22,918.98	
001-06050-000	MUNICIPAL COURT		22,918.98
Total		**22,918.98**	**22,918.98**

Adjusting Journal Entries JE # 16				
To remove old prepaid balance.				
	001-22030-001	POSTAGE	6,568.64	
	001-01625-000	PRE-PAID POSTAGE		6,568.64
Total			**6,568.64**	**6,568.64**
Adjusting Journal Entries JE # 117				
To remove				
	001-11180-001	GROUP INSURANCE	34,809.94	
	001-02100-000	A/P GROUP INSURANCE		14,095.62
	001-02105-000	A/P - LIFE AND AD&D		20,714.32
Total			**34,809.94**	**34,809.94**
Adjusting Journal Entries JE # 118				
To remove old liability balance.				
	001-02190-000	A/P TEC UNEMPLOYMENT	12,332.76	
	001-11195-002	UNEMPLOYMENT INSURANCE		12,332.76
Total			**12,332.76**	**12,332.76**
Adjusting Journal Entries JE # 1002				
To properly allocate property taxes from General Fund to DSF				
	001-04050-000	CURRENT TAXES	9,897.79	
	BWC 001-99999-999	AUDIT Due to DSF		9,897.79
Total			**9,897.79**	**9,897.79**
Adjusting Journal Entries JE # 1003				
To record a receivable for estimated franchise taxes related to Oncor not "available" for over 60 days				
	001-01431-000	FRANCHISE FEE RECEIVABLE	83,493.91	
	BC 001-02270-000	DEFERRED FRANCHISE TAX REV		83,493.91
Total			**83,493.91**	**83,493.91**
Adjusting Journal Entries JE # 1004				
To properly accrue franchise tax receivables as of FYE				
	001-01431-000	FRANCHISE FEE RECEIVABLE	3,164.74	
	070-01431-00	FRANCHISE FEE RECEIVABLE	34,773.58	
	001-04250-000	FRANCHISE TAX GARBAGE		3,164.74
	070-04251-000	CABLE FRANCHISE - CH 10		34,773.58
Total			**37,938.32**	**37,938.32**
Adjusting Journal Entries JE # 1005				
To reverse py payroll accrual.				
	001-02000-000	ACCOUNTS PAYABLE	28,619.37	
	001-11010-003	SALARY		14,309.68
	001-11010-010	SALARY		14,309.69

Total			**28,619.37**	**28,619.37**

Adjusting Journal Entries JE # 1401
To reverse 2016 grant receivable.

	014-08800-057	GRANT PROCEEDS-LOCAL FOOD PP	18,706.00	
	014-01390-000	ACCOUNTS RECEIVABLE-OTHER		18,706.00
Total			**18,706.00**	**18,706.00**

Adjusting Journal Entries JE # 1402
To record grant receivable as of year end.

	014-01390-000	ACCOUNTS RECEIVABLE-OTHER	32,429.00	
	014-08800-057	GRANT PROCEEDS-LOCAL FOOD PP		32,429.00
Total			**32,429.00**	**32,429.00**

Adjusting Journal Entries JE # 1801
To adjust accrued interest for the year.

	018-02220-000	ACCRUED INTEREST PAYABLE	4,406.00	
	018-59900-058	INTEREST EXPENSE		4,406.00
Total			**4,406.00**	**4,406.00**

Adjusting Journal Entries JE # 1802
To adjust deferred charges on refunding.

	018-59900-058	INTEREST EXPENSE	1,647.00	
	018-01999-000	DEFFRED AMT RFNDG 2007 EDC		1,647.00
Total			**1,647.00**	**1,647.00**

Adjusting Journal Entries JE # 1803
To correct fund balance and capital assets.

	018-01692-000	ACC DEPRECIATION INSTRASTRUC	16,367.81	
	018-02900-000	FUND BALANCE/RETAINED EARN	66,911.00	
	018-01480-000	LAND / IMPROVEMENTS		66,911.00
	018-88500-058	DEPRECIATION EXPENSE		16,367.81
Total			**83,278.81**	**83,278.81**

Adjusting Journal Entries JE # 1804
To record interfund receivable for reimbursable purchase made by the general fund.

	018-47040-058	CONSULTING SERVICES	17,686.04	
	018-02749-000	NOTES PAYABLE GF TIRZ/EDC		17,686.04
Total			**17,686.04**	**17,686.04**

Adjusting Journal Entries JE # 2001
To true up the beginning accrued leave liability and beginning fund balance

	002-02090-000	ACCRUED LEAVE	43,028.27	
	002-02900-000	FUND BALANCE/RETAINED EARN		43,028.27

Total			**43,028.27**	**43,028.27**

Adjusting Journal Entries JE # 2002

To true up ending accrued leave balance as of FYE.

002-02090-000	ACCRUED LEAVE	54,837.75	
002-11999-012	ACCRUED LEAVE EXPENSE		12,177.00
002-11999-021	ACCRUED LEAVE EXPENSE		1,728.06
002-11999-022	ACCRUED LEAVE EXPENSE		5,872.10
002-11999-023	ACCRUED LEAVE EXPENSE		6,367.30
002-11999-024	ACCRUED LEAVE EXPENSE		23,340.49
002-11999-026	ACCRUED LEAVE EXPENSE		5,352.80
Total		**54,837.75**	**54,837.75**

Adjusting Journal Entries JE # 2003

To true up unbilled receivables for water & sewer services as of FYE

002-01351-000	UNBILLED ACCTS RECEIVABLE	73,696.77	
002-07500-000	WATER SALES		43,563.66
002-07550-000	WASTEWATER SERVICE		30,133.11
Total		**73,696.77**	**73,696.77**

Adjusting Journal Entries JE # 2004

To adjust beginning unbilled accounts receivable to actual and correct utility beginning fund balance

002-01351-000	UNBILLED ACCTS RECEIVABLE	26,986.46	
002-02900-000	FUND BALANCE/RETAINED EARN		26,986.46
Total		**26,986.46**	**26,986.46**

Adjusting Journal Entries JE # 2005

To backout prior year accruals for unbilled water and sewer services

002-07500-000	WATER SALES	15,740.68	
002-07550-000	WASTEWATER SERVICE	11,245.78	
002-01351-000	UNBILLED ACCTS RECEIVABLE		26,986.46
Total		**26,986.46**	**26,986.46**

Adjusting Journal Entries JE # 2006

To reverse py payroll accrual.

002-02000-000	ACCOUNTS PAYABLE	10,860.78	
002-11010-024	SALARY		10,860.78
Total		**10,860.78**	**10,860.78**

Adjusting Journal Entries JE # 2008

To properly accrue for expenses not included as of FYE

002-44330-021	PROFESSIONAL SERVICES	1,826.75	
045-88002-011	GRANT EXPENDITURES	7,150.00	
002-02000-000	ACCOUNTS PAYABLE		1,826.75
045-02000-000	ACCOUNTS PAYABLE		7,150.00

Total		**8,976.75**	**8,976.75**

Adjusting Journal Entries JE # 2009

To reverse entry by client, in which the client capitalized expenses by debiting asset accounts and improperly credited fund balance instead of expense accounts. BWC corrected this below & properly capitalized expenses relatedto cameras and an ebra pump.

002-01675-000	VEHICLES AND EQUIPMENT	48,000.00	
002-01770-000	PROP. PLANT & EQUIP-SEWER	12,588.24	
002-02900-000	FUND BALANCE/RETAINED EARN	391,173.46	
002-01675-000	VEHICLES AND EQUIPMENT		105,280.20
002-01760-000	PROP. PLANT & EQUIP-WATER		273,305.02
002-01770-000	PROP. PLANT & EQUIP-SEWER		12,588.24
002-32690-026	WASTEWATER PLANT MAINTENANCE		12,588.24
002-88012-028	CAMERA		48,000.00
Total		**451,761.70**	**451,761.70**

Adjusting Journal Entries JE # 2010

To adjust premium and deferred loss as of year end.

002-02732-000	2013 TAX & REV CO'S PREMIUM	2,024.20	
002-02742-000	2013 REFUNDING ISSUE PREMIUM	2,678.33	
002-02748-000	2011 BOND PREMIUM	8,140.26	
002-09000-000	CASH FLOWS FINANCING ACTIVITIE	34,016.76	
BC 002-02765-000	Bond Premium - 2015 GO Ref.	7,483.60	
BC 002-59902-030	Interest Expense - Adj. to bond premium		54,343.15
Total		**54,343.15**	**54,343.15**

Adjusting Journal Entries JE # 2011

To make PY ajes not made.

002-32500-024	METERS & BOXES	19,955.28	
002-02900-000	FUND BALANCE/RETAINED EARN		16,595.28
002-44595-026	CONTRACT-SLUDGE REMOVAL		3,360.00
Total		**19,955.28**	**19,955.28**

Adjusting Journal Entries JE # 2012

To roll PY journal entry.

002-01050-000	2'S SHARE : CONSOLIDATED CASH	23,548.76	
002-02900-000	FUND BALANCE/RETAINED EARN		23,548.76
Total		**23,548.76**	**23,548.76**

Adjusting Journal Entries JE # 2013

To reverse client entry.

002-01675-000	VEHICLES AND EQUIPMENT	4,999.00	
002-02900-000	FUND BALANCE/RETAINED EARN		4,999.00
Total		**4,999.00**	**4,999.00**

Adjusting Journal Entries JE # 2014

To capitalize assets.

002-01755-000	CONSTRUCTION IN PROGRESS	822,968.70	
002-01760-000	PROP. PLANT & EQUIP-WATER	39,678.00	
002-01770-000	PROP. PLANT & EQUIP-SEWER	26,863.00	
002-32530-023	PUMPS & MOTORS		39,678.00
002-32680-028	LIFT STATION MAINTENANCE		17,336.00
002-75000-000	TRANSFERS IN		822,968.70
002-77375-026	PUMP		9,527.00
Total		**889,509.70**	**889,509.70**

Adjusting Journal Entries JE # 2015

To adjust CIP for completed projects.

002-01760-000	PROP. PLANT & EQUIP-WATER	465,309.05	
002-01770-000	PROP. PLANT & EQUIP-SEWER	199,879.75	
002-88025-023	NON-CAPITAL OUTLAY	31,749.00	
002-01755-000	CONSTRUCTION IN PROGRESS		696,937.80
Total		**696,937.80**	**696,937.80**

Adjusting Journal Entries JE # 2016

To correct depreciation expense for the year.

002-88500-026	DEPRECIATION EXPENSE	100,198.00	
002-01790-000	RESERVE FOR DEPRECIATION		100,198.00
Total		**100,198.00**	**100,198.00**

Adjusting Journal Entries JE # 2201

To back out entry made improperly in the CY

022-01080-000	22'S SHARE FNB CONS CASH	10,566.00	
022-01050-000	CONSOLIDATED CASH		10,566.00
Total		**10,566.00**	**10,566.00**

Adjusting Journal Entries JE # 2211

To adjust deferred charges on refunding.

BC 002-59902-030	Interest Expense - Adj. to bond premium	3,163.00	
002-02763-000	DEFERRED AMOUNT ON REFUNDING		3,163.00
Total		**3,163.00**	**3,163.00**

Adjusting Journal Entries JE # 3002

To properly allocate property taxes from General Fund to DSF

BWC 003-99999-999	AUDIT Due from GEN	9,897.79	
003-04050-000	CURRENT TAXES		9,897.79
Total		**9,897.79**	**9,897.79**

Adjusting Journal Entries JE # 4401

To reverse py accrual.

	044-02000-000	A/P FUND 44	18,762.17	
	044-77406-011	NEW SIDEWALKS CONST AND RECONS	133.12	
	044-77406-011	NEW SIDEWALKS CONST AND RECONS		18,895.29
Total			**18,895.29**	**18,895.29**

Adjusting Journal Entries JE # 4403

To back out imporperly included expense as of FYE for Kubota four wheeler

	002-02001-000	AUDIT ACCOUNTS PAYABLE	16,111.20	
	002-88011-028	KUBOTA FOUR WHEELER		16,111.20
Total			**16,111.20**	**16,111.20**

Adjusting Journal Entries JE # 4404

To book retainage on pay app #5, Rec Center.

	044-77407-027	REC CENTER EXPENSES	70,341.33	
	044-02005-000	RETAINAGE PAYABLE		70,341.33
Total			**70,341.33**	**70,341.33**

Adjusting Journal Entries JE # 4405

To allocate grant funds to the appropriate account.

	044-08801-022	GRANT PROCEEDS	116,581.60	
	044-08800-011	GRANT PROCEEDS		116,581.60
Total			**116,581.60**	**116,581.60**

Adjusting Journal Entries JE # 4406

To record grant receivable as of year end.

	044-01415-000	GRANT REVENUE RECEIVABLE	93,812.30	
	044-08800-028	GRANT PROCEEDS		93,812.30
Total			**93,812.30**	**93,812.30**

Adjusting Journal Entries JE # 4407

To correctly record Rec. Center grant revenue due to over payment.

	044-08801-027	GRANT PROCEEDS - REC CENTER	107,631.29	
	044-02010-000	DEFERRED GRANT REVENUE		107,631.29
Total			**107,631.29**	**107,631.29**

Adjusting Journal Entries JE # 4408

To correct revenue recognition of grant expense from the prior year.

	044-08800-011	GRANT PROCEEDS	141,850.95	
	044-02900-000	FUNDBAL/RETAINED EARNINGS		141,850.95
Total			**141,850.95**	**141,850.95**

Adjusting Journal Entries JE # 4501

To properly accrue reatainage payable related to 2017 W&S project

	045-88001-033	PROGRAM EXPENSE	37,186.95	

	045-02000-000	ACCOUNTS PAYABLE		37,186.95
Total			**37,186.95**	**37,186.95**

Adjusting Journal Entries JE # 4502

To record under payment of program expense invoice.

	045-88001-033	PROGRAM EXPENSE	8,834.06	
	045-02001-000	AUDIT ACCOUNTS PAYABLE		8,834.06
Total			**8,834.06**	**8,834.06**

Adjusting Journal Entries JE # 4503

To record CIP.

	BC 045-77900-000	TRANSFERS OUT	822,968.70	
	045-44561-015	WW TREATMENT PLANT EXPANSION P		107,232.40
	045-44590-030	CENTRAL LIFT STATION		14,918.40
	045-44592-032	WATER WELL		16,400.00
	045-77413-112	CDBG WATER LINE EXPENS 2016/20		243,083.30
	045-88001-033	PROGRAM EXPENSE		399,759.10
	045-88002-011	GRANT EXPENDITURES		41,575.50
Total			**822,968.70**	**822,968.70**

Adjusting Journal Entries JE # 4504

To record grant receivable as of year end.

	045-01415-000	GRANT REVENUE RECEIVABLE	25,819.13	
	045-08500-111	GRANT PROCEEDS HMG		25,819.13
Total			**25,819.13**	**25,819.13**

Adjusting Journal Entries JE # 7201

To reverse 2016 accrual and post 2017.

	072-02000-000	ACCOUNTS PAYABLE	250,493.01	
	072-57127-010	STATE SHARE RED LIGHT TRAUMA	285,499.04	
	072-02000-000	ACCOUNTS PAYABLE		285,499.04
	072-57127-010	STATE SHARE RED LIGHT TRAUMA		250,493.01
Total			**535,992.05**	**535,992.05**

ANNUAL FINANCIAL REPORT

of the

City of Elgin, Texas

For the Year Ended
September 30, 2017

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City of Elgin, Texas

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September 30, 2017

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BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Elgin, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Elgin, Texas (the "City"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express

no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Correction of Errors

As discussed in Note V.E to the financial statements, beginning net position has been restated to reflect corrections of accounting errors in the 2016 financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension plan information 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Elgin, Texas's basic financial statements. The combining and individual nonmajor fund financial statements and schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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. Such 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 with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2018 on our consideration of the City'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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
September 27, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Elgin, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2017

As management of the City of Elgin, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information contained in this report.

Financial Highlights

- The City's total combined net position is $18,409,543 at September 30, 2017.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of $4,819,553, a decrease of $2,319,971. This decrease is primarily due to the excess of expenditures over revenues and other financing sources within the general and capital projects funds.
- The City had an overall increase in net position of $549,891.
- The City closed the year with a net pension liability of $2,682,433.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and economic development. The business-type activities of the City include water and sewer, and sanitation operations.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental* activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, red light camera, capital projects, and debt service fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The City adopts an annual appropriated budget for its general, debt service, capital projects, special revenue and utility funds. A budgetary comparison statement has been provided for the general, major special revenue and the debt service fund to demonstrate compliance with their respective budget.

Proprietary Funds

The City's proprietary funds are all enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer utility operations. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utility fund, all of which is considered to be a major fund of the City.

Component Unit

The City maintains the accounting and financial statements for one component unit. The Elgin Economic Development Corporation, which is a discretely presented component unit, is presented alongside the government-wide statement of net position and statement of activities.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The required RSI includes a budgetary comparison schedule for the general fund, schedule of changes in the net pension liability and related ratios and schedule of employer contributions for the Texas Municipal Retirement System. RSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Elgin, assets exceed liabilities by $18,409,543 as of September 30, 2017, in the primary government.

The largest portion of the City's net position, $17,472,956, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2017			2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 6,706,073	$ 10,775,592	$ 17,481,665	$ 8,821,688	$ 2,176,657	$ 10,998,345
Capital assets, net	16,766,978	24,213,633	40,980,611	14,076,143	24,096,171	38,172,314
Total Assets	23,473,051	34,989,225	58,462,276	22,897,831	26,272,828	49,170,659
Deferred Outflows of	664,909	229,621	894,530	645,816	228,577	874,393
Other liabilities	1,771,404	829,111	2,600,515	1,587,973	694,963	2,282,936
Long-term liabilities	13,728,141	24,618,607	38,346,748	14,344,990	15,515,540	29,860,530
Total Liabilities	15,499,545	25,447,718	40,947,263	15,932,963	16,210,503	32,143,466
Deferred Inflows of Resources	-	-	-	31,478	10,456	41,934
Net Position:						
Net investment in capital assets	8,058,169	9,414,787	17,472,956	5,304,851	10,428,833	15,733,684
Restricted	2,124,391	762,439	2,886,830	1,683,488	1,240,404	2,923,892
Unrestricted	(1,544,145)	(406,098)	(1,950,243)	590,867	(1,388,791)	(797,924)
Total Net Position	$ 8,638,415	$ 9,771,128	$ 18,409,543	$ 7,579,206	$ 10,280,446	$ 17,859,652

Statement of Activities:

The following table provides a summary of the City's changes in net position:

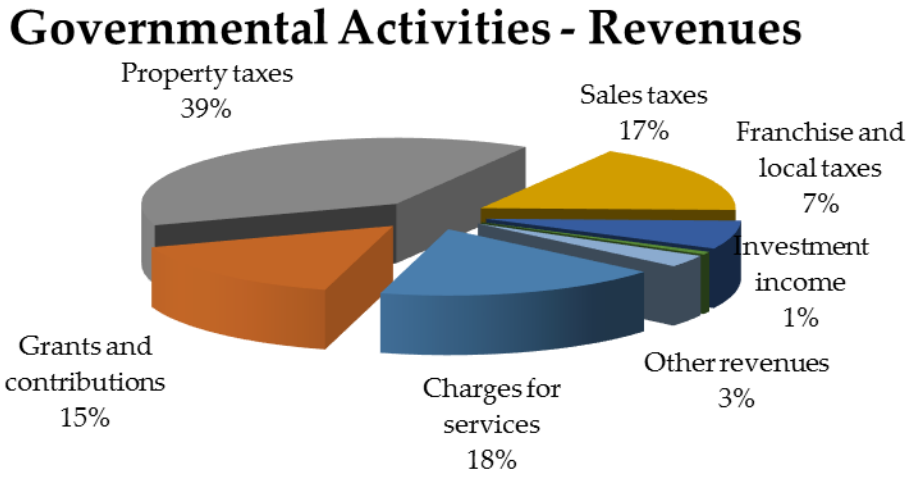
	For the Year Ended September 30, 2017			For the Year Ended September 30, 2016		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 1,707,971	$ 5,570,528	$ 7,278,499	$ 1,392,382	$ 5,260,457	$ 6,652,839
Grants and contributions	1,249,280	-	1,249,280	543,840	-	543,840
General revenues:						
Property taxes	3,125,560	-	3,125,560	2,786,178	-	2,786,178
Sales taxes	1,368,594	-	1,368,594	1,289,801	-	1,289,801
Franchise and local taxes	563,522	-	563,522	511,926	-	511,926
Investment income	56,703	99,417	156,120	37,542	10,820	48,362
Other revenues	-	-	-	120,451	-	120,451
Total Revenues	8,071,630	5,669,945	13,741,575	6,682,120	5,271,277	11,953,397
Expenses						
General government	2,649,994	-	2,649,994	3,212,008	-	3,212,008
Public safety	3,125,622	-	3,125,622	2,825,439	-	2,825,439
Parks and recreation	882,803	-	882,803	530,459	-	530,459
Public works	1,417,977	-	1,417,977	1,594,697	-	1,594,697
Other	45,043	-	45,043	77,742	-	77,742
Transfer of capital assets	-	-	-	483,605	-	483,605
Interest and fiscal charges	380,513	901,115	1,281,628	432,215	567,561	999,776
Utilities	-	3,788,617	3,788,617	-	3,844,587	3,844,587
Total Expenses	8,501,952	4,689,732	13,191,684	9,156,165	4,412,148	13,568,313
Change in Net Position Before Transfers	(430,322)	980,213	549,891	(2,474,045)	859,129	(1,614,916)
Transfers	1,489,531	(1,489,531)	-	1,926,047	(1,926,047)	-
Total	1,489,531	(1,489,531)	-	1,926,047	(1,926,047)	-
Change in Net Position	1,059,209	(509,318)	549,891	(547,998)	(1,066,918)	(1,614,916)
Beginning Net Position	7,579,206	10,280,446	17,859,652	8,127,204	11,347,364	19,474,568
Ending Net Position	$ 8,638,415	$ 9,771,128	$ 18,409,543	$ 7,579,206	$ 10,280,446	$ 17,859,652

Governmental activities current assets decreased by $2,115,615 when compared to the prior year due to the partial expenditure of the unspent proceeds related to certificates of obligation bonds that were

issued in prior years. Capital assets increased by $2,690,835 due to several large construction projects including the new recreation center. Governmental activities long-term liabilities decreased by $616,849 due to principal payments made in the current year.

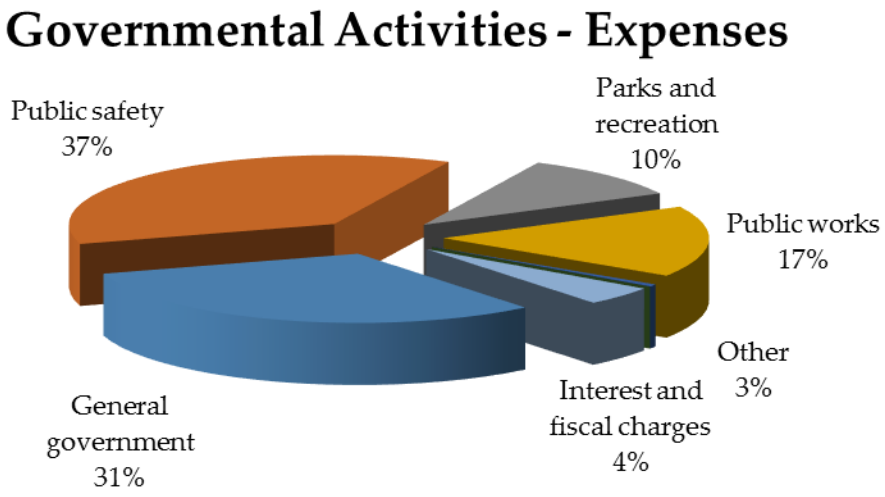
Business-type activities current assets increased by $8,598,935 when compared to the prior year primarily due to increased cash on hand from the issuance of $9,315,000 certificates of obligation in the current year. Business-type activities long-term liabilities increased by $9,103,067 primarily due to the aforementioned issuance of certificates of obligation.

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.



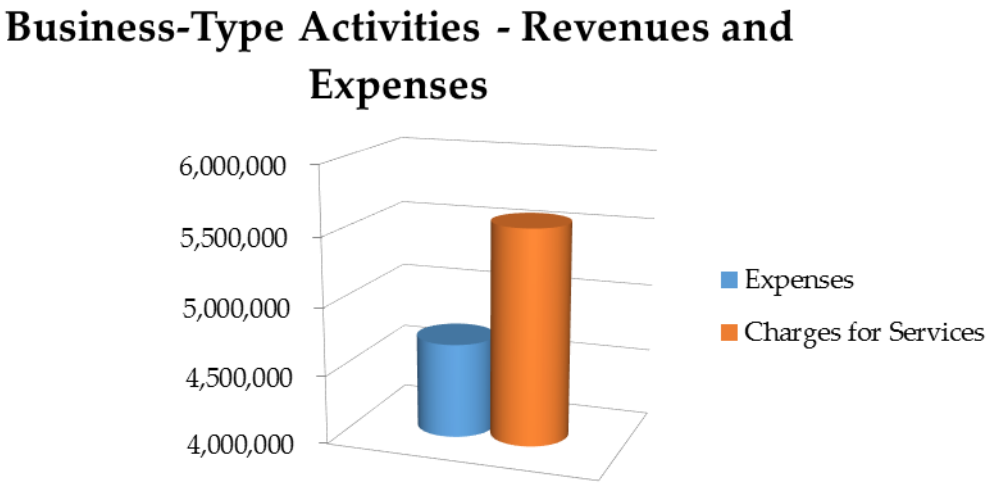
For the year ended September 30, 2017, revenues from governmental activities totaled $8,071,630. Property tax, sales tax and charges for services are the City's largest revenue sources. Property taxes increased by $339,382 or 12% due to increases in the appraised property tax values. Sales tax increased $78,793 or 6% due to an overall growth in the economy. Grants and contributions increased by $705,440 or 130% due to several new grants received in the current year. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:



For the year ended September 30, 2017, expenses for governmental activities totaled $8,501,952. This represents an decrease of $654,213 or 6% from the prior year. The majority of this decrease is within general government which is due to a reallocation of expense classifications. In addition, the public safety and parks and recreation departments increased by $300,183 and $352,344, respectively. This is primarily due to increases in personnel expenses and park maintenance related expenditures. The City's largest functional expense is public safety of $3,125,622. Public works expenditures decreased by $176,720 or 11% primarily as a result of nonrecurring street improvement expenses in the prior year. All remaining expenses remained relatively consistent with the previous year.

Business-type activities are shown comparing operating costs to revenues generated by related services.



For the year ended September 30, 2017, charges for services by business-type activities totaled $5,570,528. This is an increase of $310,071 or 6% from the previous year. This increase directly relates to an increase in the water and sewer consumption during the year.

Total expenses increased $277,584. This increase is primarily a result of the increase in interest and related fiscal charges of $333,554. The increase in interest charges is primarily a result of the issuance of certificates of obligation in the current year and related bond issuance costs.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

As of the end of the year the general fund reflected a deficit fund balance of $266,079. The general fund had a net decrease in fund balance of the year of $1,767,175. This decrease was primarily due to greater than anticipated expenditures, as actual expenditures exceeded appropriations for the current year.

The red light camera fund ending the year with a fund balance of $391,380, all of which is restricted for public safety related expenditures. There was an increase in fund balance of $104,816 for the year. The increase is primarily attributable to the increase in citation collections and decreased capital outlay expenditures in comparison with the prior year.

The capital projects fund ending the year with a fund balance of $2,913,462 which represented a decrease of $994,280. This decrease is primarily due to expenditures exceeding revenues at the fund level. Capital expenditures totaled $2,868,824 and were related to street and infrastructure improvements.

There was an increase in the debt service fund balance of $195,857 during the year leaving a yearend fund balance of $740,689. All fund balance is restricted for debt service. Principal and interest payments totaled $1,215,275 as of yearend.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a total negative budget variance of $252,160 in the general fund. This is a combination of positive revenue and expenditure variances of $425,987 and $117,428, respectively. This was offset with a negative variance in other financing sources and uses of $795,575. The City amended the original general fund budget for fiscal year 2017 by decreasing property tax revenues by $200,000, increasing general government expenditures by $5,000, and increasing transfers in by $219,240.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $16,766,978 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested $24,213,633 in a variety of capital assets and infrastructure, net of accumulated depreciation.

Major capital asset events during the current year include the following:

- Construction in progress of:
    - Park equipment building - $107,965.
    - New recreation center and emergency shelter – $1,463,417.
    - New streets – $496,063.
    - FM 1100 - $303,628.
    - Water and sewer utility improvements of $399,760.
    - CDBG water line project - $243,083.
- Purchase of E-Force dispatch software system totaling $129,849.
- Purchase of equipment for public works and parks departments amounting to $74,779.
- Purchase of new equipment for wastewater department totaling $127,129.

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total bonds outstanding of $33,675,000. During the year, the City made principal repayments on outstanding bonds totaling $1,566,000. More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Elgin and improving services provided to their public citizens. The City is budgeting for growth in the upcoming year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Elgin's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City Finance Director, 310 N Main Street, Elgin, Texas 78621.

FINANCIAL STATEMENTS

City of Elgin, Texas

STATEMENT OF NET POSITION

September 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 2,010,758	$ 1,248,115	$ 3,258,873
Restricted cash and cash equivalents	-	8,888,178	8,888,178
Investments	-	-	-
Receivables, net	780,396	639,299	1,419,695
Prepaids	-	-	-
Total Current Assets	2,791,154	10,775,592	13,566,746
Due from component unit	3,914,919	-	3,914,919
Land held for sale	-	-	-
Capital assets:			
Non-depreciable	3,769,037	406,884	4,175,921
Net depreciable capital assets	12,997,941	23,806,749	36,804,690
Total Long-term Assets	20,681,897	24,213,633	44,895,530
Total Assets	23,473,051	34,989,225	58,462,276
Deferred Outflows of Resources			
Deferred charges on refunding	1,857	25,303	27,160
Pension contributions	320,074	98,630	418,704
Pension investment earnings	254,466	78,413	332,879
Pension (gains) losses	88,512	27,275	115,787
Total Deferred Outflows of Resources	664,909	229,621	894,530
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	1,681,244	258,829	1,940,073
Customer deposits	-	377,627	377,627
Accrued interest	90,160	192,655	282,815
Due to primary government	-	-	-
Long-term debt due within one year	908,937	958,683	1,867,620
	2,680,341	1,787,794	4,468,135
Noncurrent liabilities:			
Net pension liability	2,050,558	631,875	2,682,433
Due in more than one year	10,768,646	23,028,049	33,796,695
	12,819,204	23,659,924	36,479,128
Total Liabilities	15,499,545	25,447,718	40,947,263
Net Position			
Net investment in capital assets	8,058,169	9,414,787	17,472,956
Restricted for:			
Debt service	740,689	-	740,689
Capital projects	-	762,439	762,439
Economic development	563,178	-	563,178
Public safety	588,692	-	588,692
Other purposes	231,832	-	231,832
Unrestricted	(1,544,145)	(406,098)	(1,950,243)
Total Net Position	$ 8,638,415	$ 9,771,128	$ 18,409,543

See Notes to Financial Statements.

Component Unit	
	Elgin EDC
$	1,051,103
	-
	103,670
	119,705
	-
	1,274,478
	-
	3,997,232
	752,132
	452,753
	5,202,117
	6,476,595
	11,526
	-
	-
	-
	11,526
	5,300
	-
	3,620
	3,914,919
	50,000
	3,973,839
	-
	340,000
	340,000
	4,313,839
	826,410
	-
	-
	1,347,872
	-
	-
	-
$	2,174,282

City of Elgin, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	$ 2,649,994	$ 224,458	$ 181,522	$ -
Public safety	3,125,622	1,282,898	-	-
Parks and recreation	882,803	124,242	-	-
Public works	1,417,977	76,373	67,911	999,847
Other	45,043	-	-	-
Interest and fiscal charges	380,513	-	-	-
Total Governmental Activities	8,501,952	1,707,971	249,433	999,847
Business-Type Activities				
Utility fund	4,689,732	5,570,528	-	-
Total Business-Type Activities	4,689,732	5,570,528	-	-
Total Primary Government	$ 13,191,684	$ 7,278,499	$ 249,433	$ 999,847
Component Unit				
Elgin EDC	436,650	-	-	-
Total Component Unit	$ 436,650	$ -	$ -	$ -
General Revenues:				
Taxes				
Property taxes				
Sales taxes				
Franchise and local taxes				
Investment income				
Other revenue				
Proceeds from sale of assets				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Beginning Net Position				
Ending Net Position				

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Elgin EDC
$ (2,244,014)	$ -	$ (2,244,014)	$ -
(1,842,724)	-	(1,842,724)	-
(758,561)	-	(758,561)	-
(273,846)	-	(273,846)	-
(45,043)	-	(45,043)	-
(380,513)	-	(380,513)	-
(5,544,701)	-	(5,544,701)	-
-	880,796	880,796	-
-	880,796	880,796	-
(5,544,701)	880,796	(4,663,905)	-
			(436,650)
			(436,650)
3,125,560	-	3,125,560	-
1,368,594	-	1,368,594	684,297
563,522	-	563,522	-
56,703	99,417	156,120	3,420
-	-	-	100
-	-	-	80,874
1,489,531	(1,489,531)	-	-
6,603,910	(1,390,114)	5,213,796	768,691
1,059,209	(509,318)	549,891	332,041
7,579,206	10,280,446	17,859,652	1,842,241
$ 8,638,415	$ 9,771,128	$ 18,409,543	$ 2,174,282

City of Elgin, Texas

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2017

	General	Red Light Camera	Capital Projects	Debt Service
Assets				
Cash and cash equivalents	$ -	$ 704,029	$ 106,018	$ 188,300
Receivables, net	474,848	-	181,248	88,926
Due from component unit	460,443	-	3,454,476	-
Due from other funds	-	-	-	552,389
Total Assets	$ 935,291	$ 704,029	$ 3,741,742	$ 829,615
Liabilities				
Accounts payable and accrued liabilities	$ 449,137	$ 312,649	$ 720,649	$ -
Deferred revenue	83,494	-	107,631	-
Due to other funds	552,389	-	-	-
Total Liabilities	1,085,020	312,649	828,280	-
Deferred Inflows of Resources				
Unavailable revenue:				
Property tax	116,350	-	-	88,926
Total Deferred Inflows of Resources	116,350	-	-	88,926
Fund Balances				
Nonspendable				
Long-term receivable	-	-	2,913,462	-
Restricted for:				
Debt service	-	-	-	740,689
Capital projects	-	-		-
Tourism	-	-	-	-
Municipal court	-	-	-	-
Economic development	-	-	-	-
Public safety	-	391,380	-	-
Committed for:				
City improvements	-	-	-	-
Unassigned reported in:				
General fund	(266,079)	-	-	-
Total Fund Balances	(266,079)	391,380	2,913,462	740,689
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 935,291	$ 704,029	$ 3,741,742	$ 829,615

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 1,012,411	$ 2,010,758
35,374	780,396
-	3,914,919
-	552,389
$ 1,047,785	$ 7,258,462
$ 7,684	$ 1,490,119
-	191,125
-	552,389
7,684	2,233,633
-	205,276
-	205,276
-	2,913,462
-	740,689
-	-
187,045	187,045
44,787	44,787
563,178	563,178
197,312	588,692
47,779	47,779
-	(266,079)
1,040,101	4,819,553
$ 1,047,785	$ 7,258,462

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City of Elgin, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
September 30, 2017

Fund Balances - Total Governmental Funds	$	4,819,553
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		3,769,037
Capital assets - net depreciable		12,997,941
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property tax		205,276
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.		
Pension contributions		320,074
Pension investment earnings		254,466
Pension (gains) losses		88,512
Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.		
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Accrued interest		(90,160)
Deferred charges:		
On refunding		1,857
For bond premiums		(571,697)
Net pension liability		(2,050,558)
Compensated absences		(127,069)
Bonds, notes, & capital leases		(10,978,817)
Net Position of Governmental Activities	$	8,638,415

See Notes to Financial Statements.

City of Elgin, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2017

	General	Red Light Camera	Capital Projects	Debt Service
Revenues				
Property tax	$ 1,715,103	$ -	$ -	$ 1,274,522
Sales tax	1,368,594	-	-	-
Franchise and local taxes	462,298	-	-	-
License and permits	241,930	-	-	-
Intergovernmental	181,522	-	999,847	-
Fines and forfeitures	385,453	857,970	-	-
Investment income	13,267	6,058	31,940	309
Other revenue	119,583	-		-
Total Revenues	4,487,750	864,028	1,031,787	1,274,831
Expenditures				
Current:				
General government	2,496,207	-	-	-
Public safety	2,321,984	572,635	-	-
Municipal court	25,367	-	-	-
Community development	19,793	-	-	-
Parks and recreation	757,363	-	64,606	-
Public works	989,375	-	327,190	-
Other	15,326	-	29,717	-
Capital outlay	314,333	186,577	2,447,311	-
Debt Service:				
Principal	-	-	-	761,353
Interest and fiscal charges	-	-	-	453,922
Total Expenditures	6,939,748	759,212	2,868,824	1,215,275
Excess of Revenues Over (Under) Expenditures	(2,451,998)	104,816	(1,837,037)	59,556
Other Financing Sources (Uses)				
Transfers in	1,577,580	-	842,757	136,301
Transfers (out)	(892,757)	-	-	-
Total Other Financing Sources (Uses)	684,823	-	842,757	136,301
Net Change in Fund Balances	(1,767,175)	104,816	(994,280)	195,857
Beginning fund balances	1,501,096	286,564	3,907,742	544,832
Ending Fund Balances	$ (266,079)	$ 391,380	$ 2,913,462	$ 740,689

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 118,346	$ 3,107,971
-	1,368,594
101,224	563,522
-	241,930
67,911	1,249,280
16,190	1,259,613
5,129	56,703
121,467	241,050
430,267	8,088,663
104,078	2,600,285
3,458	2,898,077
-	25,367
-	19,793
-	821,969
-	1,316,565
-	45,043
7,570	2,955,791
-	761,353
-	453,922
115,106	11,898,165
315,161	(3,809,502)
-	2,556,638
(174,350)	(1,067,107)
(174,350)	1,489,531
140,811	(2,319,971)
899,290	7,139,524
$ 1,040,101	$ 4,819,553

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City of Elgin, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	$	(2,319,971)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		3,427,353
Depreciation expense		(698,385)
Adjustment for disposal of capital assets		(38,133)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property tax		17,589
Fines and fees		(34,622)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(5,089)
Accrued interest		37,958
Pension expense		(124,295)
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of deferred costs, premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Amortization of deferred charges		(793)
Amortization of premium		36,244
Principal payments		761,353
Change in Net Position of Governmental Activities	$	1,059,209

See Notes to Financial Statements.

City of Elgin, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUND

September 30, 2017

		Utility Fund
Assets		
Current Assets		
Cash and cash equivalents		$ 1,248,115
Investments		8,888,178
Receivables, net		639,299
	Total Current Assets	10,775,592
Noncurrent Assets		
Capital assets:		
Non-depreciable		406,884
Net depreciable capital assets		23,806,749
	Total Noncurrent Assets	24,213,633
	Total Assets	34,989,225
Deferred Outflows of Resources		
Deferred charge on refunding		25,303
Pension contributions		98,630
Pension investment earnings		78,413
Pension (gains) losses		27,275
	Total Deferred Outflows of Resources	229,621
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities		258,829
Customer deposits		377,627
Accrued interest		192,655
Long-term debt due within one year		958,683
	Total Current Liabilities	1,787,794
Noncurrent Liabilities		
Net pension liability		631,875
Due in more than one year		23,028,049
	Total Liabilities	25,447,718
Net Position		
Net investment in capital assets		9,414,787
Restricted for:		
Capital projects		762,439
Unrestricted		(406,098)
	Total Net Position	$ 9,771,128

See Notes to Financial Statements.

City of Elgin, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND

For the Year Ended September 30, 2017

		Utility Fund
Operating Revenues		
Charges for services		$ 5,144,912
Impact fees		156,180
Intergovernmental revenue		236,374
Other revenue		33,062
	Total Operating Revenues	5,570,528
Operating Expenses		
Personnel services		1,255,124
Materials and supplies		180,912
Maintenance		486,530
Contractual services		1,065,164
Depreciation		800,887
	Total Operating Expenses	3,788,617
	Operating Income	1,781,911
Nonoperating Revenues (Expenses)		
Investment income		99,417
Interest expense		(727,081)
Bond issuance costs		(174,034)
	Total Nonoperating Revenues (Expenses)	(801,698)
	Income Before Transfers	980,213
Transfers (out)		(1,489,531)
	Change in Net Position	(509,318)
Beginning net position		10,280,446
	Ending Net Position	$ 9,771,128

See Notes to Financial Statements.

City of Elgin, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUND (Page 1 of 2)

For the Year Ended September 30, 2017

	Utility Fund
Cash Flows from Operating Activities	
Receipts from customers	$ 5,543,390
Payments to employees	(1,220,500)
Payments to suppliers	(1,647,331)
Other items	31,749
Net Cash Provided by Operating Activities	2,707,308
Cash Flows from Noncapital Financing Activities	
Transfers (out)	(1,489,531)
Net Cash (Used for) Noncapital Financing Activities	(1,489,531)
Cash Flows from Capital and Related Financing Activities	
Capital purchases	(950,098)
Proceeds from debt issuance	9,995,335
Principal paid on debt	(887,212)
Debt issuance costs paid	(174,034)
Interest paid on debt	(764,028)
Net Cash Provided by Capital and Related Financing Activities	7,219,963
Cash Flows from Investing Activities	
Interest on investments	99,417
Net Cash Provided by Investing Activities	99,417
Net Increase in Cash and Cash Equivalents	8,537,157
Beginning cash and cash equivalents	1,599,136
Ending Cash and Cash Equivalents	$ 10,136,293

See Notes to Financial Statements.

City of Elgin, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUND (Page 2 of 2)

For the Year Ended September 30, 2017

	Utility Fund
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	$ 1,781,911
Adjustments to reconcile operating income to net cash provided:	
Depreciation	800,887
Loss on disposal of assets	31,749
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in:	
Accounts receivable	(61,778)
Deferred Outflows of Resources:	
Pension contributions	(4,955)
Investment experience	28,023
Actual experience vs. assumption	(37,731)
Increase (Decrease) in:	
Accounts payable and accrued liabilities	85,275
Customer deposits	34,640
Compensated absences	1,643
Net pension liability	47,644
Net Cash Provided by Operating Activities	$ 2,707,308

See Notes to Financial Statements.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

The City of Elgin, Texas (the "City") was incorporated in 1872. The City operates under a Council-Manager form of government and provides the following services: public safety, street maintenance, sanitation, culture-recreation, public improvements, planning and zoning, general administrative, and water and wastewater services.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Tax Increment Reinvestment Zone No. 1 ("TIRZ") and the Elgin Economic Development Corporation, although legally separate, are considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary

government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended Component Unit

Tax Increment Reinvestment Zone No. 1 Fund

The Tax Increment Reinvestment Zone No. 1 fund was created to encourage and accelerate planned development within the City limits. The fund accounts for all tax and expenditure activity associated with the fund's primary purpose. The Board is comprised of the Mayor and City Council and functions as a department of the City. Separate audited financial statements are not available.

Discretely Presented Component Unit

Elgin Economic Development Corporation

The Elgin Economic Development Corporation (the "EDC") serves all citizens of the City and is governed by a seven member board of directors appointed by the Elgin City Council. The EEDC is a 4B Corporation and is supported by a half-cent sales tax voted by referendum in 1990. The scope of public service of the EDC benefits the government and its citizens and is operated primarily within geographic boundaries of the City. Separately audited financial statements are not issued.

C. Basis of Presentation Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its blended component units. Separate statements for each fund category—governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining

governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed.

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, parks and recreation and public works.

Red Light Camera Fund

This fund accounts for revenues received from red light camera fines, expenditures to operate the system, and the use of those funds for allowable purposes.

Capital Projects Fund

This fund accounts for the portion of the proceeds from the issuance of certificates of obligation to be used for the purpose of repairing, improving, upgrading, and equipping City buildings, City streets and drainage, and City parks, including engineering and other related costs, and for the acquisition of equipment for general governmental purposes.

Debt Service Fund

This fund is used to account for the accumulation of resources for, and the payment of, general obligation long-term debt principal, interest, and related costs.

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB. The proprietary fund types used by the City include enterprise funds.

The government reports the following major enterprise fund:

Utility Fund

This fund is used to account for the provision of water, sewer, and sanitation services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water production and distribution system, water collection and treatment systems. The fund also accounts for the accumulation of resources for and the payment of long-term debt. All costs are financed through charges to utility customers.

Additionally, the government reports the following fund types:

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included

as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

E. Budgetary Information

An annual budget is adopted by City Council who uses the following procedures in establishing budgetary data reflected in the financial statements:

(a) Prior to September 1, the City submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
(b) Public hearings are conducted to obtain taxpayer comments.
(c) Prior to October 1, the budget is legally enacted through passage of an ordinance.
(d) Once a budget is approved, it can be amended only by approval of a majority of the City Council members.
(e) Amendments are presented to the City Council at their regular meetings. Each amendment must have City Council approval. Such amendments are made before the fact, are reflected in the official minutes of the City Council, and are not made after a fiscal year-end. All budget appropriations lapse at year-end.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as LOGIC, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

Direct obligations of the U.S. Government
Fully collateralized certificates of deposit and money market accounts
Statewide investment pools

2. Fair Value

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

5. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors

reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Vehicles and equipment	3-20 years
Furniture	5 to 10 years
Infrastructure	40 years
Water and sewer system	20-50 years
Buildings and improvements	20-50 years

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property tax and fines and fee revenue. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

8. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

10. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (City Council) has by resolution authorized the City Manager to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

12. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

13. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred in accordance with GASB statement no. 65.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

14. Estimates

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility fund are charges to customers for sales and services. The utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts,

and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities."

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures in Excess of Appropriations

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental and enterprise funds.

The appropriated budget is prepared by fund, function, and department. The legal level of control is the function level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. Several supplemental budget amendments were made during the year.

Expenditures exceeded appropriations at the legal level of control as follows:

General fund		
Capital outlay	$	249,800
Transfers (out)		877,645
Debt service fund		
Interest charges	$	1,336

Deficit Fund Balance

At September 30, 2017, the general fund, has a deficit fund balance of $266,079. The deficit will be eliminated in the future with a reduction in expenditures, increased revenue or through reimbursements from other funds.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2017, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	$ 9,725,039	0.12
Total fair value	$ 9,725,039	
Portfolio weighted average maturity		0.12

As of September 30, 2017, the discretely presented component unit had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
Certificates of deposit	$ 103,670	2.39
Total fair value	$ 103,670	
Portfolio weighted average maturity		2.39

Interest rate risk – In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.
Credit risk – The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and

instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2017, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexSTAR

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated AAAm by Standard & Poor's. The City's fair value position is stated at the value of the position upon withdrawal.

LOGIC

The Local Government Investment Cooperative ("LOGIC") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. LOGIC was created by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing, respectively. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

LOGIC operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. LOGIC uses the amortized cost valuation technique, which generally approximates the market value of the assets, has been deemed to be a proxy for fair value. Accordingly, the fair value of the position in LOGIC are the same as the value of LOGIC shares. LOGIC is rated AAAm by Standard & Poor's.

B. Receivables

The following comprise receivable balances of the primary government at year end:

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Utility Fund	Total
Property taxes	$ 117,650	$ 89,621	$ -	$ -	$ -	$ 207,271
Sales tax	239,411	-	-	-	-	239,411
Franchise taxes	86,659	-	-	34,774	-	121,433
Accounts	-	-	-	-	1,100,117	1,100,117
Other	32,429	-	181,248	600	-	214,277
Allowance	(1,301)	(695)	-	-	(460,818)	(462,814)
Total	$ 474,848	$ 88,926	$ 181,248	$ 35,374	$ 639,299	$ 1,419,695

The following comprise receivable balances of the discretely presented component unit at year end:

	Elgin EDC
Sales tax	$ 119,705
Total	$ 119,705

C. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 949,107	$ 191,099	$ -	$ 1,140,206
Construction in process	1,576,096	2,909,262	(1,856,527)	2,628,831
Total capital assets not being depreciated	2,525,203	3,100,361	(1,856,527)	3,769,037
Capital assets, being depreciated:				
Buildings and improvements	5,898,333	92,736	-	5,991,069
Equipment	1,492,197	234,256	(86,497)	1,639,956
Infrastructure	12,201,763	-	1,843,177	14,044,940
Total capital assets being depreciated	19,592,293	326,992	1,756,680	21,675,965
Less accumulated depreciation				
Buildings and improvements	1,884,290	178,024	-	2,062,314
Equipment	763,179	151,690	(61,714)	853,155
Infrastructure	5,393,884	368,671	-	5,762,555
Total accumulated depreciation	8,041,353	698,385	(61,714)	8,678,024
Net capital assets being depreciated	11,550,940	(371,393)	1,818,394	12,997,941
Total Capital Assets	$ 14,076,143	$ 2,728,968	$ (38,133)	$ 16,766,978

Depreciation was charged to governmental functions as follows:

General government	$ 81,154
Public safety	98,007
Public works	417,940
Parks and recreation	101,284
Total Governmental Activities Depreciation Expense	$ 698,385

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 191,176	$ -	$ -	$ 191,176
Construction in progress	89,677	822,969	(696,938)	215,708
Total capital assets not being depreciated	280,853	822,969	(696,938)	406,884
Capital assets, being depreciated:				
Distribution and collection systems	28,956,162	-	665,189	29,621,351
Equipment	1,732,427	127,129	-	1,859,556
Total capital assets being depreciated	30,688,589	127,129	665,189	31,480,907
Less accumulated depreciation				
Distribution and collection systems	5,672,964	685,084	-	6,358,048
Equipment	1,200,307	115,803	-	1,316,110
Total accumulated depreciation	6,873,271	800,887	-	7,674,158
Net capital assets being depreciated	23,815,318	(673,758)	665,189	23,806,749
Total Capital Assets	$ 24,096,171	$ 149,211	$ (31,749)	$ 24,213,633

Depreciation was charged to business-type functions as follows:

Water	$ 387,294
Sewer	413,593
Total Business-type Activities Depreciation Expense	$ 800,887

A summary of changes in the Elgin EDC capital assets for the year end was as follows:

	Balances	Increases	Retirements	Balances
Capital assets, not being depreciated:				
Land	$ 777,680	$ -	$ (25,548)	$ 752,132
Land held for sale	-	3,997,232	-	3,997,232
Total capital assets not being depreciated	777,680	3,997,232	(25,548)	4,749,364
Capital assets, being depreciated:				
Infrastructure	722,231	-	-	722,231
Total capital assets being depreciated	722,231	-	-	722,231
Less accumulated depreciation				
Infrastructure	254,052	15,426	-	269,478
Total accumulated depreciation	254,052	15,426	-	269,478
Net capital assets being depreciated	468,179	(15,426)	-	452,753
Total Capital Assets	$ 1,245,859	$ 3,981,806	$ (25,548)	$ 5,202,117

D. Long-term Debt

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the debt service fund to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Bonds, notes and other payables:					
Certificates of obligation	$ 11,463,559	$ -	$ (678,788)	$ 10,784,771	$ 700,150
General obligation bonds					
Premiums	607,941	-	(36,244)	571,697	-
Capital leases	276,611	-	(82,565)	194,046	94,425
	12,348,111	-	(797,597)	11,550,514	794,575
Other liabilities:					
Compensated absences	121,980	127,069	(121,980)	127,069	114,362
Total Governmental Activities	$ 12,470,091	$ 127,069	$ (919,577)	$ 11,677,583	$ 908,937
Long-term liabilities due in more than one year				$ 10,768,646	

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-type Activities:					
Bonds, notes and other payables:					
Certificates of obligation	$ 11,287,441	$ 9,315,000	$ (767,212)	$ 19,835,229	$ 792,850
General obligation bonds	3,175,000	-	(120,000)	3,055,000	115,000
Premium	414,030	680,335	(54,343)	1,040,022	-
	14,876,471	9,995,335	(941,555)	23,930,251	907,850
Other liabilities:					
Compensated absences	54,838	56,481	(54,838)	56,481	50,833
Total Business-type Activities	$ 14,931,309	$ 10,051,816	$ (996,393)	$ 23,986,732	$ 958,683
Long-term liabilities due in more than one year				$ 23,028,049	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Primary government long-term debt at year end was comprised of the following debt issues:

	Governmental Activities	Business-type Activities
Tax and Revenue Certificates of Obligation:		
$2,000,000 Series 2007 Combination Tax & Rev. Certificates of Obligation due in installments through July 2027, interest at 4.1% to 4.4%	$ 1,175,000	$ -
$1,250,000 Series 2009 Combination Tax & Rev. Certificates of Obligation due in installments through July 2019, interest at 4.99%	890,000	-
$5,615,000 Series 2015 Combination Tax & Rev. Certificates of Obligation due in annual installments through July 2035, interest at 2% to 4%	5,400,000	-
$9,235,000 Series 2011 Combination Tax & Rev. Certificates of Obligation due in installments through July 2034, interest at 2% to 4.4%	935,625	6,549,375
$2,210,000 Series 2013 Limited Tax Refunding Bonds due in installments through July 2022 at 2% to 3%	744,944	360,056
$2,980,000 Series 2013 Combination Tax & Rev. Certificates of Obligation due in installments through July 2033, interest at 2% to 4.5%	1,639,202	885,798
$2,556,000 Series 2008 Combination Tax & Rev. Certificates of Obligation due in installments through Jan. 2048, interest at 4.375%	-	2,314,000
$800,000 Series 2009 Combination Tax and Ltd. Surplus Certificates of Obligation, due in annual installments through Jan 2048, interest at 3.625%	-	726,000
$9,315,000 Series 2016 Combination Tax & Rev. Certificates of Obligation, due in annual installments through July 2036, interest at 3% to 4%	-	9,000,000
Total Certificates of Obligation	$ 10,784,771	$ 19,835,229
General Obligation Refunding Bonds:		
$3,315,000 Series 2015 General Obligation Refunding Bonds due in installments through July 2045, interest at 2% to 4%	-	3,055,000
Total General Obligation Refunding Bonds	$ -	$ 3,055,000
Capital Leases:		
$998,002 Capital Lease Payable, meter system and equipment due in monthly installments through 2019, interest at 4.91%	$ 180,295	$ -
$77,863 Capital Lease Payable, performance contracting due in monthly installments through 2019, interest at 5.23%	13,751	-
Total Capital Leases	$ 194,046	$ -
Bond Premiums:	571,697	1,040,022
Compensated Absences:	127,069	56,781
Total Debt	$ 11,677,583	$ 23,987,032

The annual requirements to amortize the primary government debt issues outstanding at year ending were as follows:

Governmental Activities

	Certificates of Obligation		Capital Leases	
	Principal	Interest	Principal	Interest
2018	$ 700,150	$ 421,526	$ 94,425	$ 7,380
2019	650,601	399,439	99,621	2,615
2020	678,468	377,378	-	-
2021	698,714	353,894	-	-
2022	686,869	329,568	-	-
2023	594,012	305,510	-	-
2024	619,132	281,052	-	-
2025	644,253	254,976	-	-
2026	664,374	227,830	-	-
2027	698,366	199,823	-	-
2028	578,487	170,388	-	-
2029	494,233	146,256	-	-
2030	518,225	126,488	-	-
2031	538,971	105,158	-	-
2032	562,963	82,984	-	-
2033	582,578	59,542	-	-
2034	464,375	35,272	-	-
2035	410,000	16,400	-	-
Total	$ 10,784,771	$ 3,893,484	$ 194,046	$ 9,995

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

The City has entered into capital lease agreements. The governmental activities equipment under capital lease had an original book value of $1,075,865. The current capitalized cost net of depreciation is approximately $860,692 as of year end.

Business-type Activities

	Certificates of Obligation		General Obligation Refunding Bonds	
	Principal	Interest	Principal	Interest
2018	$ 792,850	$ 779,647	$ 115,000	$ 119,025
2019	784,399	755,945	115,000	115,575
2020	808,532	732,105	120,000	112,125
2021	836,286	703,854	115,000	108,525
2022	854,131	674,980	115,000	105,075
2023	824,988	641,684	115,000	101,625
2024	857,868	609,058	115,000	97,025
2025	894,747	574,273	115,000	92,425
2026	927,626	538,296	110,000	87,825
2027	992,634	500,976	110,000	83,425
2028	1,029,513	461,363	110,000	79,025
2029	1,071,767	419,700	110,000	74,625
2030	1,116,775	376,597	110,000	70,225
2031	1,160,029	331,360	110,000	65,825
2032	1,204,037	284,636	110,000	61,425
2033	1,258,422	233,728	110,000	57,025
2034	1,235,625	180,769	105,000	52,625
2035	745,000	128,972	105,000	48,425
2036	774,000	99,086	105,000	44,225
2037	108,000	67,649	105,000	39,500
2038	113,000	63,014	105,000	34,775
2039	118,000	58,168	105,000	30,050
2040	123,000	53,249	105,000	25,325
2041	129,000	47,824	105,000	20,600
2042	134,000	42,308	105,000	16,400
2043	140,000	36,563	105,000	12,200
2044	146,000	30,642	100,000	8,000
2045	153,000	24,297	100,000	4,000
2046	159,000	17,754	-	-
2047	166,000	10,939	-	-
2048	177,000	3,745	-	-
Total	$ 19,835,229	$ 9,483,178	$ 3,055,000	$ 1,766,925

The following is a summary of changes in the Elgin Economic Development Corporation's long-term liabilities for the year ended.

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Component Unit Activities:					
Bonds, notes and other payables:					
Sales tax revenue bonds	$ 530,000	$ -	$ (140,000)	$ 390,000	$ 50,000
Total Component Unit Activity	$ 530,000	$ -	$ (140,000)	$ 390,000	$ 50,000
Long-term liabilities due in more than one year				$ 340,000	

Component unit long-term debt at year end was comprised of the following debt issues:

Component Unit Activities:	
Bonds:	
$585,000 Series 2007B Sales Tax Revenue Bonds due in annual installments through July 2024, interest at 4.34%	$ 390,000
Total Component Unit Activities:	$ 390,000

The annual requirements to amortize the component unit debt issues outstanding at year ending were as follows:

Elgin EDC

	Sales Tax Revenue Bonds	
	Principal	Interest
2018	$ 50,000	$ 16,926
2019	50,000	14,756
2020	50,000	12,586
2021	55,000	10,416
2022	60,000	8,030
2023	65,000	5,426
2024	60,000	2,604
Total	$ 390,000	$ 70,744

E. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2005, 2013, and 2015 General Obligation Refunding Bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding debt. Current year balances for governmental and business-type activities

totaled $1,857 and $25,303, respectively. Current year amortization expense for governmental and business-type activities totaled $793 and $3,163, respectively.

F. Restricted Net Position

The City records restricted net position on amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation. Total restricted net position for the primary government was $2,886,830. Of which, $588,692 is restricted by enabling legislation.

G. Interfund Transactions

Transfers between the primary government funds during the 2017 year were as follows:

	Transfer out:			
Transfer in:	**General**	**Utility**	**Non-Major**	**Total**
General	$ -	$ 1,403,230	$ 174,350	$ 1,577,580
Capital projects	842,757	-	-	842,757
Debt service	50,000	86,301	-	136,301
Total	$ 892,757	$ 1,489,531	$ 174,350	$ 2,556,638

Amounts transferred between funds relate to amounts collected by the governmental and enterprise funds for various capital expenditures and principal and interest payments.

The compositions of interfund balances to/from as of the year ended September 30, 2017 were as follows:

Receivable Fund	**Payable Fund**	**Amount**
Debt Service	General	$ 552,389
	Total	$ 552,389

Hidden Oaks Highway 290 Property

During the year, the City and Elgin EDC approved a partnership agreement to purchase a tract of land containing 60+/- acres also known as the Hidden Oaks Highway 290 Property for a total purchase price of approximately $3,997,000. The acquisition of the Hidden Oaks Highway 290 property also created contiguity with an additional 80+/- acre tract acquired by the City many years prior, creating 140-acre tract of land with frontage on highway 290 and a rail. To complete this acquisition, the City and EDC ultimately utilized a combination of available cash reserves and the partial funding of eligible expenditures from the City's 2016 Certificates of Obligation. It was the intent of both the City and EDC, however, that such funding was to be temporary; and that anticipated proceeds from future land sales from the

Property in the near future will be utilized to fully reimburse both the City and EDC for these costs. In any and all circumstances (unless expressly agreed to otherwise by the City Council), all proceeds from the sale or lease of any and all property by the EDC within the entire 140 acres as described herein shall be first utilized to repay all costs associated with the purchase of the Hidden Oaks Highway 290 Property. Only at such time as the entire $3.997M is repaid to the City and EDC respectively shall any proceeds from future land sales within the Property be eligible for other use. One of the primary objectives for this investment in the Property is to create opportunities for the City and EDC to exercise greater control over the future development of said land. It is the expressed desire of both the City and EDC to encourage and/or secure private development projects within the Property that will (a) create enhanced resources supporting local government, (b) provide jobs and services desired by the Elgin community and (c) develop the property in a way that is aesthetically pleasing and a quality addition to the City of Elgin. As of September 30, 2017, the loan balances are as follows:

Receivable Fund	Payable Fund	Amount
General	Elgin EDC	$ 460,443
Capital Projects	Elgin EDC	3,454,476
	Total	$ 3,914,919

H. Operating Leases

During the year, the City entered into a lease agreement with Enterprise Rental for five vehicles. The lease term is five years, beginning on December 31, 2016. Monthly payments vary in amounts ranging from $940 to $1,497.

The subsequent lease payment schedule is as follows:

Years Ending September 30,	Lease Payments
2018	$ 61,230
2019	61,230
2020	61,230
2021	61,230
2022	27,884
Total	$ 272,804

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No such liabilities were recorded as of year end.

Litigation

A former employee of the City has filed an employment claim related to a violation of the Family and Medical Leave Act ("FMLA"). If the City is found liable, potential damages could include back pay, compensatory damages, and attorneys' fees totaling $150,000 to $175,000. As of September 30, 2017, the City has not recorded a provision for this matter as management intends to vigorously defend these allegations and believes the payment of the penalty is not probable. The City believes, however, that any liability it may incur would not have a material adverse effect on its financial condition or its results of operations.

C. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal

Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does anticipate that it will have an arbitrage liability and performs annual calculations to estimate this potential liability. The City will also engage an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations if indicated.

D. Pension Plans

Texas Municipal Retirement System

1. Plan Description

The City of Elgin, Texas participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2016	Plan Year 2015
Employee deposit rate	7.00%	7.00%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees covered by benefit terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	54
Active employees	76
Total	**153**

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Elgin, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Elgin, Texas were 14.24% and 14.02% in calendar years 2017 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2017, were $546,356, and equaled the required contributions.

4. Net Pension Liability (Asset)

The City's Net Pension Liability (Asset) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0%, including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%.The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 4,496,206	$ 2,682,433	$ 1,212,311

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) – (b)
Balance at 12/31/15	$ 10,160,327	$ 7,701,197	$ 2,459,130
Changes for the year:			
Service cost	640,102	-	640,102
Interest	700,928	-	700,928
Change in benefit terms	-	-	-
Difference between expected and actual experience	170,784	-	170,784
Changes of assumptions	-	-	-
Contributions – employer	-	512,732	(512,732)
Contributions – employee	-	261,114	(261,114)
Net investment income	-	520,860	(520,860)
Benefit payments, including refunds of emp. contributions	(192,514)	(192,514)	-
Administrative expense	-	(5,878)	5,878
Other changes	-	(317)	317
Net changes	1,319,300	1,095,997	223,303
Balance at 12/31/16	$ 11,479,627	$ 8,797,194	$ 2,682,433

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2017, the City recognized pension expense of $695,788.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources
Difference between projected and investment earnings		$ 332,879
Differences between expected and actual economic experience		115,787
Contributions subsequent to the measurement date		418,704
	Total	$ 867,370

The City reported $418,704 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability (asset) for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2017	$ 138,230
2018	174,221
2019	136,421
2020	(206)
2021	-
Thereafter	-
	$ 448,666

Supplemental Death Benefits Plan

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's retiree contribution rates to the TMRS SDBF for the years ended 2014, 2015, and 2016 are as follows:

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2015	0.03%	0.03%	100.0%
2016	0.03%	0.03%	100.0%
2017	0.02%	0.02%	100.0%

The Retiree's contributions to the TMRS SDBF for the years ended 2017, 2016 and 2015 were $774, $1,126 and $940, respectively, which equaled the required contributions each year.

E. Restatement

The City has restated beginning net position within governmental activities and the component unit activities due to accounting error corrections during the fiscal year ended September 30, 2016. The restatement of beginning fund balance/net position is as follows:

	Governmental Activities	Capital Projects
Prior year ending net position/fund balance, as reported	$ 7,397,890	$ 3,765,891
Correction to grant receivables	141,851	141,851
Correction to capital asset balances	39,465	-
Restated beginning net position/fund balance	$ 7,579,206	$ 3,907,742

	Component Unit Elgin EDC
Prior year ending net position as reported	$ 1,909,153
Correction to capital asset balances	(66,912)
Restated beginning net position	$ 1,842,241

F. Subsequent Events

There were no material subsequent events through September 27, 2018, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Elgin, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	
Revenues					
Property tax	$ 1,952,686	$ 1,752,686	$ 1,715,103	$ (37,583)	
Sales tax	1,215,451	1,215,451	1,368,594	153,143	
Franchise and local taxes	465,000	465,000	462,298	(2,702)	
License and permits	193,271	193,271	241,930	48,659	
Intergovernmental	119,000	119,000	181,522	62,522	
Fines and forfeitures	242,055	242,055	385,453	143,398	
Investment income	6,000	6,000	13,267	7,267	
Other revenue	68,300	68,300	119,583	51,283	
Total Revenues	4,261,763	4,061,763	4,487,750	425,987	
Expenditures					
Current:					
General government	2,567,011	2,572,011	2,496,207	75,804	
Public safety	2,377,669	2,377,669	2,321,984	55,685	
Municipal court	32,547	32,547	25,367	7,180	
Community development	25,120	25,120	19,793	5,327	
Parks and recreation	818,634	818,634	757,363	61,271	
Public works	1,150,447	1,150,447	989,375	161,072	
Capital outlay	64,533	64,533	314,333	(249,800)	*
Other	16,215	16,215	15,326	889	
Total Expenditures	7,052,176	7,057,176	6,939,748	117,428	
Revenues Over (Under) Expenditures	(2,790,413)	(2,995,413)	(2,451,998)	543,415	
Other Financing Sources (Uses)					
Transfers in	1,276,270	1,495,510	1,577,580	82,070	
Transfers (out)	(15,112)	(15,112)	(892,757)	(877,645)	*
Total Other Financing Sources (Uses)	1,261,158	1,480,398	684,823	(795,575)	
Net Change in Fund Balance	$ (1,529,255)	$ (1,515,015)	(1,767,175)	$ (252,160)	
Beginning fund balance			1,501,096		
Ending Fund Balance			$ (266,079)		

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* Expenditures exceeded appropriations at the legal level of control.

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City of Elgin, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

RED LIGHT CAMERA

For the Year Ended September 30, 2017

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and forfeitures	$ 852,477	$ 857,970	$ 5,493
Investment income	2,001	6,058	4,057
Total Revenues	854,478	864,028	9,550
Expenditures			
Public safety	864,625	572,635	291,990
Capital outlay	330,992	186,577	144,415
Total Expenditures	1,195,617	759,212	436,405
Revenues Over (Under) Expenditures	(341,139)	104,816	445,955
Net Change in Fund Balance	$ (341,139)	104,816	$ 445,955
Beginning fund balance		286,564	
Ending Fund Balance		$ 391,380	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Elgin, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	12/31/2017	12/31/2016	12/31/2015 [1]
Total pension liability			
Service cost	$ 640,102	$ 461,965	$ 398,930
Interest	700,928	651,252	555,406
Changes in benefit terms	-	743,871	-
Differences between expected and actual experience	170,784	(30,970)	(176,486)
Changes of assumptions	-	87,629	-
Benefit payments, including refunds of participant contributions	(192,514)	(164,323)	(203,702)
Net change in total pension liability	1,319,300	1,749,424	574,148
Total pension liability - beginning	10,160,327	8,410,903	7,836,755
Total pension liability - ending (a)	11,479,627	10,160,327	8,410,903
Plan fiduciary net position			
Contributions - employer	$ 512,732	$ 372,152	$ 335,012
Contributions - members	261,114	195,197	177,316
Net investment income	520,860	10,765	378,312
Benefit payments, including refunds of participant contributions	(192,514)	(164,323)	(203,702)
Administrative expenses	(5,878)	(6,556)	(3,949)
Other	(317)	(324)	(325)
Net change in plan fiduciary net position	1,095,997	406,911	682,664
Plan fiduciary net position - beginning	7,701,197	7,294,286	6,611,622
Plan fiduciary net position - ending (b)	$ 8,797,194	$ 7,701,197	$ 7,294,286
Fund's net pension liability (asset) - ending (a) - (b)	$ 2,682,433	$ 2,459,130	$ 1,116,617
Plan fiduciary net position as a percentage of the	77%	76%	87%
Covered employee payroll	$ 3,730,197	$ 3,253,278	$ 2,955,272
Fund's net position as a percentage of covered	72%	76%	38%

Notes to schedule:

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

City of Elgin, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Fiscal Years Ended:

	9/30/2017	9/30/2016	9/30/2015 [1]
Actuarially determined employer contributions	$ 546,356	$ 501,785	$ 357,594
Contributions in relation to the actuarially determined contribution	$ 546,356	$ 501,785	$ 357,594
Contribution deficiency (excess)	$ -	$ -	$ -
Annual covered employee payroll	$ 3,869,394	$ 3,754,525	$ 3,133,840
Employer contributions as a percentage of covered employee payroll	14.12%	13.36%	11.41%

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes	There were no benefit changes during the year.

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COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

City of Elgin, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2017

	Hotel/Motel Tax	Court Security & Technology	Elgin Main Street	Texas Festival Literacy Grant
Assets				
Cash and cash equivalents	$ 187,073	$ 44,787	$ 49,457	$ 84
Receivables	-	-	600	-
Total Assets	$ 187,073	$ 44,787	$ 50,057	$ 84
Liabilities				
Accounts payable	$ 28	$ -	$ 2,278	$ -
Total Liabilities	28	-	2,278	-
Fund Balances				
Restricted for:				
Tourism	187,045	-	-	-
Municipal court	-	44,787	-	-
Economic development	-	-	-	84
Public safety	-	-	-	-
Committed for:				
City improvements	-	-	47,779	-
Total Fund Balances	187,045	44,787	47,779	84
Total Liabilities and Fund Balances	$ 187,073	$ 44,787	$ 50,057	$ 84

Frontier Crossing 380	Police/ Channel 10	Section 125	TIRZ	Total
$ -	$ 162,538	$ 5,378	$ 563,094	$ 1,012,411
-	34,774	-	-	35,374
$ -	$ 197,312	$ 5,378	$ 563,094	$ 1,047,785
$ -	$ -	$ 5,378	$ -	$ 7,684
-	-	5,378	-	7,684
-	-	-	-	187,045
-	-	-	-	44,787
-	-	-	563,094	563,178
-	197,312	-	-	197,312
-	-	-	-	47,779
-	197,312	-	563,094	1,040,101
$ -	$ 197,312	$ 5,378	$ 563,094	$ 1,047,785

City of Elgin, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2017

	Hotel/Motel Tax	Court Security & Technology	Elgin Main Street	Texas Festival Literacy Grant
Revenues				
Property tax	$ -	$ -	$ -	$ -
Other taxes	101,224	-	-	-
Intergovernmental	-	-	-	-
Fines	-	16,190	-	-
Investment income	-	379	-	-
Other income	-	-	63,596	-
Total Revenues	101,224	16,569	63,596	-
Expenditures				
General government	41,063	-	63,015	-
Capital outlay	-	7,570	-	-
Public safety	-	3,458	-	-
Total Expenditures	41,063	11,028	63,015	-
Revenues Over (Under) Expenditures	60,161	5,541	581	-
Other Financing Sources (Uses)				
Transfers (out)	-	(9,698)	-	-
Total Other Financing Sources (Uses)	-	(9,698)	-	-
Net Change in Fund Balances	60,161	(4,157)	581	-
Beginning fund balances	126,884	48,944	47,198	84
Ending Fund Balances	$ 187,045	$ 44,787	$ 47,779	$ 84

Frontier Crossing 380	Police/ Channel 10	Section 125	TIRZ	Total
$ -	$ -	$ -	$ 118,346	$ 118,346
-	-	-	-	101,224
-	-	-	67,911	67,911
-	-	-	-	16,190
-	-	-	4,750	5,129
-	57,871	-	-	121,467
-	57,871	-	191,007	430,267
-	-	-	-	104,078
-	-	-	-	7,570
-	-	-	-	3,458
-	-	-	-	115,106
-	57,871	-	191,007	315,161
(66,683)	-	-	(97,969)	(174,350)
(66,683)	-	-	(97,969)	(174,350)
(66,683)	57,871	-	93,038	140,811
66,683	139,441	-	470,056	899,290
$ -	$ 197,312	$ -	$ 563,094	$ 1,040,101

City of Elgin, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	
Revenues					
Property tax	$ 1,405,601	$ 1,245,601	$ 1,274,522	$ 28,921	
Investment income	150	150	309	159	
Total Revenues	1,405,751	1,245,751	1,274,831	29,080	
Expenditures					
Debt Service:					
Principal	763,365	763,365	761,353	2,012	
Interest and fiscal charges	452,586	452,586	453,922	(1,336)	*
Total Expenditures	1,215,951	1,215,951	1,215,275	676	
Other Financing Sources (Uses)					
Transfers in	-	-	136,301	136,301	
Net Change in Fund Balance	$ 189,800	$ 29,800	195,857	$ 166,057	
Beginning fund balance			544,832		
Ending Fund Balance			$ 740,689		

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* Expenditures exceeded appropriations at the legal level of control.

SINGLE AUDIT REPORTS

City of Elgin, Texas

Fiscal Year Ended
September 30, 2017

City of Elgin, Texas

SINGLE AUDIT REPORTS

Year Ended September 30, 2017

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BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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*

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Elgin, Texas:

We have audited, 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, the financial statements of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Elgin, Texas as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise City of Elgin, Texas's basic financial statements, and have issued our report thereon dated September 27, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Elgin, Texas'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Elgin, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Elgin, Texas's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses or schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination

of deficiencies, in internal control, such that there is a reasonable possibility that a material misst atement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the schedule of findings questioned costs to be material weaknesses: 2017-001, 2017-002, & 2017-003.

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. We consider the following deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency: 2017-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Elgin, Texas's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

City's Response to Findings

The City of Elgin's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Respectfully,

BrooksWatson & Co., PLLC
14950 Heathrow Forest Pkwy | Ste 530
Houston, TX 77032
September 27, 2018

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Elgin, Texas:

Report on Compliance for Each Major Federal Program

We have audited the City of Elgin, Texas's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City of Elgin, Texas's major federal programs for the year ended September 30, 2017. The City of Elgin, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Elgin, Texas's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Elgin, Texas's

compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Elgin, Texas's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Elgin, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended September 30, 2017.

Report on Internal Control over Compliance

Management of the City of Elgin, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Elgin, Texas's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Elgin, Texas's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Elgin, Texas as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Elgin, Texas's basic financial statements. We issued our report thereon dated September 27, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of, management, governing body, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

BrooksWatson & Co., PLLC
14950 Heathrow Forest Pkwy | Ste 530
Houston, TX 77032
September 27, 2018

City of Elgin, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended September 30, 2017

I. SUMMARY OF PRIOR YEAR AUDIT FINDINGS:

No single audit in prior year.

City of Elgin, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2017

I. SUMMARY OF AUDITOR'S RESULTS:

Financial Statements

Type of auditor's report issued: Unmodified.

The auditor's report on the basic financial statements of the City expresses an unmodified opinion.

Internal control over financial reporting:

Are any material weaknesses identified?	_X_ Yes	___ No
Are any significant deficiencies identified not considered to be material weaknesses?	_X_ Yes	___ None Reported
Is any noncompliance material to financial statements noted?	___ Yes	_X_ No

Federal Awards

The auditor's report on compliance for major federal programs expresses an unmodified opinion.

Internal control over major program compliance:

Are any material weaknesses identified?	___ Yes	_X_ No
Are any significant deficiencies identified not considered to be material weaknesses?	___ Yes	_X_ None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	_X_ No

City of Elgin, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2017

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.228	Community Development Block Grant

Enter the dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Is the auditee qualified as a low-risk auditee?	__ Yes	_X_ No

II. FINANCIAL STATEMENT FINDINGS:

Material Weaknesses

Finding 2017-001:

Criteria: Management is responsible for establishing, maintaining and monitoring internal controls over financial reporting, and for the fair presentation of the financial statements and related notes in conformity with U.S. generally accepted accounting principles ("GAAP").

Condition and Context: For the year ended September 30, 2017, management requested us to prepare a draft of the City's financial statements and the related notes. Management reviewed, approved, and accepted responsibility for those statements prior to their issuance.

Cause: The City does not have controls over preparation of the financial statements which would prevent or detect a misstatement in the financial statements in the absence of the auditor's preparation.

Effect or Potential Effect: Without the auditor's assistance, the City may not include all disclosures or have materially correct financial statements as required under U.S. generally accepted accounting principles.

Recommendation: We recommend that management review the existing policies, procedures, and controls over these areas to ensure that all information is recorded and reported properly.

Responsible Official's Response: Management of the City will continue to work with the auditor to reduce the number of adjusting journal entries. In addition, we will take steps to further our understanding of GAAP financials and footnote disclosures.

City of Elgin, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2017

Finding 2017-002:

Criteria: The City did not have an adequate general fund balance reserve as of yearend.

Condition and Context: As of the year ended September 30, 2017, the City's general fund had a deficit fund balance of ($266,079).

Cause: The City has incurred multiple operating losses which has reduced fund balance to its current level.

Effect or Potential Effect: The City may not have adequate cash reserves to in the case of an emergency expenditure or unexpected decline in revenue.

Recommendation: We recommend that the City adopt a minimum fund balance policy and structure this policy in accordance with GASB 54. The City should implement steps to correct the deficit fund balance in the general fund.

Responsible Official's Response: Management of the City will take steps to reduce the operating deficit and increase fund balance. The City will also adopt a minimum fund balance policy and work toward achieving the required balance.

Finding 2017-003:

Criteria: Negative pooled cash accounts.

Condition and Context: Pooled cash balances were negative for several funds as of the year ended September 30, 2017.

Cause: The City has incurred multiple operating losses which has reduced the overall pooed cash balance.

Effect or Potential Effect: The funds with negative pooled cash balances are in essence borrowing funds from the remaining funds without a formal approval or plan to reimburse the lending fund.

Recommendation: The City should implement a policy where all individual cash balances are reported to Council and monitored regularly. When a fund has a negative or low cash position, the need for a transfer of funds or spending reduction should be considered and the negative position should be corrected within a reasonable amount of time.

Responsible Official's Response: Management will monitor the pooled cash balance and formally approve any deficit balance.

City of Elgin, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2017

Significant Deficiencies

Finding 2017-004:

Criteria: U.S. Generally Accepted Accounting Principles ("GAAP") requires that financial statements be recorded on the accrual basis.

Condition and Context: Accrual accounting requires that invoices paid after period end, but with a service date prior to the end of the period, be recorded as a liability. The accounting system will treat accounts payable as backdated checks which incorrectly understates cash.

Cause: The City's accounting software does not allow for accounts payable to be recorded on the accrual basis.

Effect or Potential Effect: Without adjustment, the City's financial statements are not in accordance with GAAP.

Recommendation: The City should work with the software provider to determine if there is a solution to the limitation in the software as it relates to accounts payable.

Responsible Official's Response: Management work with the software provider to resolve this limitation.

III. FEDERAL AWARDS FINDINGS:

None.

City of Elgin, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2017

Federal Grantor/Pass-through Agency/Program Name	Program/Grant/ Project Number	CFDA Number	Expenditures
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass-through Texas Department of Agriculture:			
Community Development Block Grant	7215151	14.228	236,374
Pass-through Texas Department of Agriculture:			
Community Development Block Grant	7214372	14.228	5,199
Pass-through Bastrop County, Texas:			
Community Development Block Grant	13-353-000-7707; WFR010001	14.228	728,946
Total Department of Housing and Urban Development			970,519
US DEPARTMENT OF TRANSPORTATION			
Pass-through Texas Department of Transportation:			
Highway Planning and Construction	CSJ: 0914-00-393	20.205	189,841
Total Department of Transportation/Highway Planning and Construction Cluster			189,841
US DEPARTMENT OF HOMELAND SECURITY			
Elgin Local Food Business Center Pilot	15-LFPPX-TX-0082	10.172	31,795
US DEPARTMENT OF HOMELAND SECURITY			
Pass-through Texas Division of Emergency Management:			
Hazard Mitigation Grant	DR-4245-015	97.039	34,426
TOTAL PROGRAMS			$ 1,226,581

City of Elgin, Texas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended September 30, 2017

Note 1: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Elgin, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Cost Principles for Federal Awards (the Uniform Guidance). Therefore, some amounts presented in tlus schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Elgin City Council Meeting
Agenda Item Executive Summary

ITEM: Request for a Contested Case Hearing before the Lost Pines Groundwater Conservation District protesting the LCRA's pending applications for increased groundwater pumping

DEPARTMENT: City Manager/Utilities Director

PROPOSED ACTION: No Council action proposed or requested at this time; This item is to provide Council with a general update on the item as described.

BACKGROUND: In response to the Lower Colorado River Authority's ("LCRA's") eight pending applications for operating permits and transfer permits through the Lost Pines Groundwater Conservation District to significantly increase its groundwater pumping, city staff has engaged legal counsel and submitted a request for a Contested Case Hearing to formally protest same.

LCRA is requesting permits that would authorize the aggregated withdrawal from eight wells of 25,000 acre feet of groundwater from the Simsboro aquifer. City staff (along with Aqua WSC and many other landowners) are very concerned that granting such a large pumping increase would have an adverse effect on existing wells and available water supply.

BUDGET/FINANCIAL IMPACT:

Funding for this item was { } included {X} not included in the current-year budget { } N/A

RECOMMENDATION:

Review and discussion as described above; and direction to staff, if any, as appropriate.

ATTACHMENTS:

City of Elgin's Request for a Contested Case Hearing

{ } Staff will be making a detailed presentation on this agenda item at the meeting.
{X} Staff will provide brief comments and answer questions on this item at the meeting.
{ } This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.

Lloyd Gosselink
ATTORNEYS AT LAW

816 Congress Avenue, Suite 1900
Austin, Texas 78701
Telephone: (512) 322-5800
Facsimile: (512) 472-0532
www.lglawfirm.com

Ms. Ging's Direct Line: (512) 322-5843
Email: hging@lglawfirm.com

September 20, 2018

Mr. James Totten
Ms. Peggy Campion
Lost Pines Groundwater Conservation District
908 Loop 230
Smithville, Texas 78957

VIA FedEx # 7732 8285 0268
Fax and Email

Re: Request for Party Status on Pending LCRA Applications

Dear Mr. Totten and Ms. Campion:

Please file the enclosed Request for Party Status on LCRA's pending applications, on behalf of our client, the City of Elgin. If you have any questions, comments, or requests, please do not hesitate to let Mike Gershon or me know.

Thank you in advance for your assistance with this important matter.

Sincerely,

Hannah E. Ging
Paralegal

Encl.: City of Elgin's Request for Party Status

cc: Service list

Mr. Thomas Mattis, City Manager
Mr. Doug Prinz, Director, Utilities Department
City of Elgin

Mr. Michael A. Gershon *of the firm*

APPLICATIONS OF LOWER COLORADO RIVER AUTHORITY FOR OPERATING PERMITS AND TRANSFER PERMITS FOR EIGHT WELLS	§ § § § § § §	**BEFORE THE LOST PINES GROUNDWATER CONSERVATION DISTRICT**

CITY OF ELGIN'S REQUEST FOR CONTESTED CASE HEARING

Pursuant to Rule 15.1(E) of the Lost Pines Groundwater Conservation District's (the "District's") rules and Section 36.415(b) of the Texas Water Code, City of Elgin, Texas (the "City") respectfully files this Request for Contested Case Hearing ("CCH") to protest the Lower Colorado River Authority's ("LCRA's") eight pending applications for operating permits and transfer permits (cumulatively, "Applications"), and would show as follows:

I. INTRODUCTION AND BACKGROUND

The City owns and operates one or more existing groundwater wells drilled into and producing from the Simsboro aquifer, which wells are permitted by the District, and which provide a source of public water supply for the City. As a municipal utility, the City provides public water supply to over 10,000 people. These customers include homeowners and local businesses located within the City's certificated service area and city limits primarily in Bastrop County and a portion in Travis County. The City's certificated service area is defined by Certificate of Convenience ("CCN") No. 10311 issued by the Public Utility Commission of Texas.

This request is sought to protect the City's interests in existing and to-be-drilled wells and groundwater rights in the Simsboro aquifer. The City asserts in this section and the sections below that it meets the District's requirements for contesting and participating in a hearing on LCRA's Applications. In brief summary, the City has the

type of justiciable interest required to protest and qualify as a party to a contested case hearing on LCRA's Applications on account of the City's ownership of Simsboro groundwater rights, groundwater wells and related utility infrastructure, and its interest in permit(s) issued by the District. The City is a proper party to a hearing on these Applications because the City's interests in these wells and groundwater rights will be affected by the Applications, if they are granted. The City's particularized interests and the uniqueness of the impacts of LCRA's proposed pumping on the City's wells are within the regulatory authority of the District to consider and address. The City's interests are not the type of interests common to members of the public.

On August 27, 2018, the District issued notice of a hearing on LCRA's Applications before the District's Board of Directors to be conducted on September 26, 2018, at 7:00 p.m. As set forth in District Rule 15.1(E)(2), in light of the City's and possible other third parties' requests for a contested case hearing, this September 26th hearing may serve as a preliminary hearing. It is understood that District Rule 15.1(E)(2) provides that the issues to be discussed at the preliminary hearing are (i) whether a person requesting a CCH has standing to protest the Applications and (ii) whether the person requesting a CCH has raised a justiciable issue related to the Applications. The City will be prepared to introduce evidence and arguments in support of its justiciable interest, how that interest is impacted by LCRA's Applications, and how the District's regulatory jurisdiction related to the City's interests is implicated by these Applications. The City also looks forward to open dialogue among the parties prior to the hearing on the merits to discuss what issues may be agreed upon or settled amicably.

II. CITY OF ELGIN MEETS THE APPLICABLE STANDARDS TO CONTEST LCRA'S PERMIT APPLICATIONS

The City meets the District's requirements for contesting and participating in a hearing on LCRA's Applications. The City has complied with the filing requirement under the District's rules by timely (1) submitting this written request at least five days prior to the public hearing described in the Rule 15.1(C) notice and (2) asserting its justiciable interest affected by the Board's potential action on the Applications, which justiciable interest is not common to members of the public. The applicable requirements are contained in District Rule 15.1(E), which requires, in pertinent part:

> The General Manager, the applicant, or any other person may request a contested case hearing on an Application in writing no later than the 5th day before the date of the public hearing described in the notice required by Rule 15.1.C. ... A person other than the applicant or the General Manager has standing if that person has a personal justiciable interest that is related to a legal right, duty, privilege, power, or economic interest that is within the District's regulatory authority and that is affected by the Board's action on the Application, not including persons who have an interest common to members of the public.

See also Tex. Water Code § 36.415(b)(2), which provides that the District shall:

> limit participation in a hearing on a contested application to persons who have a personal justiciable interest related to a legal right, duty, privilege, power, or economic interest that is within a district's regulatory authority and affected by a permit or permit amendment application, not including persons who have an interest common to members of the public.

The City's justiciable interest is evidenced by its legal rights and economic interests in its District-issued Simsboro permit(s) and ownership and interests in Simsboro wells, well sites, and utility infrastructure. The City's justiciable interest related to a legal duty, privilege, and power is reflected by (i) its statutory and regulatory

obligations to provide continuous and adequate water utility service within its certificated service area (reference CCN No. 10311), and regulations of the Texas Commission on Environmental Quality set forth in Chapters 290 and 291 within Title 30 of the Texas Administrative Code, and regulations of the Public Utility Commission of Texas set forth in Chapter 24 within Title 16 of the Texas Administrative Code; (ii) its statutory and regulatory obligations related to its District-issued permits; and (iii) and its water utility-related contractual obligations. Each of these justiciable interests has a nexus to LCRA's Applications pending before the District because of the likelihood of adverse impact from LCRA's proposed activities on the City's asserted interests. If granted, LCRA's proposed drilling of and withdrawal from wells located in the Simsboro aquifer will directly impact (1) the availability of groundwater for withdrawal from the City's existing and proposed wells and (2) the productive capacity of the City's existing and proposed wells. If granted, LCRA's pumping will contribute to and result in District-wide permitted withdrawals in excess of the Modeled Available Groundwater, which is expected to cause unacceptable drawdown of Simsboro aquifer levels that compromise the Desired Future Conditions and may require the District to impose restrictions on *existing* permit holders, including the City.

LCRA's Applications seek operating permits that would authorize the aggregated withdrawal from eight wells of 25,000 acre-feet of groundwater from the Simsboro aquifer. Based upon the City's understanding of LCRA's Applications, the City believes that LCRA's proposed withdrawals will have direct, physical impacts on the City's

existing and proposed wells and may cause the District to impose restrictions on *existing* permit holders, including the City.

For all these reasons, the City meets both the District's regulatory standard and the statutory threshold for requesting a contested case hearing and qualifying as a party to a hearing on the Applications. The City's interests are in jeopardy and would be adversely affected by the activities contemplated in LCRA's Applications, and the District has regulatory authority over LCRA's Applications and authority to provide the relief sought by the City to avoid impairment of the City's interests.

In summary, the City will be directly, substantially, and adversely affected, and will suffer significant economic harm and hardship, if the District grants the above-referenced Applications and issues permits consistent with the relief requested by LCRA. For the grounds stated herein, the City respectfully requests that a contested case hearing be held and that the City be named as a party to any hearing on the above-referenced Applications. The City will appear at hearings and be prepared to offer evidence in support of this request.

III. PARTICIPATION IN DISTRICT'S PRELIMINARY HEARING AND DEVELOPMENT OF PROCEDURAL SCHEDULE

District Rules 15.1 and 15.2 contemplate that a preliminary hearing will be held for the District's Board of Directors to determine whether the hearing is contested and recognize parties, and, if the CCH is conducted by the Board of Directors or Hearings Examiner, the Presiding Officer may consider and adopt a schedule for discovery and subsequent procedures and timeline for a hearing on the merits. The City looks forward

to open dialogue among the parties to discuss what issues may be agreed upon or settled amicably, and to providing responsive feedback to the District's Board of Directors and Presiding Officer.

In the event the District intends to prepare for and address one or more of these issues at the September 26th hearing, the City respectfully provides the following comments:

(1) recognition and alignment of parties

The City seeks the District's designation of the City as a party. The City believes that it is uniquely situated but will be prepared to consider and address party alignment issues at the hearing.

(2) adoption of a schedule and protocol for conducting discovery

The City seeks a reasonable opportunity to conduct meaningful discovery in this proceeding.

(3) adoption of a procedural schedule that will govern discovery, dispositive motions, and all other procedure through the final evidentiary hearing, hearing report (if applicable), request(s) for rehearing, and any appeal, and the scheduling of subsequent hearings.

The City will be prepared with its calendar to comment on the procedural schedule.

PRAYER

WHEREFORE, premises considered, the City respectfully requests that the District provide the following relief:

(1) declare the hearing on LCRA's Applications to be contested;

(2) designate the City a qualified party to a contested case hearing;

(3) afford the City and all parties to this proceeding an opportunity to conduct meaningful discovery and to develop and present evidence and legal arguments before the Board or Hearings Examiner by setting a docket control schedule with deadlines and a timeline for discovery and an evidentiary hearing;

(4) deny the Applications, if the Board desires to proceed with an evidentiary hearing, on grounds including but not limited to grounds that the Applications fail to satisfy the relevant criteria in the applicable rules and statutes; and

(5) such other and further relief as the District may find appropriate and the City to be entitled.

Respectfully submitted,

LLOYD GOSSELINK ROCHELLE
& TOWNSEND, P.C.
816 Congress Avenue, Suite 1900
Austin, Texas 78701
(512) 322-5800 phone
(512) 472-0532 fax
mgershon@lglawfirm.com

Michael A. Gershon
State Bar No. 24002134
J. Troupe Brewer
State Bar No. 24082728

ATTORNEYS FOR
CITY OF ELGIN, TEXAS

CERTIFICATE OF SERVICE

I hereby certify that on this 20th day of September, 2018, a true and correct copy of the foregoing document was provided to the following parties by the method shown below each party:

David C. Wheelock, P.E. Director, Water Supply Planning Lower Colorado River Authority P.O. Box 220 Austin, Texas 78767-0220 david.wheelock@lcra.org (via first class mail registered and email)	Applicant Lower Colorado River Authority (designated representative)
Mr. Tom Oney, General Counsel Ms. Lyn Clancy, Managing Associate General Counsel and Vice President Mr. Gregory A. Graml Lower Colorado River Authority P.O. Box 220 Austin, Texas 78767-0220 tom.oney@lcra.org lyn.clancy@lcra.org greg.graml@lcra.org (via first class mail registered and email)	Representing Applicant Lower Colorado River Authority
Ms. Natasha J. Martin Graves, Dougherty, Hearon & Moody, P.C. 410 Congress Avenue, Suite 2200 Austin, Texas 78701 nmartin@gdhm.com (via email)	Representing Lost Pines Groundwater Conservation District
Mr. James Totten, General Manager Lost Pines Groundwater Conservation District 908 Loop 230 Smithville, Texas 78957 (512) 360-5448 (fax) jtotten@lostpineswater.org (via FedEx, fax, and email)	Lost Pines Groundwater Conservation District's General Manager

Michael A. Gershon

Elgin City Council Meeting
Agenda Item Executive Summary

ITEM: General Activity Report and/or Project Update

DEPARTMENT: City Manager/Staff

PROPOSED ACTION:
No Council action proposed or requested; This item is to allow for general update and/or activities report relating to various on-going city projects or issues.

BACKGROUND:
This item is to provide opportunities for miscellaneous updates and comments by the staff; and general Q&A with the City Council relative to on-going projects and/or issues.

BUDGET/FINANCIAL IMPACT:
Funding for this item was { } included { } not included in the current-year budget {X} N/A

RECOMMENDATION:
N/A

ATTACHMENTS:
None.

{ } Staff will be making a detailed presentation on this agenda item at the meeting.
{X} Staff will provide brief comments and answer questions on this item at the meeting.
{ } This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience

PLEASE JOIN US FOR

Grand Opening & Ribbon Cutting for Lee Dildy Boulevard Extension

Thursday, October 4th from 4-7pm

Lee Dildy Blvd. @ Roy Rivers Road

Behind Prosperity Bank

Live Music & Community Updates

Questions please email: kjarmon@ci.elgin.tx.us or call 512-229-3260

For more information www.elgintx.com or City of Elgin

Elgin City Council Meeting
Agenda Item Executive Summary

ITEM: Review and discussion of City Council Meeting Schedule

DEPARTMENT: City Manager

PROPOSED ACTION:
Review and discussion of Regular City Council Meeting schedule; and direction to staff regarding same.

BACKGROUND:
Discussed at previous meetings; Earlier this year, the Mayor and Council implemented a twice-per-month schedule for Regular City Council Meetings in response to general overall growth of city operations and activity. During the summer months, however, we returned to the previous one-meeting-per-month schedule.

Staff is now seeking consensus direction as to whether to return to schedule two meetings a month or maintain the one-meeting-per-month schedule.

BUDGET/FINANCIAL IMPACT:
Funding for this item was { } included { } not included in the current-year budget {X} N/A

RECOMMENDATION:
Confirmation of Regular City Council Meeting schedule.

ATTACHMENTS:
None

{ } Staff will be making a detailed presentation on this agenda item at the meeting.
{X} Staff will provide brief comments and answer questions on this item at the meeting.
{ } This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience

Elgin City Council Meeting
Agenda Item Executive Summary

ITEM: Monthly Departmental Activity Reports -August

DEPARTMENT: Administration

PROPOSED ACTION:

Departmental reports are informational only for City Council and no action is required.

BACKGROUND:

Routine monthly reports submitted by departments.

BUDGET/FINANCIAL IMPACT:

Funding for this item was { } included { } not included in the current-year budget {X} N/A

RECOMMENDATION:

No action is required.

ATTACHMENTS:

Community Development, Library, Main Street, Parks and Rec, Planning Dept., Public Works, Utility Billing, and Water Department August reports.

{ } Staff will be making a detailed presentation on this agenda item at the meeting.
{ } Staff will provide brief comments and answer questions on this item at the meeting.
{X} This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.

MEMORANDUM

To: Tom Mattis, City Manager
From: Amy Miller, Community Development Director
Date: September 15, 2018
RE: Community Development Department Report August, 2018

Community Blood Drive on August 29 had great participation with 45 donors and 42 donations. Main Street board is planning an Imagine the Possibilities tour for Thursday October 11 at 5:30pm with Sip Shop and Stroll, is working on various items with the Hogeye Festival, is planning events for every Saturday from November 24 through December 22, and is developing a business assistance program. Renovation work continues at 19 North Main Street, 109 N Main and 111 S. Avenue C. 110 South Main Street is in the planning stages for mixed-use adaptive reuse with commercial space and loft apartments. Historic Review Board reviewed and approved a request to recommend to the Board of Adjustments a waiver of required covered parking, a sign application for A Flower Connection, a facade application for 111 South Avenue C and discussed developing a Historic Preservation plan for the community.

Projects

- Texas Downtown Association announced that Elgin Body & Shine is a finalist for Best Business and the Downtown Zoning Overlay is a finalist for Best Economic Game Changer.
- Dine in Elgin campaign with EDC and Chamber for mid July through August 15, had thousands of entries and lots of social media traffic.
- Hogeye Festival, sponsorships and graphic design work finished. Organized Cow patty bingo and rockwall with the LCRA, vendor applications, music booked, marketing.
- Sip Shop & Stroll marketing, working with businesses to add components to it.
- Applied for grants from Walmart for partner groups to support Music in the Park and Local Lore.
- Developed plan and timeline for Historic Preservation Strategic plan.
- Finalized articles for the Fall winter issue of Downtown 78621.
- Met with potential buyers and realtors for properties downtown.
- Met with property owners about renovation plans and possible tenants.
- Met with business owners seeking lease space.
- Providing support for Website updates

- City of Elgin E-News
- Social Media: Visit Elgin, Envision Elgin Instagram – visitelgintx

Boards & Committees, Seminars

CAMPO, Regional Arterial Steering Committee
CAMPO Sub regional MOKAN study committee
Main Street Board
Historic Review Board
Promotion Tourism Committee
Design Committee
Business Retention Recruitment Committee

Upcoming Events

EISD Homecoming Community Parade and Pep Rally – Wednesday September 5 6:30pm downtown and Veterans Memorial Park
Community Cleanup day – Saturday September 8 Elgin Memorial park Sand volleyball courts
Hogeye Festival painting work day September 9 from 1-4 Veterans Memoria Park
Sip Shop & Stroll September 13 from 5 to 8 with a special featured concert in conjunction with the Parks Department from 7 – 9 Steel Betty will perform at Veterans Memorial Park.
Hogeye Festival meeting September 27 6:30pm at El Maguey
National Night Out Downtown Party – October 2 5-7 State Farm Insurance
October 11 – Imagine the Possibilities tour and Sip Shop & Stroll
Hogeye Festival October 25 – 27
Safe Trick or Treat October 31
Shop Small Saturday November 24 – Where's Priscilla?

MONTHLY ACTIVITY REPORT

For the local program, monthly reports are a way to track and document progress of both the program and the downtown revitalization effort. It is also an effective tool to use for updating the board on the program's overall activities and for communicating your progress to stakeholders, such as City Council and other funding entities. For the state office, monthly reports help us provide more direct and effective services by giving us a way to spot trends, challenges, issues etc. The report should reflect BOTH the work of staff and volunteers. While not all programs use the traditional four-committee structure any longer, the work of all programs should still be able to be reflected in the four-point categories below.

The Monthly Report is **due by the 10th of each month.** Please use electronic version, type or print legibly. Please use this electronic version and email to mainstreet-reports@thc.state.tx.us.

CITY: ____ELGIN_____
MONTH/YEAR: _August 2018 _____
DATE SUBMITTED: __9-10-2018_____

1. Updates on Projects, Activities for the month.

MAIN STREET BOARD: *(After typing, TAB to the next cell)*

Meeting Dates:	Update on projects or activities
August 16 , 2018	Discussed public art program, possible business assistance program, Hogeye Festival elements and timeline. Recommended a budget amendment for the Hogeye festival line item to cover expenses that will be due before October 1. Discussed Community Historic Preservation plan and the Main Street refresh strategies from National Main Street office.

ORGANIZATION: *(After typing, TAB to the next cell)*

Meeting Dates:	Update on projects or activities
August 24, 2018	Completed articles and content for the Fall Winter Downtown 78621 magazine.

PROMOTION:

Meeting Dates:	
August 9, 2018	Working on holiday event planning - Shop Small Saturday November 24 through Saturday December 22 there will be events every weekend. Co promoting with the Christmas tree farms starting in October with the pumpkin hunts they host. Sip Shop and Stroll will include a School Supply Drive in August joint effort with Chamber of commerce had significant participation and appeared to increase attendance at the event. Strong showing from the School district as Dr. Duron encouraged teachers and staff to participate in the event. New for September will be a fall Concert partnership with the Parks Department. Concert from 7 to 9 at Veterans Memorial park with Steel Betty. This is being promoted at UT and it's a young band, - hoping it will help increase and diversify the audience.

Email to: mainstreet-reports@thc.state.tx.us

	Welcome to new teachers combined event with Chamber – included new reusable shopping bags branded for the community that were distributed to about 125 new teachers and staff. July - August Dine Local – joint event with EDC and Chamber to encourage Dine Out Tuesdays with gift card drawings through August 15. Had huge participation and lots of social media traffic.

DESIGN:

August 21, 2018	FCI has the benches and trash cans and we are working to get the powder coating ordered etc. Design committee is working on placement of benches and trash cans. Public art efforts continue – local artist Edword Hernandez completed the first mural on the graffiti covered wall of the storage units next to the Depot Museum. He painted the wall black overall and the first mural is a folk art depiction spray paint style of a chicken and a man.

ECONOMIC RESTRUCTURING:

Meeting Dates:	Update on projects or activities
August 15, 2018	new billboard at Hwy 290 and 11th street, installed with Sip Shop and Stroll cover also replaced the one at Hwy 95 South and 290. 110 South Main Street sold and we are working with the new owners group on local reviews. CYBER Business Security class held at the chamber luncheon in August was useful and informative. Available for lease: 109 South Avenue C – three apartments leased, one commercial space available. 16 N Main approx. 1350 sq.ft., 115 north Main and 112 Depot are available for lease. 112 Depot Street is also for sale. 111 N. Main is under contract. 109 North Main, and 111 South Avenue C are actively under renovation to be commercial and residential space. Working with owners on renovation plans, reviews, and lease recruitment.

2. Program Commentary *(list critical issues, problems, and successes/completed projects of the past month):*

3. Outlook. *Goals and challenges; plans for upcoming major projects such as public improvements etc.:*

   Looking at the Main Street district and reviewing the historic district will be big projects for 2018-2019
   The replacing holiday lights project will be a big one for 2018 – 2019.

4. Suggestions for Texas Main Street Center *(list suggestions on services or training topics; new resources; questions):*

Email to: mainstreet-reports@thc.state.tx.us

5. Main Street in the News. *If your programs or its activities have been spotlighted in press coverage during the month, please provide a link here. If there is a newsworthy event or announcement that would be appropriate for the Main Street Matters e-newsletter, please email* **mainstreet-reports@thc.state.tx.us** *with the information. Please provide event information as many months in advance as possible.*

Events

September 5 Wild Cat Homecoming Community parade and pep rally
September 13 Sip Shop Stroll with bonus feature – Steel Betty from 7 to 9 at Veterans Memorial park free concert
October 11 Sip Shop and Stroll
Hogeye Festival October 25 – 27
October 31 Safe Trick or Treat trail downtown
November 3 Veterans Appreciation Parade
November 24 Shop Small Saturday
November 30, Holiday Concert with Elgin ISD
December 1 Hot Cocoa Stroll, Holiday by the Tracks & Lighted Christmas Parade
December 13 Sip Shop & Stroll
November 24 through December 22 Home for the Holidays

LIBRARY REPORT TO CITY OF ELGIN FOR AUGUST 2018

Circulation was down 9% in August with the Collection size down 4% from the previous year.

Friends of the Elgin Library had their annual planning meeting, TAME Trailblazer, and Grown-Up Games Gala in August.

Grants: Texas Book Festival grant funds for TAYSHAS High School and Maverick Graphic Novel reading lists have been expended.

Programs: On August 8, STEM Day, TAME Trailblazer had 140 people go through. It is a traveling science exhibit and it takes about 45 minutes to work your way through. TAME was sponsored by Friends of the Library, First National Bank and Arroyo Engineering. Library staff had science activities such as slime, make a storm cloud, create structure with toothpicks and gumdrops, Skittles rainbows, and red, white, and blue drinks in the Civic Center. We had 3 extra movies and a Slime Day in addition to our regular children's programs the first two weeks of August. The Potluck Book Club has decided to drop the Potluck and become the Friday Night Book Club.

Staff changes include Jaimie Hicks becoming the fulltime Circulation Clerk and Theresa Walker of Parks and Recreation Department taking the part-time circulation clerk position.

Volunteer hours are down from the previous year by 13%. Volunteers worked very hard at the TAME Trailblazer as 4 were in the Trailblazer and 4 were in the Civic Center for the full morning.

Categories	Units	Aug. '17	Aug. '18	Fiscal YTD '17	Fiscal YTD '18
Total Circulation		9,090	8,252	78,715	83,692
+ or - Same month previous year	Percent	7%+	9%-		
Additions					
Interlibrary Loans	Each	24	20	236	178
New Patrons	Each	125	119	938	963
Collection					
Items Added	Each	125	265	2,633	2,489
Items Withdrawn	Each	679	195	3,656	3,227
Total Collection	Each	38,526	36,951	38,526	36,951
General Statistics					
Gate Count	Each	4,556	4,867	45,727	39,394
Hours Open	Hours	186	185	1,808	1,811
Library Tours	Each	0	0	4	1
Program Visitors	Each	197	335	4,472	4,431
Public Computer Use	Hours	540	565	5,043	5,013
Patrons using computers	Each	811	784	7,561	7,157
Volunteer Hours	Each	174	145	1,736	1,513
Receipts					
		$1,612	$2,123	$19,223	$26,131
Civic Center Use					
City	Each	9	6	66	99
Library	Each	15	22	226	255
Public Rental	Each	2	5	20	44
Other - not for profit	Each	4	1	56	38
Total Civic Center Use		30	34	368	436

UTILITY BILLING REPORT	August	2018
Billed out	$542,544.03	
Past due notices	687	$116,566.39
Work orders-Cut offs	65	
Disconnected for non pmt	53	
Extension to pay 1st	53	
Extension due for disconnect	4	
Meter tamper fee	0	
After Hour turn on	2	
Accounts set to final	7	for non pmt

METER REPORT		
WORK ORDERS	**COMPLETED**	**INCOMPLETE**
START READ	38	3
FINAL READ	46	1
TRANSFERS / IN AND OUT	2	0
CTO'S / DISCONNECT NON-PMT	65	0
SET METER	4	1
ERT REPLACEMENTS	1	16
METER REPLACEMENTS	23	9
VISUAL READS	20	
FAILURE TO READ (MOBILE MISS)	76	0
RE READS	27	0
WL / CHECK FOR WATER LEAK	5	3
METERS DATA LOGGED	9	0
MISCELLANEOUS	20	16
TOTAL NUMBER OF WORK ORDERS	**336**	**49**
CURB STOPS - JOHN CALHOUN		
BROKEN CURB STOPS	1	35
SERVICE LINE REPAIR	2	
MAIN BREAK	8	
SEWER LINE REPAIR	2	
TOTAL NUMBER OF WORK ORDER	**13**	**35**
BULK WATER		
PURCHASES	**18**	
TRIPS/GALLONS	**29/1,240**	
TOTAL COLLECTED	**$77.66**	

Dodie Navejas, Utility Billing Supervisor
Customer Service/A/R Supervisor
310 N. Main Street
512-229-3220 office

Public Works – August-2018

Right of Way and Easement mowing and maintenance:

TX DOT Right of Way maintenance, City of Elgin Right of Way shredding, mowing, weed eating and maintenance is ongoing.

Sign replacement:

Repaired stop sign on Monterrey Street
Repaired Red Light Photo Enforced at U. S. 290 West and State Highway 95 North
Repaired Do Not Cross on North Avenue C near the U. S. Postal Office

Permanent Street, utility cut repairs, pot hole repairs:

Patches:
- West Cleveland (2 locations)
- Madison Street
- Westbrook Lane
- Louise Street
- East 5th Street
- North Avenue E and Taylor Road
- North Avenue F and Taylor Road
- West 11th Street
- East Austin Street
- Robin Street

Added base and bladed:
- Alley between North Main Street, North Avenue C, West 11th Street, State

Pot hole patched throughout town:
- Multiple locations

Level up on Canary Street
Added base to pot hole by mail box on Fisher Street

Litter Control

U. S. Highway 290 East (Roy Davis) to West (to West Wind)
State Highway 95 North – US 290 to City Limit Sign
State Highway 95 South – US 290 to City Limit Sign
Taylor Road Loop 109 - North Main Street to US 95
FM 1704 to City Limits
North Ramirez Street to FM 1704
Central Avenue - Lee Dildy Drive to South Main Street
Main Street – Lexington Road to Loop 109 (Harris Street)
South Avenue C- Loop 109 (Harris Street) to Central
North Avenue C – Central to Lexington Road

Trees and Brush:

Large Limb on Houston Street
Trimmed low limbs on North Avenue C
Trimmed brush and low limbs on Joe Sayers
Trimmed low vines in alley behind U. S. Post office located on North Avenue C

Curb, Gutters, Culverts, Drains, and Ditch Cleaning

Cleaned all culverts on Taylor road (TXDOT ditch work)
Cleaned all culverts on N Main from 95 to 8th (TXDOT ditch work)
Removed curb and installed base to drive way

Miscellaneous:

Spread seed on County Line Road ditch - U. S. 290 West – FM 1100
Spread seed on State Highway 95 North in front of the Elgin Recreation Center
Cleaned yard
Resealed the wood on trailer
PM on mowers, equipment, and trucks

Saratoga Farms Subdivision Section 6:

Subgrade preparation
Utility Installation

Lee Dildy and Roy Rivers Boulevard Extension Project:

Installation of curb inlets and junction boxes
Installation of light pole foundations
Street light installation
Roadway preparation

FM 1100 Sidewalk Project: (TXDOT – TAP. SJ: 0914-00-393)

Forming and concrete installation
Handrail installation
November 2018 contract completion date

Texas Department of Transportation:

Cleaning Bar ditches:
- Loop 109 (Taylor Road)
- FM 1100 (Main Street)

Joe Parten
Director, Public Works
City of Elgin

Michael Gonzalez
Parks and Recreation Director
mgonzalez@ci.elgin.tx.us 512-285-6434

August 2018 Parks Report.

Michael Gonzalez
We are excited to see that both our Programs and Administrative and our Maintenance team working together on some of our lager projects. The Recreation Center is fully outfitted for Shelter operations and everyone on the Park staff plays a role in opening and managing the shelter. The team has already coordinated transforming the space from basketball gym to a Shelter and can work seamlessly together to that done. The parks team and I will stay ready as hurricane season ramps up.

Maintenance Report: -Orlando
In the month of August boy did it get hot we had no rain and it's was dry. But that did not change our trash routine, and with kids going back to school the parks are being used less during the day but they still have trash, trash and restrooms are always done Monday, Wednesday, and Fridays of the work week, and at times that need extra service. We worked on liming up a few trees. We put up market day and sip shop and stroll like we do monthly. One thing we have been doing on a weekly base is watering down town, as well as Veterans Parks to help with special events. We assisted with the homecoming parade blocking streets. Mowing was moved off the priority list while the grass was exhausted.

Admin- Kayla
The front desk staff has continued a great job interacting with the community and selling memberships. We have also added three new front desk staff members and are currently working to training them on all the membership and rental information. They all do a good amount of cleaning throughout the day to help the custodial staff as much as possible. The team does a great job at finding solutions to the everyday challenges that come with a new facility.

Goals for <u>September 2017</u>

- Prepare for festivals in October/November
- Fall programs promotion
- Promote new fitness classes for seniors

Facility	Number of uses
Park Activity Summary	August 2018
Park/ Pavilion Rental	7
Ball Field Rental	53
Fleming Community Center/ Rec Center rentals	61
Pool Entries	386
Water Aerobics	331
Pool Rentals	5
Deposits	$10,054.90

Monthly Report to Administrative Manager
Building Department
For the Month of August 2018

Type of Inspections	Aug-17	Aug-18	Fiscal Yr. To Date	Calendar Yr. To Date
Building	35	77	728	590
Electrical	34	45	440	351
Plumbing	42	102	603	483
Gas	4	3	72	54
Mechanical	13	25	256	220
TOTAL	128	252	2099	1698
Building Permits	21	23	264	195
Value	$ 1,047,990.55	$ 2,143,730.00	$ 18,791,028.64	$ 13,620,119.62
Fees	$ 7,999.55	$ 15,068.94	$ 121,964.05	$ 94,892.41
Electrical Permits	12	15	157	121
Fees	$ 1,580.00	$ 2,690.00	$ 25,650.00	$ 19,450.00
Plumbing Permits	8	12	139	104
Fees	$ 1,340.00	$ 2,450.00	$ 24,880.00	$ 18,780.00
Gas Permits	4	2	57	39
Fees	$ 570.00	$ 300.00	$ 7,810.00	$ 5,580.00
Mechanical Permits	5	12	107	87
Fees	$ 840.00	$ 2,420.00	$ 14,370.00	$ 11,580.00
Total All Fees	$ 12,329.55	$ 22,928.94	$ 194,674.05	$ 150,282.41

August 2018
Building Permits

Number of Permits Aug-17	Number of Permits Aug-18	Type/Classification	Permit Fees Aug-17	Permit Fees Aug-18	Valuation Aug-17	Valuation Aug-18
5	9	New Single Family	$ 4,142.55	$ 8,675.82	$ 535,000.00	$1,108,760.00
		New Duplex				
		New Manufactured				
		New Multi-Family				
		New Commercial				
	1	New Industrial		$ 5,736.50		$1,250,000.00
		New Swimming Pools				
		Moving Permit				
4	3	New Signs	$ -	$ -	$ 1,551.82	$ 335.00
7	6	Residential	$ 1,165.12	$ 532.56	$ 99,198.73	$ 36,635.00
3	1	Non-Residential	$ 2,691.88	$ 124.06	$ 412,240.00	$ 18,000.00
2	3	Demolitions		WAIVED	$ -	$ -
21	23		$ 7,999.55	$ 15,068.94	$ 1,047,990.55	$2,413,730.00

*BOA Request	None
**BSC Requests	None
P & Z Request	Old McDade Subdivision Preliminary Plat Approved.

Code Enforcement	Active August 2017	Active August 2018	Closed August 2017	Closed August 2018	Calendar YTD
Abandoned/Junked		1	18	2	97
Recreational Vehicle		1			10
Fences		2			6
Environmental			3		18
Fire Code		1			1
Illegal Signs			67	45	463
Property Maintenanc		2	16	6	61
Unsafe Structures	3	5			13
Zoning					5
Total	3	12	104	53	674

*Board of Adjustments **Building Standards Commission

Submitted By: Carlos Navejas
Date: September 11, 2018

Monthly Reports August 2018

Department 023 Water Treatment

Well # 10	1,965,000 Gallons
Well # 11	0 Gallons
Well # 14	26,790,000 Gallons
Well # 15	20,800,000 Gallons
Water loss due to leaks or flushing	850,000 Gallons
Total Water Pumped	**48,705,000 Gallons**

Chemicals Used

Chlorine	1384 Pounds
Seaquest	200 Gallons

Distribution Samples

Bacteriological Samples Taken	11
Average Chlorine Residual	1.90 mg/l
Violations	0

Department 024 Distribution

Line Repairs/New installations

Main Line Breaks	8
Service Line Breaks	4
Miscellaneous Repairs/Complaint Calls	15
New Connections/Taps	0
Installation of New Water Main	0

Department 026 Wastewater

Collections

Backups

Main Lines	2
Service Lines	4
After Hours Call-Outs	8

Line Repairs/New Installations

Curb Side Cleanout Caps Replaced	4
Curb Side Cleanouts Installed	0
Main Line Repairs	1
New Main Line Installed	100 ft
New Taps Installed	0
Lines TV'd	5
Manholes Installed/Repaired	0

Lift Station Maintenance/Repairs

Hour Meter Reads/Daily Site Checks	9 Daily
Pumps Pulled	0
Pumps Installed	0
Pumps De-raged	1
Motors Pulled	0
Motors Installed	0
Electrical Issues (Repair/Replace Parts)	1
Floats Cleaned/Replaced	0
Grass/Weed Maintenance	9
After Hours Call Outs	2

Wastewater Treatment Plant

Maintenance/Repairs

Pumps Pulled	2
Pumps Installed	2
Motors Pulled	1
Motors Installed	1
Control System/Electrical Repairs	4
Cleaned Wet Well Floats	1
Miscellaneous Repairs	12
After Hours Call-Outs	4

Chemicals Used

Alum/Gallons	4,000
Bleach 10%/ Gallons	2,000
Polymer/ 55 gallon drums	2

Monthly Plant Flows and Test Results

Minimum Daily Flow	477,400 Gallons
Maximum Daily Flow	619,800 Gallons
Average Daily Flow	531,900 Gallons
Total Monthly Flow	16,488,800 Gallons

Effluent DO (Dissolved Oxygen) Average	7.1
Effluent Chlorine Residual Average	1.46 mg/l
Effluent pH Average	7.3
Total Phosphorus Average	0.158
CBOD (Carbonaceous Biochemical Oxygen Demand) Average	2.96
TSS (Total Suspended Solids) Average	2
Ammonia/Nitrates Average	0.714

Remarks :

Elgin City Council Meeting
Agenda Item Executive Summary

ITEM:

STREET CLOSURES FOR THE SAFE TRICK OR TREAT TRAIL ON WEDNESDAY OCTOBER 31, 2018 FROM 4:00pm to 8:00pm

DEPARTMENT: City Manager and Parks and Recreation

PROPOSED ACTION: Consider approving street closures listed on the map attached for the Safe Trick or Treat Trail October 31, 2018 from 4:00 pm to 8:00 pm in Downtown Elgin.

BACKGROUND: This annual event is held in downtown Elgin and is fun for the whole family. Safe Trick or Treat Trail provides a local alternative from house to house trick or treating while allowing downtown and area business to participate in the activities. Part of the event will take place on Depot street with vendor booths and games; the Parks Department is prepared to temporarily close both North Ave C and Depot streets from 4:00 pm to 8:00 pm Wednesday October 31st for pedestrian crossings and overall pedestrian safety. See the map attached for street closures and rout information.

BUDGET/FINANCIAL IMPACT:

Funding for this item was { } included { } not included in the current-year budget {X} N/A

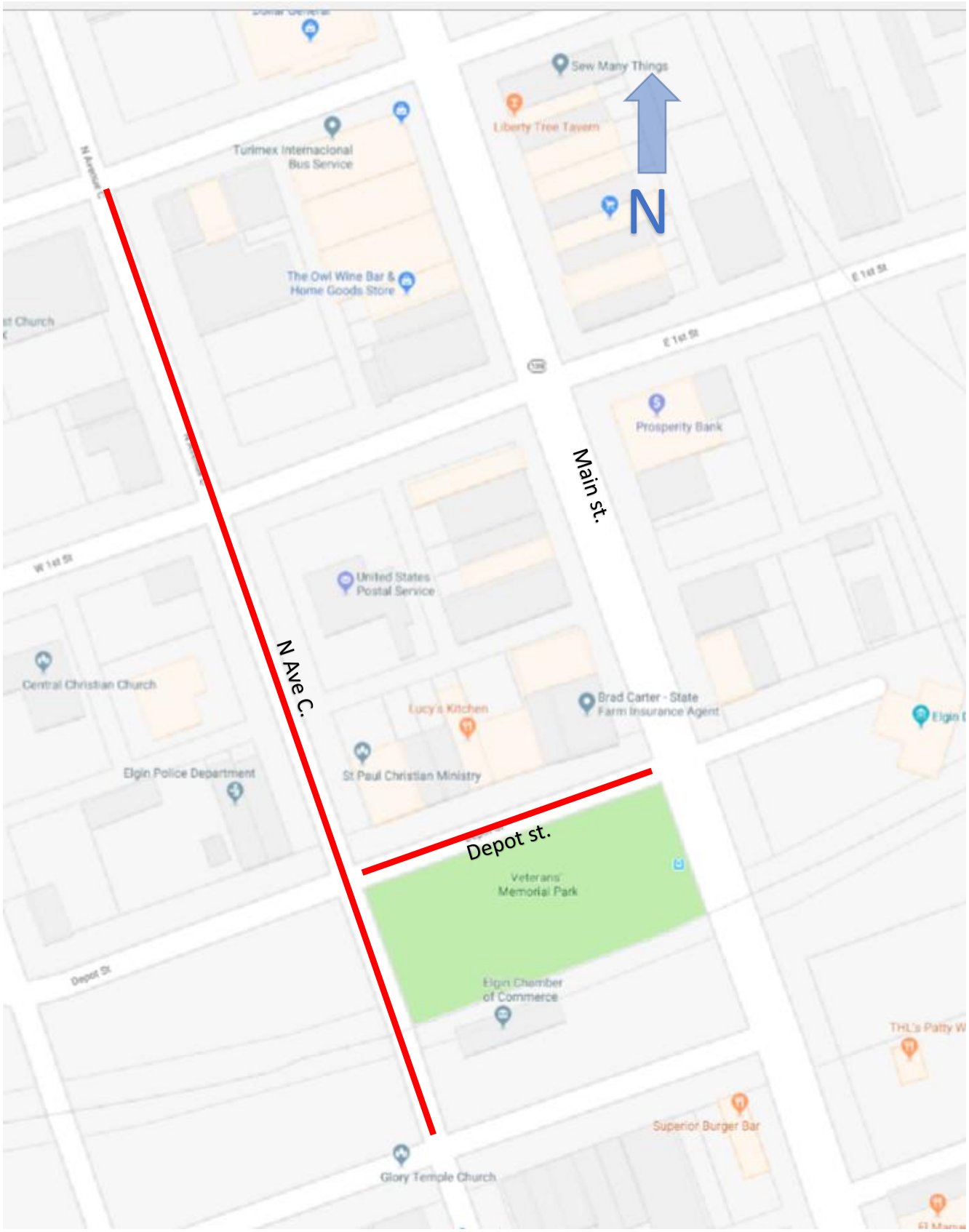
RECOMMENDATION: Approval of the street closures as listed in the map attachment.

ATTACHMENTS: Map of street closures

{ } Staff will be making a detailed presentation on this agenda item at the meeting.
{ } Staff will provide brief comments and answer questions on this item at the meeting.
{X} This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.

Street closures for the Safe trick or Treat Trail
Wednesday October 31, from 4:00 pm-8:00 pm



Elgin City Council Meeting
Agenda Item Executive Summary

ITEM: City Council Regular Meeting Minutes – September 4, 2018, City Council Special Meeting - September 18, 2018 and September 25, 2018

DEPARTMENT: Administration

PROPOSED ACTION:

Review and approve the Regular City Council Meeting Minutes, September 4, 2018, and the Special Meeting Minutes September 18, 2018 and September 25, 2018 .

BACKGROUND:

N/A

BUDGET/FINANCIAL IMPACT:

Funding for this item was { } included { } not included in the current-year budget {X} N/A

RECOMMENDATION:

Approval of the September 4, 2018 Regular Meeting Minutes and the September 18 & September 25th Special Meeting minutes.

ATTACHMENTS: September 4, 2018 and September 18 & 25 2018 Meeting Minutes.

{ } Staff will be making a detailed presentation on this agenda item at the meeting.
{ } Staff will provide brief comments and answer questions on this item at the meeting.
{ X } This is a routine procedural item and no presentation is planned for the meeting.

Council Members who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.

MINUTES
ELGIN CITY COUNCIL
REGULAR MEETING
CITY ANNEX COUNCIL CHAMBERS, 310 NORTH MAIN STREET
TUESDAY, SEPTEMBER 4, 2018

CALL TO ORDER

Mayor Cannon called the meeting to order at 7:00 p.m.

ROLL CALL

Present: Mayor Chris Cannon
Jessica Bega, Mayor Pro Tem
Juan Gonzalez, Council Member
Susie Arreaga, Council Member
Mary Penson, Council Member
Daniel Lopez, Council Member
Phillip Thomas, Council Member
Neil Beyer, Council Member
Sue Brashar, Council Member

Mayor Cannon certified there was a quorum.

Staff: Thomas L. Mattis, City Manager
Charles Cunningham, Finance Director
Patrick South, Police Chief
Owen Rock, ED Director
Amy Miller, Community Development Director
Michael Gonzalez, Parks Director
Sandy Ott, Library Director
Doug Prinz, Utilities Director
Beau Perry, City Engineer

INVOCATION

Pastor Byron Green gave the invocation.

PLEDGE OF ALLEGIANCE

Mayor Cannon led the Pledge of Allegiance to the United States and Texas Flag.

Mayor Cannon recessed the regular meeting at 7:03 and opened Public Hearing.

PUBLIC HEARING

Mayor Cannon opened the Public Hearing at 7:04 P.M.

1. Public Hearing on the Proposed FY2018-19 Annual Budget and Ad Valorem (Property) Tax Rate for the City of Elgin.

2. Public Hearing on a submission of an application to the Texas General Land Office-Community Development and Revitalization for 2016 Community Development Block Grant (CDBG) Disaster Recovery (D) Funding.

Charles Cunningham Finance Director spoke and stated that due to the fact that Bastrop County did not do the calculations on the roll back rates and the effective tax rate as in other cities, it had taken him a while to get back into doing that. He stated he had made a couple of errors that did not amount to much, but that in the interest of full disclosure he wanted to make sure Council understood what those differences were. He stated the impact of it did not change anything as the proposed rate is the same rate as last year which is 656916 broken down by the O&M rate of .428269 and debt rate of .0228647 but that the effective tax rate did have a few changes and reduced it by less than a penny on each and just wanted to clarify that it was an error on his part.

With no one wishing to speak Mayor Cannon closed the Public Hearing at 7:10 pm.

Mayor Cannon opened the regular meeting at 7:10 pm.

PUBLIC COMMENT

Mayor Cannon opened Public Comment.

Robert Allen spoke about the traffic on Robin Street. Mr. Allen provided two maps, an exhibit of the public roadway network from the Elgin Comprehensive Plan showing the area around Robin street, a collector street designated to carry traffic through 11th and 2nd street. The other map showing the area and traffic cuts through a one block residential side street, Robin street, and he believes during the school year shuts down 2nd street to one direction and forces people to use those side streets and avoid the four way stop. He stated people liked to walk and it was not safe with cars going through that one block street and asked the Council to consider adding a traffic speed bump there.

With no one else wishing to speak Mayor Cannon closed Public Comments.

PRESENTATION

1. Employee of the Second Quarter.

Sandy Ott announced that Orlando Rodriguez had been chosen as the Employee of the Second Quarter and presented him with a certificate.

2. Employee of the Third Quarter.

Sandy Ott announced that Kayla Trantham had been chosen as the Employee of the Third Quarter and presented her with a certificate.

3. Introduction of new City of Elgin Utility Maintenance Department Employee.
    - Travis Moseley

Doug Prinz, Utility Director introduced new employee Travis Moseley.

Mayor Cannon presented the Citizen's Award for the third quarter to Pastor Byron Green.

CITY MANAGER'S REPORT

1. Review and Assessment of Priorities to Supply Raw Water to the Water Treatment Plant.

City Manager Thomas Mattis discussed an issue with wells #14 and 10 that produce a big part of our water and as it is pumped out of the ground it goes into one transmission line and then on to the water treatment plant. He stated that in the process of upgrading the wells it was discovered the transmission line, which both lines feed into, has become so corroded and created a situation where pumping out of both wells cannot be done at the same time. He stated that previously the focus was on upgrading the wells but now that the line was compromised, it was no longer the case. Mr. Mattis stated that this project had been identified and was already in the project plan but had not been funded. He stated that staff agrees that this needs to be moved to the top of the list as a major capital improvement project to the point that until the line is replace there is no point in upgrading the wells. He stated that tonight they wanted to discuss how to proceed and that this project needed to be moved up quickly. After discussion with the City Engineer, Finance Director and Council it was decided to proceed with the project, using 2016 CO's for engineering and then before bidding the contract out come back to Council with a specific plan for funding.

2. Monthly Departmental Activity Reports - July.

There were no questions or discussion on the monthly reports.

3. General Activity Report and /or Project Update.

Mr. Mattis discussed the tentative schedule of budget work sessions in the budget calendar and that one was scheduled for next Tuesday the 18th and for Tuesday the 25th.

- National Night Out – October 2, 2018
- TML Conference – October 10-12

Mr. Mattis reminded everyone of the TML Conference in October, the Chamber luncheon this Thursday and asked about the October 2nd meeting since that was National Night Out.

Council Member Thomas moved to move the October 2nd regular council meeting to Monday, October 1st. Council Member Lopez seconds the motion. Motion carried 9-0.

CONSENT AGENDA

1. City Council Meeting Minutes – August 7, 2018 and City Council workshop Meeting Minutes August 14, 2018.

Council Member Brashar moved to approve the Minutes on the Consent Agenda with corrections: "Public comment, first sentence missing period. Presentations No. 2, last sentence "and the Council. agreed" take out the period. August 14 minutes: Staff includes Chief Chris Bratton, Invocation - Sentence missing period. Page 2 last paragraph - City Manager (manager is spelled incorrectly) Page 3 first paragraph - "stated that the $1200.had". Council Member Penson seconds the motion. Motion carried 9-0

NEW BUSINESS

AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF ELGIN, TEXAS ADOPTED IN CHAPTER 46, SECTION 46-3, REVISED CODE OF ORDINANCES, CITY OF ELGIN, TEXAS, 2013 AND MAKING THIS AMENDMENT A PART OF SAID OFFICIAL ZONING MAP, TO WIT: TO ZONE AS R-3 SINGLE FAMILY DWELLING DISTRICT, THE PROPERTY BEING APPROXIMATELY 0.281 ACRE OUT OF THE THOMAS CHRISTIAN ABSTRACT NO. A20, CITY OF ELGIN, BASTROP COUNTY, TEXAS; AND PROVIDING FOR A SAVINGS CLAUSE AND REPEALING CONFLICTING ORDINANCES AND RESOLUTION

Sandy Menley a property owner spoke in opposition to the zoning change. She stated that rezoning to R-3 it would allow for placement of modular homes and it was important that their neighborhoods look good and she was concerned about the placement of a modular home on this lot. She stated that this lot was 45 ft. wide and if the home was more than 30 ft. wide it would have to be placed lengthwise. She stated she would prefer not to have modular homes in the city limits of Elgin anymore.

Ruby Sims stated that she lived at 730 E 2nd street and oversees property at 116 N Westbrook and stated that her family had owned this property since 1943 and never had a mobile home there. She

stated that she went to Planning and Zoning meeting to contest the rezoning and did not want mobile homes in their neighborhood. She stated it would not improve the value of her property and that people should check the zoning before purchasing property.

Yadira Benitez spoke and stated that she did inquire about the zoning on the lot before purchasing the property. She stated that she was told they could put in a mobile home and that they could actually put in two homes. She stated that when she went to pull the permit to move the modular home she was told she could not move the home there. She stated that they could not have afforded to remodel the two homes that were there because they were basically trash. She stated that they were going to put in a modular home and not a mobile home.

Council Member Gonzalez moved to approve to change the zoning to R-3. Council Member Bega seconds the motion. Motion carried 6-3 with Council Members Gonzales, Bega, Arreaga, Lopez, Thomas and Mayor Cannon voting yes, and Council Members Penson, Beyer and Brashar voting no.

AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF ELGIN, TEXAS ADOPTED IN CHAPTER 46, SECTION 46-3, REVISED CODE OF ORDINANCES, CITY OF ELGIN, TEXAS, 2013 AND MAKING THIS AMENDMENT A PART OF SAID OFFICIAL ZONING MAP, TO WIT: TO ZONE AS S-P SPECIFIC USE PERMIT FOR EITHER A LAW OFFICE OR A CHILD CARE FACILITY, THE PROPERTY BEING LOT 1 OF THE HANSON SUBDIVISION AND BEING APPROXIMATELY 0.208 ACRE, CITY OF ELGIN, BASTROP COUNTY, TEXAS; AND PROVIDING FOR A SAVINGS CLAUSE AND REPEALING CONFLICTING ORDINANCES AND RESOLUTIONS.

Council Member Brashar moved to approve the Ordinance as presented. Council Member Lopez seconds the motion. Motion carried 9-0.

Review and Consideration of a Proposal by The City Of Elgin Economic Development Corporation to Authorize a Development Agreement and Sale of a Portion of Land within the Hidden Oaks Highway 290 Property to NH Management LLC to Construct an Assisted-Living Facility.

Council Member Penson moved to authorize the sale of a portion of land within the Hidden Oaks Highway 290 property. Council Member Lopez seconds the motion. Motion carried 9-0.

RESOLUTION AUTHORIZING SUBMISSION OF A CDBG-DR 2016 HOUSING OR NON-HOUSING PROJECT APPLICATION TO THE GENERAL LAND OFFICE; AND AUTHORIZING THE MAYOR AND OR CITY MANAGER TO ACT AS THE CITY'S

EXECUTIVE OFFICER AND AUTHORIZED REPRESENTATIVE IN ALL MATTERS PERTAINING TO THE CITY'S PARTICIPATION IN THE CDBG-DR PROGRAM.

Council Member Penson moved to approve Resolution as written. Council Member Beyer seconds the motion. Motion carried 9-0.

RESOLUTION ADOPTING THE ADDITIONAL POLICY GUIDANCE ADDRESSING FEDERAL PURCHASING REQUIREMENTS

Council Member Penson moved to approve the Resolution as presented. Council Member Thomas seconds the motion. Motion carried 9-0.

A RESOLUTION OF THE CITY OF ELGIN, TEXAS APPROVING AN AGREEMENT BY AND BETWEEN THE CITY OF ELGIN ECONOMIC DEVELOPMENT CORPORATION AND OWEN M. ROCK AS REQUESTED AND RECOMMENDED BY THE CITY OF ELGIN ECONOMIC DEVELOPMENT CORPORATION BOARD OF DIRECTORS AND MAKING CERTAIN FINDINGS RELATED THERETO

Council Member Beyer moved to approve the Resolution as presented. Council Member Brashar seconds the motion. Motion carried 9-0.

ADJOURNMENT

Mayor Cannon adjourned the City Council Meeting at 9:05 p.m.

_____
Chris Cannon, Mayor

ATTEST:

_____
Amelia Sanchez, City Secretary

MINUTES
ELGIN CITY COUNCIL
SPECIAL MEETING
CITY ANNEX COUNCIL CHAMBERS, 310 NORTH MAIN STREET
TUESDAY, SEPTEMBER 18, 2018

CALL TO ORDER

Mayor Pro Tem Bega called the meeting to order at 7:00 p.m. and certified there was a quorum.

ROLL CALL

Present: Jessica Bega, Mayor Pro Tem
Juan Gonzalez, Council Member
Mary Penson, Council Member
Daniel Lopez, Council Member
Phillip Thomas, Council Member
Neil Beyer, Council Member
Sue Brashar, Council Member

Staff: Thomas L. Mattis, City Manager
Charles Cunningham, Finance Director

PLEDGE OF ALLEGIANCE

Mayor Pro Tem Bega led the Pledge of Allegiance to the United States and Texas Flag.

Mayor Pro Tem Bega stated that since this was a special meeting it was not necessary for a motion to excuse those absent, but that both Mayor Cannon and Council Member Arreaga had notified the City Manager they would not be in attendance.

Mayor Pro Tem Bega recessed the Regular Meeting and opened the Public Hearing at 7:01 P.M.

PUBLIC HEARING

1. Public Hearing on the Proposed FY2018-19 Annual Budget and Ad Valorem (Property) Tax Rate for the City of Elgin.

Council Member Gonzalez stated that at the last meeting there was discussion on pay raises for the Council Members and wondered if maybe just an allowance for the telephone such as $25. or $40. He stated that he uses his phone more than his iPad and asked that everyone think about it and discuss it next week.

With no one else wishing to speak Mayor Pro Tem Bega closed the Public Hearing and opened the regular meeting at 7:04 P.M.

ANNOUNCEMENTS

City Manager Thomas Mattis reminded everyone about the Heritage Lakes meeting on Thursday at the Rec Center.

ADJOURNMENT

Mayor Pro Tem Bega adjourned the City Council Meeting at 7:05 p.m.

_____
Jessica Bega, Mayor Pro Tem

ATTEST:

_____
Amelia Sanchez, City Secretary

MINUTES
ELGIN CITY COUNCIL
REGULAR MEETING
CITY ANNEX COUNCIL CHAMBERS, 310 NORTH MAIN STREET
TUESDAY, SEPTEMBER 25, 2018

CALL TO ORDER

Mayor Cannon called the meeting to order at 7:00 p.m. and certified there was a quorum.

ROLL CALL

Present: Chris Cannon, Mayor
Jessica Bega, Mayor Pro Tem
Juan Gonzalez, Council Member
Mary Penson, Council Member
Phillip Thomas, Council Member
Susie Arreaga, Council Member

Mayor Cannon stated for the record that Council Members Beyer, Brashar and Lopez were absent and that all had informed him they had conflicts and would not be attending.

Council Member Thomas moved to excuse all three Council Members. Council Member Penson seconds the motion. Motion carried 6-0.

Staff: Charles Cunningham, Finance Director

NEW BUSINESS

AN ORDINANCE OF THE CITY OF ELGIN, TEXAS, AMENDING THE AMOUNT OF APPROPRIATIONS FOR THE GENERAL FUND AS WELL AS ALL OTHER FUNDS THAT PROVIDE FOR THE PAYMENT OF OPERATING AND CAPITAL EXPENDITURES AND BY CHANGING THE AMOUNT APPROPRIATED FOR VARIOUS DEPARTMENTS OF THE CITY AS ORGINALLY ADOPTED BY ORDINANCE NO. 2017-09-19-16 ADOPTED SEPTEMBER 19, 2017 AND AS AMENDED BY ADOPTION OF ORDINANCE NO. 2018-05-15-34 ON MAY 15, 2018; IN ACCORDANCE WITH THE LOCAL GOVERNMENT CODE OF THE STATE OF TEXAS AND THE ORDINANCES AND RULES OF THE CITY OF ELGIN, TEXAS; APPROPRIATING THE VARIOUS AMOUNTS THEREOF, AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT THEREWITH AND PROVIDING FOR PUBLICATION AND AN EFFECTIVE DATE

Council Member Penson moved to approve the Ordinance as presented. Council Member Thomas seconds the motion. Motion carried 6-0.

AN ORDINANCE APPROVING AND ADOPTING A BUDGET FOR THE CITY OF ELGIN, TEXAS FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2018, AND ENDING SEPTEMBER 30, 2019, IN ACCORDANCE WITH THE LOCAL GOVERNMENT CODE OF THE STATE OF TEXAS AND THE ORDINANCES AND RULES OF THE CITY OF ELGIN, TEXAS; APPROPRIATING THE VARIOUS AMOUNTS THEREOF, AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT THEREWITH AND PROVIDING FOR AN EFFECTIVE DATE

Council Member Gonzalez stated that at the last meeting he had brought up the issue of an increase for the Council and he was proposing $100.00 a month for Council Members plus $50. Telephone allowance, with the Mayor increasing to $150. from $75. With the $50. telephone allowance. After some discussion it was decided to bring this item back at another meeting for discussion and public input.

Council Member Penson moved to approve the Ordinance as presented. Council Member Arreaga seconds the motion. Motion carried 6-0.

AN ORDINANCE LEVYING AD VALOREM TAXES FOR THE MAINTENANCE AND OPERATION OF THE MUNICIPAL GOVERNMENT OF THE CITY OF ELGIN, TEXAS, FOR THE 2018-19 FISCAL YEAR; AND PROVIDING FOR THE INTEREST AND SINKING FUND FOR THE 2018 TAX YEAR

Council Member Penson moved to approve the Ordinance as presented. Council Member Thomas seconds the motion. Motion carried 6-0.
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ADJOURNMENT

Mayor Cannon adjourned the City Council Meeting at 7:31 p.m.

_____
Chris Cannon, Mayor

ATTEST:

_____
Amelia Sanchez, City Secretary

Elgin City Council Meeting
Agenda Item Executive Summary

ITEM:

AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF ELGIN, TEXAS ADOPTED IN CHAPTER 46, SECTION 46-3, REVISED CODE OF ORDINANCES, CITY OF ELGIN, TEXAS, 2013 AND MAKING THIS AMENDMENT A PART OF SAID OFFICIAL ZONING MAP, TO WIT: TO REZONE AS C-3 HIGHWAY COMMERCIAL DISTRICT, THE PROPERTY BEING APPROXIMATELY 1.763 ACRES OUT OF THE THOMAS CHRISTIAN ABSTRACT NO. A20, CITY OF ELGIN, BASTROP COUNTY, TEXAS; AND PROVIDING FOR A SAVINGS CLAUSE AND REPEALING CONFLICTING ORDINANCES AND RESOLUTIONS

DEPARTMENT: Planning and Development

PROPOSED ACTION:

Discussion, consideration and action on an ordinance to change the zoning at 701 North State Highway 95 from R-1 Single Family Dwelling District to C-3 Highway Commercial District.

BACKGROUND:

After hearing public comment on the proposed zoning change to the property located at 701 North State Highway 95, the Planning and Zoning commission voted to recommend the zoning change to the Elgin City Council. The minutes from that meeting which was held on Monday, September 24th are attached along with the two letters received in opposition of the zoning change.

BUDGET/FINANCIAL IMPACT:

Funding for this item was { } included { } not included in the current-year budget {X} N/A

RECOMMENTATION:

The Planning and Zoning Commission recommends approval of the Ordinance changing the zoning from R-1 to C-3 at 701 North State Highway 95 in accordance with the City of Elgin Comprehensive Plan.

ATTACHMENTS:

Executive Summary, September 24, 2018 Planning & Zoning Commission Agenda, Map or Area to be Rezoned, September 24, 2018 Meeting Minutes, Letters Received in Opposition of the zoning change, Ordinance

{ } Staff will be making a detailed presentation on this agenda item at the meeting.
{ } Staff will provide brief comments and answer questions on this item at the meeting.
{X} This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.

AGENDA
ELGIN PLANNING AND ZONING COMMISSION
PUBLIC HEARING/REGULAR MEETING
MONDAY, SEPTEMBER 24, 2018, 6:30 P.M.
CITY HALL ANNEX COUNCIL CHAMBERS
310 NORTH MAIN STREET

CALL TO ORDER

PUBLIC COMMENT:

Individuals may request to speak on items on the agenda, and items not on the agenda. Speaker comments are limited to three (3) minutes. No formal action can be taken on items not posted on the agenda. All speakers must limit their comments to the specific subject matter noted on the "PUBLIC COMMENT FORM" and refrain from personal attacks or derogatory comments directed at any Commission Member, member of Staff, other individual or group.

CONSENT:
1. Approval of minutes, August 27, 2018 meeting.

UNFINISHED BUSINESS: None

NEW BUSINESS:

1. REVIEW AND MAKE POSSIBLE RECOMMENDATIONS TO THE ELGIN CITY COUNCIL ON A ZONING CHANGE SUBMITTED BY CREATING EDUCATIONAL OPPORTUNITIES, LLC, OWNER OF THE PROPERTY LOCATED IN ABSTRACT 20 THOMAS CHRISTIAN, AT 701 NORTH STATE HIGHWAY 95, AND BEING APPROXIMATELY 1.763 ACRES, CITY OF ELGIN, COUNTY OF BASTROP, TEXAS, TO REZONE THEIR PROPERTY FROM R-1 SINGLE-FAMILY DISTRICT TO C-3 HIGHWAY COMMERCIAL DISTRICT.

2. REVIEW AND TAKE POSSIBLE ACTION ON A CONCEPTUAL PLAN SUBMITTED BY LANDMARK ENGINEERING, INC., AGENT FOR MARIO ALCANTARA CANO, OWNER OF THE PROPERTY LOCATED IN ABSTRACT 345, SURVEY 53 HINES, W, AT 14021 KLAUS LANE AND BEING APPROXIMATELY 10.0 ACRES, CITY OF ELGIN EXTRA TERRITORIAL JURISDICTION, TRAVIS COUNTY, TEXAS, TO DIVIDE HIS PROPERTY INTO 8 LOTS TO BE KNOWN AS "CANO SUBDIVISION".

3. REVIEW AND TAKE POSSIBLE ACTION ON A PRELIMINARY PLAT SUBMITTED BY LANDMARK ENGINEERING, INC., AGENT FOR MARIO ALCANTARA CANO, OWNER OF THE PROPERTY LOCATED IN ABSTRACT 345, SURVEY 53 HINES, W, AT 14021 KLAUS LANE AND BEING APPROXIMATELY 10.0 ACRES, CITY OF ELGIN EXTRA TERRITORIAL JURISDICTION, TRAVIS COUNTY, TEXAS, TO DIVIDE HIS PROPERTY INTO 8 LOTS TO BE KNOWN AS "CANO SUBDIVISION".

EXECUTIVE SESSION
The board may adjourn the public meeting at any time during the meeting and convene in Executive Session pursuant to Chapter 551 of the Texas Government Code to discuss any matter as specifically listed on the agenda and/or as permitted by Chapter 551 of the Texas Government Code.

RECONVENE
The board returns to open session for possible discussion and action as a result of the Executive Session.

ANNOUNCEMENTS

ADJOURNMENT

NOTICE

I, Gary N. Cooke, Director Planning & Development for the City of Elgin, hereby certify this notice was posted at the City Hall Annex of the City of Elgin, Texas on or before the 7th day of September, 2018 before 5:00 p.m. in accordance with Chapter 551 of the Texas Government Code. The Elgin City Council will hold a public hearing on Zoning for item #1 in the City Council Chambers, Elgin City Hall Annex, 310 N Main Street, Elgin, Texas, on Monday, October 1, 2018.

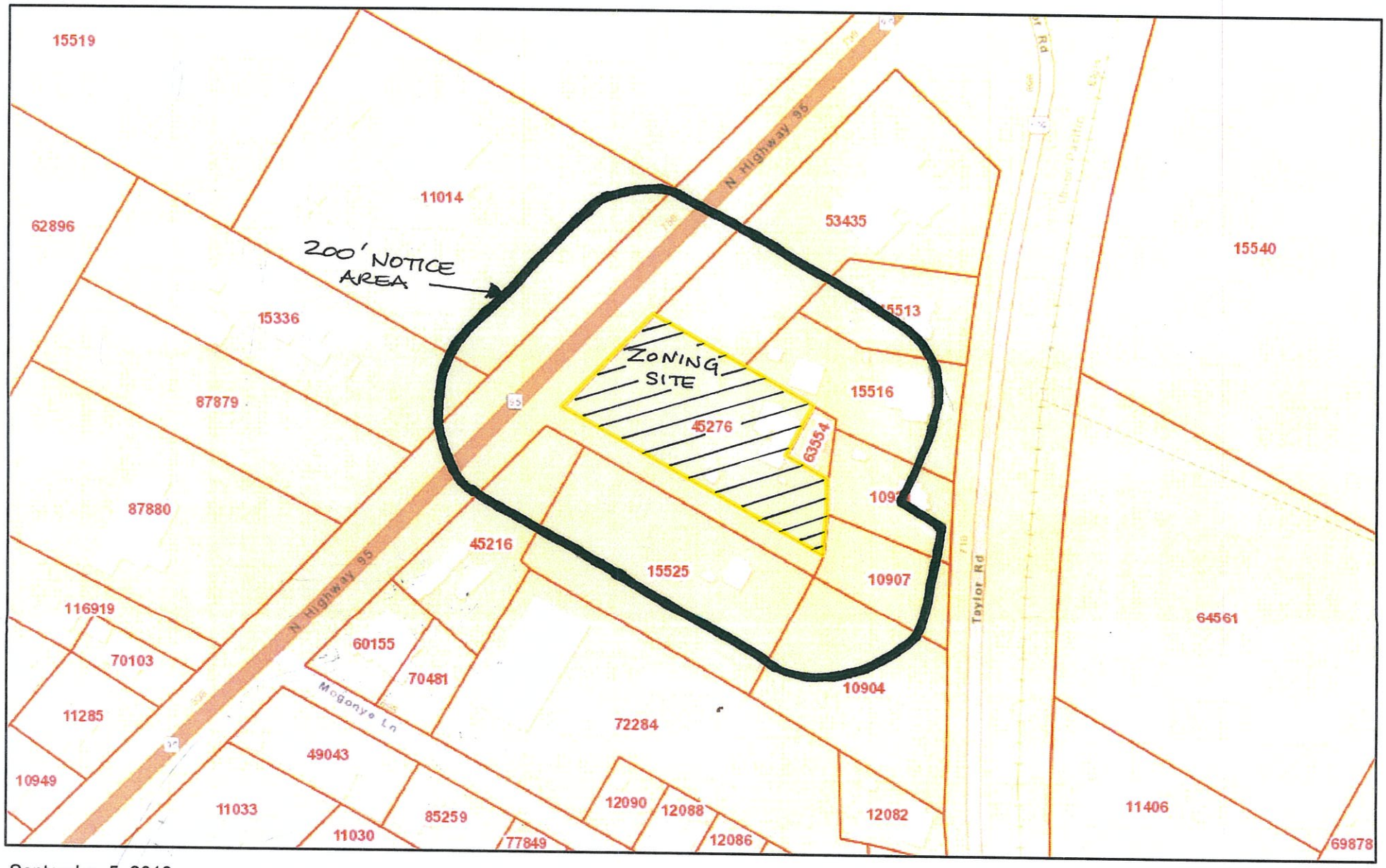
Gary N. Cooke

Gary N. Cooke, Director Planning & Development

Notice of Assistance at Public Meetings, the City of Elgin is committed to compliance with the Americans with Disabilities Act. Elgin City Hall and Council Chambers are wheelchair accessible and special marked parking is available. Persons with Disabilities who plan to attend this meeting and who may need assistance are requested to contact the City Secretary's Office at (512) 281-5724. Please provide forty-eight hours notice when feasible.

Para informacion en espanol favor de llamar 512-281-0119. Servicios de traduccion disponible en la reunion.

701 Hwy 95, North



September 5, 2018

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This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.

Bastrop County Appraisal District & BIS Consulting - www.bisconsultants.com

MINUTES
PLANNING AND ZONING COMMISSION
PUBLIC HEARING-REGULAR MEETING
MONDAY, SEPTEMBER 24, 2018 – 6:30 PM

CALL TO ORDER: Chairman Antonio Prete called the meeting to order at 6:32 PM.

PRESENT: Jason Tatum, Ronnie Creppon, Brian Lundgren, Antonio Prete, Dorothy McCarther, and Rudy L. Ramirez.

Staff: Gary N. Cooke, Melissa Lipiec, Carlos Navejas, Michael Hinds & Beau Perry

Absent: David Lanford

Guest: F. L. Meyer, David Meyer, Diane Dunigan, Nancy Wilkins, Colin Dunigen, Forest Dennis, Sandy Menley, Javier Barajas, Beverly Caifa, Kinda Bethke, John Williams

PUBLIC COMMENT: None

MINUTES: Brian Lundgren made a motion to approve the minutes of the August 27, 2018 meeting as presented. Dorothy McCarther seconded the motion and a vote was taken. The motion passed unanimously with a vote of six (6) yes and zero (0) no.

UNFINISHED BUSINESS: None

NEW BUSINESS:

1. REVIEW AND MAKE POSSIBLE RECOMMENDATIONS TO THE ELGIN CITY COUNCIL ON A ZONING CHANGE SUBMITTED BY CREATING EDUCATIONAL OPPORTUNITIES, LLC, OWNER OF THE PROPERTY LOCATED IN ABSTRACT 20 THOMAS CHRISTIAN, AT 701 NORTH STATE HIGHWAY 95, AND BEING APPROXIMATELY 1.763 ACRES, CITY OF ELGIN, COUNTY OF BASTROP, TEXAS, TO REZONE THEIR PROPERTY FROM R-1 SINGLE-FAMILY DISTRICT TO C-3 HIGHWAY COMMERCIAL DISTRICT. Gary N .Cooke addressed the Commission with a brief history of the property use: Realtor Office, Time Warner Cable Office, and Adult Daycare. He stated that the property has been vacant for over ten years and that Sandy Menley was in attendance as agent for the property owner. Sandy Menley then addressed the Commission and stated that the property owner has been trying to sell the property and though it was zoned commercial this whole time. They only recently discovered that it was zoned residential. She stated that the building is in terrible condition and probably a teardown. She noted that the slab is cracked. She also stated that they had a contract to sell the property contingent on it being zoned commercial but lost that sale and they do not currently have a buyer. Chairman Antonio Prete then read two letters from adjoining property owners that had been received. The first letter was from Dale Simmons, owner of parcel #15525 who was opposed to the zoning change due to drainage problems. The second letter was from Irma Solis, owner of parcel numbers 10907 and 10904 who was also opposed to the zoning change as she did not know what would be built on the property. Chairman Antonio Prete then called up John Williams of 712 Taylor Road who also stated that he was against the zoning change because he thought it would lower his home value, shed water onto his property, create noise and increase crime and create possible odors

or other nuisances. He noted that C-3 was the least restrictive of Commercial zoning. Jason Tatum then asked him how he liked having Time Warner next to his property and Mr. Williams stated that he did not like it especially since Time Warner has access to their parcel through his property and the generator that kicks on when the power goes out is loud. Forrest Dennis of 806 N Main Street then spoke representing the Grace Community Baptist Church which adjoins 701 North State Highway 95. He stated that his concern was that he wanted the new use to be compatible with the Church. Gary N. Cooke then stated that both State Law and TABC have restrictions for properties situated near churches. Gary N. Cooke then pointed out that the Comprehensive Plan showed that property to be a commercial use. He also stated that developers will be required to submit civil site plans for drainage so it won't become a problem. After a bit more discussion Ronnie Creppon stated that because the property use is in line with the City's Comprehensive Plan, he moved that the zoning be changed from R-1 to C-3 on this property. Brian Lundgren seconded the motion and a vote was taken. The motion passed unanimously with a vote of six (6) for and zero (0) against. Gary N. Cooke then announced that this item would be going before the Elgin City Council on the October 1st agenda.

2. REVIEW AND TAKE POSSIBLE ACTION ON A CONCEPTUAL PLAN SUBMITTED BY LANDMARK ENGINEERING, INC., AGENT FOR MARIO ALCANTARA CANO, OWNER OF THE PROPERTY LOCATED IN ABSTRACT 345, SURVEY 53 HINES, W, AT 14021 KLAUS LANE AND BEING APPROXIMATELY 10.0 ACRES, CITY OF ELGIN EXTRA TERRITORIAL JURISDICTION, TRAVIS COUNTY, TEXAS, TO DIVIDE HIS PROPERTY INTO 8 LOTS TO BE KNOWN AS "CANO SUBDIVISION". Gary N. Cooke state that this subdivision process had started in 2017. The agenda packet contained numerous comments from TRC Solutions who performed the review and numerous responses from Landmark Engineering who prepared the plans. He concluded that both Staff and TRC Solutions now recommend approval of the Cano Conceptual Plan. He then introduced Javier Barajas of Landmark Engineering, Inc. and stated that he was present as agent for Mario A. Cano. Javier Barajas then addressed the Commission and stated that this subdivision consisted of eight (8) lots and the City will not take over the street since this development is in the ETJ and they are designing to Travis County Standards as well as undergoing the Travis County review process. He also stated that Aqua will serve water to the development and electrical will be overhead. Chairman Antonio Prete then called for public comment. Diane Dunigan of 17615 FM 1100 addressed the Commission and stated that there are deed restrictions on the property and she is concerned that they are not noted on the plat. She also stated that she is worried about fire safety and that Klaus Ln is too narrow for fire trucks to get down. She stated that the plats contain no mention of an HOA and asked who will maintain the detention pond. Chairman Antonio Prete addressed her concerns by stating that the ESD (emergency services district) would need to approve the plans and the will address fire safety. He acknowledged the deed restrictions and stated that they will remain in place. He added that there is no requirement for an HOA for Travis County. He then asked Javier Barajas if he had any information for Ms. Dunigan. Javier Barajas stated that Mr. Cano is planning on forming an HOA to maintain the retention pond which is part of lot 5 and stated that the pond

will not hold water. He stated that they are still trying to figure out if the County will take over the road and maintain it. Chairman Antonio Prete then asked Gary to explain the review process in Travis County. Gary N. Cooke stated that in our ETJ in Travis County the City does not work hand in hand with the County. The County wants to see the City's comments first before they provide County approval of the subdivision. Beau Perry stated that there is no inter local agreement between the City of Elgin and Travis County. Gary N. Cooke stated that TRC will be reviewing the subdivision to Travis County standards and the City has no zoning in the area. Linda Bethke of 17711 FM 1100 then addressed the Commission and stated that she is concerned because she has livestock and wanted to ensure that fences would be required. Chairman Antonio Prete then responded that fencing is not a requirement of the platting process. Tommy Wilkins of 110 West 10th Street then addressed the commission and stated that his parents own property about a quarter mile down the road from the Cano development. He stated that his concern was that mobile homes are starting to take over the countryside. This will make the property values go down. Brian Lundgren pointed out that there are deed restrictions on the property preventing mobile homes from being placed on the property. Colin Dunigan of 17615 FM 1100 then addressed the Commission and stated that his concern is that there are no guarantees that this development will be up to current standards. He cited an example of the property across the street from the proposed Cano Subdivision which is ten acres and deed restricted but there are now trashed out un-permitted mobile homes on the property. He stated that he has reported the development to Travis County because they were building a septic system without the proper permits. He stated that he was against the subdivision. Chairman Antonio Prete stated that as long as the property is divided to the proper City, County and State standards; the Commission must approve the subdivision. He also re-iterated that Mr. Cano will be required to consult with the ESD to meet fire and safety standards. Jason Tatum stated that it is up to property owners to take action on deed restrictions. After a bit more discussion Chairman Antonio Prete asked for a motion. Brian Lundgren made a motion to approve the Concept Plan of the Cano Subdivision. Ronnie Creppon seconded the motion and a vote was taken. The motion passed unanimously with a vote of six (6) for and zero (0) against.

3. REVIEW AND TAKE POSSIBLE ACTION ON A PRELIMINARY PLAT SUBMITTED BY LANDMARK ENGINEERING, INC., AGENT FOR MARIO ALCANTARA CANO, OWNER OF THE PROPERTY LOCATED IN ABSTRACT 345, SURVEY 53 HINES, W, AT 14021 KLAUS LANE AND BEING APPROXIMATELY 10.0 ACRES, CITY OF ELGIN EXTRA TERRITORIAL JURISDICTION, TRAVIS COUNTY, TEXAS, TO DIVIDE HIS PROPERTY INTO 8 LOTS TO BE KNOWN AS "CANO SUBDIVISION". Gary N. Cooke stated that the Concept Plan was just approved a minute ago and this is now the Preliminary Plat. He stated that both Staff and TRC Solutions recommends approval of the Cano Preliminary Plat. Melissa Lipiec then pointed out that a correction needed to be made on page two of the Preliminary Plat. She stated that Diann Smith's name was misspelled in General Note #7. Ronnie Creppon then made a motion to approve the Preliminary Plat for the Cano Subdivision contingent on the correction to General Note #7.

Dorothy McCarther seconded the motion and a vote was taken. The motion passed unanimously with a vote of six (6) for and zero (0) against.

Executive Session: NONE

ANNOUNCEMENTS: Gary N. Cooke announced that a re-plat of the G & R Subdivision as well as the Old McDade Subdivision Final Plat will be on the next meeting. He also announced that this was his last P & Z meeting as he will be retiring as of October 5th.

ADJOURN: Chairman Antonio Prete adjourned the meeting at 7:38 pm.

_____

Antonio Prete
Chairman, Planning and Zoning Commission

ATTEST:

_____

Gary N. Cooke
Secretary, Planning and Zoning Commission

COPY

IRMA O. Solis
326 CONRAD
Dallas, TX. 75224
[redacted] (For City ONLY)

Dear Mr. Cooke:

I hope this finds you well.

I received your Notice of "Zoning Change Request" dated September 7, 2018, as this would affect my property on Leyland Road; (Christian Acres property).

I am against this change as it would affect my property negatively. Please put me down for a "No" to this zoning request. To be clear, I am against any zoning change requested by any entity, no matter the type of business proposed.

Thank you for your letter.

Sincerely,
Irma O. Solis
9-17-2018

Copy kept.

received
9/21/18 mgl

Dale (JD) Simmons

Rt 4 Box 191A

Elgin, Texas 78621

A20 CHRISTIAN, THOMAS, ACRES 2.02, R15525

B0020-0000-0096

Mailing Address: 13811 Brooklet Vw. Ct. Houston, Texas 77059

9-21-2018

Elgin Planning and Zoning Commision
P.O. Box 591, 1135 Swenson Blvd.
Elgin, TX. 78621
512-281-0119.....or
City Hall Annex Council Chambers
310 N. Main St.
Elgin, Tx.

FAX 512-285-4267

COPY

Ref: A Zoning Public Hearing.... 701 N. Hwy 95, Christian, Thomas 20, 1.763 ac from R-1 TO C-3

To Whom it Concerns,

I'M AGAINST THE REZONING UNTIL SUCH TIME, all ADDITIONAL WATER RUN OFF WILL NOT CAUSE ADDITIONAL DAMAGE TO ALREADY DAMAGING DRAINAGE.

Respectfully,

Dale (JD) Simmons

9-21-2018

received
9/21/18 mgl

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF ELGIN, TEXAS ADOPTED IN CHAPTER 46, SECTION 46-3, REVISED CODE OF ORDINANCES, CITY OF ELGIN, TEXAS, 2013 AND MAKING THIS AMENDMENT A PART OF SAID OFFICIAL ZONING MAP, TO WIT: TO REZONE AS C-3 HIGHWAY COMMERCIAL DISTRICT, THE PROPERTY BEING APPROXIMATELY 1.763 ACRES OUT OF THE THOMAS CHRISTIAN ABSTRACT NO. A20, CITY OF ELGIN, BASTROP COUNTY, TEXAS; AND PROVIDING FOR A SAVINGS CLAUSE AND REPEALING CONFLICTING ORDINANCES AND RESOLUTIONS.

WHEREAS, an application has been made to the City Council of Elgin, Texas to amend the Official Zoning Map to rezone the property described in Exhibit "A" attached hereto and incorporated herein, from R-1 Single Family Dwelling District to C-3 Highway Commercial District, and

WHEREAS, the City Council has submitted the requested change in the Official Zoning Map to the Planning and Zoning Commission for its recommendation and report, and

WHEREAS, the Planning and Zoning Commission held a public hearing concerning the requested change on September 24, 2018, following lawful publication of the notice of said public hearing, and

WHEREAS, after considering the public testimony received at such hearing, the Planning and Zoning Commission has recommended that the Official Zoning Map be amended so that the zoning classification of the property described in Exhibit "A" be C-3 Highway Commercial District, and

WHEREAS, on the 1st day of October, 2018, after proper notification, the City Council held a public hearing on the requested zoning, and

WHEREAS, the City Council determines that the zoning provided for herein promote the health, safety, morals, and protects and preserves the general welfare of the community, and

WHEREAS, each and every requirement set forth in Chapter 211, Sub-Chapter A, Texas Local Government Code, and Chapter 46, City of Elgin Ordinances, concerning public notices, hearings, and other procedural matters has been fully complied with, Now Therefore

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ELGIN, TEXAS, THAT:

I.

The Official Zoning Map adopted in Chapter 46, Section 46-3, City of Elgin, Texas is hereby amended so that the zoning classification of the property described in Exhibit "A" is classified as C-3 Highway Commercial District.

II.

A. All ordinances, parts of ordinances, or resolutions in conflict herewith are expressly repealed.

B. The invalidity of any section or provision of this Ordinance shall not invalidate other sections or provisions thereof.

C. The City Council hereby finds and declares that written notice of the date, hour, place and subject of the meeting at which this Ordinance was adopted was posted and that such meeting was open to the public as required by law at all times during which this Ordinance and the subject matter hereof were discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended.

READ, **PASSED**, and **ADOPTED** on first reading this the 1sh day of October, 2018.

_____
CHRIS CANNON, MAYOR

ATTEST:

_____
Amelia Sanchez, City Secretary

Elgin City Council Meeting
Agenda Item Executive Summary

ITEM: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELGIN, TEXAS TO APPROVE AN AGREEMENT WITH IWORQ, TO PROVIDE PERMIT TRACKING AND INSPECTION SCHEDULING SOFTWARE TO THE CITY FOR A MINIMUM PERIOD OF ONE YEAR AND TO AUTHORIZE THE MAYOR TO EXECUTE SAID AGREEMENT.

DEPARTMENT: City Manager and Finance

PROPOSED ACTION: Consider Resolution for approval

BACKGROUND: This Planning department currently utilizes Excel Spreadsheets to track permits with limited capabilities. The new software is a hosted web-based solution available to multiple users on any computer, tablet or mobile device. The unit cost reflected above is for initial setup, training, configuration and data conversion and is half of the total as the Code Enforcement Department will share the cost and benefit from this software's Code Enforcement module which is included. The Annual Cost is also half. The ability for citizens and trades people to apply for a permit on-line will increase productivity and efficiency as permit applications will be logged and queued as well as updated allowing for notification to be sent automatically to the requestor.

BUDGET/FINANCIAL IMPACT:

Funding for this item was {X} included { } not included in the current-year budget { } N/A

RECOMMENDATION: Recommended for approval

ATTACHMENTS: Resolution authorizing Mayor to execute an Agreement with IWorQ that would acquire application software for the Planning Department.

{X} Staff will provide brief comments and answer questions on this item at the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.

RESOLUTION NO_____

RESOLUTION NO: _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELGIN, TEXAS TO APPROVE AN AGREEMENT WITH IWORQ, TO PROVIDE PERMIT TRACKING AND INSPECTION SCHEDULING SOFTWARE TO THE CITY FOR A MINIMUM PERIOD OF ONE YEAR AND TO AUTHORIZE THE MAYOR TO EXECUTE SAID AGREEMENT.

WHEREAS, the City of Elgin has previously utilized Microsoft excel spreadsheet software to track building permits and schedule building inspections; and

WHEREAS, Planning Departments in other Cities in Texas have found it more efficient and practical to use proprietary software that tracks building permits, assists in scheduling inspections for building projects and data storage and letter generator for Code Enforcement; and

WHEREAS, iWorQ has developed and offers for use by Community Development and Public Works departments such software, at a reasonable price as specified in EXHIBIT A attached, a "Service Agreement, Elgin, Texas";

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OVERTON, TEXAS THAT:

The City Council approves the Agreement with iWorQ. as shown in EXHIBIT A attached and that the Mayor is authorized on behalf of the City to execute said Agreement which is incorporated herein for all purposes and that iWorQ shall provide said services as stipulated in the Agreement.

APPROVED AND RESOLVED BY THE CITY COUNCIL OF THE CITY OF ELGIN, TEXAS ON THIS __**1st**__ DAY OF **October**, 2018.

_____
Chris Cannon, Mayor

ATTEST:

_____
Amelia Sanchez, City Secretary

EXHIBIT A

Service Agreement
Elgin, Texas

iWorQ

Community Development & Public Works Software

iWorQ
sales@iworq.com
(888) 655-1259

Elgin	Quote creation: 9/06/2018
310 North Main St. Elgin, TX 78621	Prepared by: Ty Pebley

1. QUOTE

Elgin- hereafter known as "Customer", enters into the following Service Agreement with iWorQ Systems, "iWorQ", headquartered in Logan, UT. Customer will pay an annual fee for the services and a one-time setup fee detailed below: Population: 8,500

Community Development Applications and Services	Package Price	Billing
Community Development Package - Available on any computer, tablet, or mobile device using Chrome browser - Code Enforcement with OpenStreetMap - Permit Management with OpenStreetMap - Quarterly parcel upload - Contractor portal - Up to 25 custom forms/permits/letters **Premium Data Package** -25 MB file upload size and 100 GB total storage.	**$3,750**	Annual
Backflow Management -Available on any computer, tablet, or mobile device using Chrome Browser -Track and Manage Inspections -Upload test results -Send customizable reminder letters -Issue permits -Includes up to 10 customizable letters, forms, and documents	**$1,500**	Annual
ANNUAL TOTAL	**$5,250**	

Setup, training, configuration and data conversion	$3,000	Once
Grand total due	**$8,250**	

Notes

1- Invoices for amount will be sent out 2 weeks after signature. Terms of the invoicing is Net 30 days.

2- This quote is provided at the customer's request and is good for 30 days.

3- This quote cannot be disclosed or used to compete with other companies.

4- Pricing is based on population and number of applications. Removing any items from this quote may require application prices to be updated.

2. ADDITIONAL SERVICES

iWorQ provides additional applications and services that can be purchased as part of the Community Development solution. These can be added to the customer's annual* cost, upon request. The services listed below may already be included in the quote in Section 1.

iWorQ Citizen Engagement - Drive citizen satisfaction, streamline communication between citizens and city/county leadership, and reduce overhead costs with a self-service public portal and a mobile application for Android and iOS.	Price based on Population	Annual
Licensing – track business, animal, liquor, rental, and other license types. Includes customized automated reminder letters and online renewal.	Price based on Population	Annual
Additional Storage – Each unit of storage contains an additional 100 GB.	$250	Annual
Plans Review and Annotation – Requires premium data package to use. Draw and annotate on plans; save data in layers on plans; and place watermarks on plans.	$500	Annual
Onsite Backup – iWorQ will send a *.BAK on a scheduled basis to an FTP server maintained by the customer.	$500	Annual
Monthly Parcel Update – iWorQ will import an electronic file on a scheduled basis from a file stored on an FTP server maintained by the Customer.	$500	Annual
Interactive Voice Response (IVR) – used by contractors to schedule inspections via telephone.	$500	Annual
iTransact Card Processing – setup merchant account and gateway, so card payments can be received/recorded in iWorQ. Includes public portal and up to 5 customized forms/links on customer website for citizens and contractors to submit permit requests, license requests, and	$500	Annual

make payments.		
Additional letters/forms/permits	$100 each	Annual

**Additional services are subject to setup fees which are 2/3 of the annual cost.*

3. GUIDELINES

3.1 Getting started

iWorQ will assign an account manager to your account to begin the setup and training process upon contract signature.

Send the signed service agreement to iWorQ Systems:
Email: sales@iworq.com
Fax: 1 (866) 379-3243

Mailing address:
PO Box 3784
Logan, UT 84323

Physical address:
1125 W. 400. N. Suite 102
Logan, UT 84321

3.2 Billing information

iWorQ will invoice Customer on an annual basis. Customer reserves the right to cancel service at any time by providing iWorQ a 30-day written notice.

3.3 Data conversion

As part of the project setup, iWorQ provides a data conversion service. This service consists of importing data, sent by the Customer, in an electronic (relational database) format. iWorQ provides contact information and an upload site were the electronic data can be sent. Additional costs apply for data that does not meet the criteria listed above.

4. SERVICES and SUPPORT

4.1 Data ownership

All customer data remains the property of the customer. Customer can request data electronically or on disk, upon cancellation of Service Agreement. iWorQ will disburse data within 30 days of written notification.

4.2 FREE training

iWorQ provides FREE training and support. iWorQ provides webinars, phone support, written manuals, web videos, documentation and help files. Training is available to any Customer with a login.

4.3 FREE updates

All updates, bug fixes, and upgrades are FREE to the Customer. iWorQ is a web-based application. Customer only needs to login to get any updates to the applications.

4.4 FREE support

Customer support and training are FREE and available from 6:00 A.M. to 5:00 p.m. Mountain Standard Time.

4.5 FREE data back up

iWorQ does back-ups twice weekly and offsite once weekly.

4.6 Proprietary letters/forms

Letters and forms, including permits, certificates, or other documents must be owned by the customer and have a clear copyright.

4.7 Data upload and storage limits

Standard data plan includes uploads of up to 3 MB per file and 10 GB total storage. iWorQ offers a premium data plan available for an additional annual cost.

4.8 Software Terms and Limitations

The iWorQ Software is the proprietary information and a trade secret of iWorQ, Systems Inc. and this agreement grants no title or rights of ownership with the software. The software is protected by United States copyright laws and international copyright treaties, as well as other intellectual property laws. Customer shall not permit any user or other party to, (a) copy or otherwise reproduce, reverse engineer or decompile all or any part of the iWorQ Software, (b) make alterations to or modify the Software, (c) grant sublicenses, leases or other rights, or (d) permit any party access to the Licensed Software for purposes of programming against it.

iWorQ
sales@iworq.com
(888) 655-1259

5. SETUP & BILLING INFORMATION

5.1 Implementation information

Primary Contact(s)_____

Phone _____ Cell _____ Email _____

Additional Contact(s)_____

Phone _____ Cell _____ Email _____

5.2 Billing information

Billing Contact _____ Phone _____ Cell _____

Email _____ Prefer to receive invoice by email? Yes ☐ No ☐

Billing Address_____

City _____ State _____ Zip _____

PO# _____ (if required) Tax exempt ID# _____

6. SIGNATURE

Signature of this Agreement is based on the understanding and acknowledgement of the terms and conditions stated within this Service Agreement.

_____	_____	_____
(Phone)	(Mobile)	(Email)
_____	_____	_____
(Signature)	(Print Name & Title)	(Date)

Service Agreement
Elgin, Texas

iWorQ

Community Development & Public Works Software

iWorQ
sales@iworq.com
(888) 655-1259

Elgin	Quote creation: 9/06/2018
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Email: sales@iworq.com
Fax: 1 (866) 379-3243

Mailing address:
PO Box 3784
Logan, UT 84323

Physical address:
1125 W. 400. N. Suite 102
Logan, UT 84321

3.2 Billing information

iWorQ will invoice Customer on an annual basis. Customer reserves the right to cancel service at any time by providing iWorQ a 30-day written notice.

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The iWorQ Software is the proprietary information and a trade secret of iWorQ, Systems Inc. and this agreement grants no title or rights of ownership with the software. The software is protected by United States copyright laws and international copyright treaties, as well as other intellectual property laws. Customer shall not permit any user or other party to, (a) copy or otherwise reproduce, reverse engineer or decompile all or any part of the iWorQ Software, (b) make alterations to or modify the Software, (c) grant sublicenses, leases or other rights, or (d) permit any party access to the Licensed Software for purposes of programming against it.

5. SETUP & BILLING INFORMATION

5.1 Implementation information

Primary Contact(s)_____

Phone _____ Cell _____ Email _____

Additional Contact(s)_____

Phone _____ Cell _____ Email _____

5.2 Billing information

Billing Contact _____ Phone _____ Cell _____

Email _____ Prefer to receive invoice by email? Yes ☐ No ☐

Billing Address_____

City _____ State _____ Zip _____

PO# _____ (if required) Tax exempt ID# _____

6. SIGNATURE

Signature of this Agreement is based on the understanding and acknowledgement of the terms and conditions stated within this Service Agreement.

_____	_____	_____
(Phone)	(Mobile)	(Email)
_____	_____	_____
(Signature)	(Print Name & Title)	(Date)

Elgin City Council Meeting
Agenda Item Executive Summary

ITEM: **A RESOLUTION TO ADOPT A WRITTEN INVESTMENT POLICY AND INVESTMENT STRATEGY REGARDING THE INVESTMENT OF CITY FUNDS OCTOBER 1, 2018**

DEPARTMENT: City Manager and Finance

PROPOSED ACTION: Consider Resolution for adoption

BACKGROUND:

The Public Funds Investment Act requires that the City consider revisions and adopt a written Investment Policy and Investment Strategy each year, even if no changes are contemplated. The Resolution proposed here, complies with terms and conditions of the Public Funds Investment Act pursuant to Section 2256.005 of the Texas Government Code.

Changes proposed in this policy for this year include, i.) an extension of the maximum final stated maturity of any investment from two years to five years (Page 13) and ii.) item 6 -Certificates of Deposit and Share Certificates under **Authorized and Suitable Investments** (page 7). This allows for appointing a clearing broker-dealer to act as custodian for the investing entity. All safeguards still apply, it just allows the City to work through a broker-dealer.

BUDGET/FINANCIAL IMPACT:

Funding for this item was { } included { } not included in the current-year budget {X} N/A

RECOMMENDATION: Recommended for adoption

ATTACHMENTS: Draft Resolution including Exhibit A which is a revised version of the Invest Policy and Investment Strategy that was approved by Council in January of this year.

{ } Staff will be making a detailed presentation on this agenda item at the meeting.
{X} Staff will provide brief comments and answer questions on this item at the meeting.
{ } This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.

RESOLUTION NO. _____

A RESOLUTION TO ADOPT A WRITTEN INVESTMENT POLICY AND INVESTMENT STRATEGY REGARDING THE INVESTMENT OF CITY FUNDS OCTOBER 1, 2018

WHEREAS, pursuant to Section 2256.005, Texas Government Code ("the Act") the City Council desires to adopt a written investment policy and investment strategy regarding the investment of City funds; and

WHEREAS, the City Council has reviewed the attached updated policy and has determined same to be in compliance with the Act, Now Therefore

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ELGIN, TEXAS,

That the updated Investment Policy and Strategy for the investment of City funds, attached hereto as Exhibit "A" and incorporated herein, is hereby approved and adopted.

The City Council hereby finds and declares that written notice of the date, hour, place and subject of the meeting at which this Resolution was adopted was posted and that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof were discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended.

RESOLVED this 1st day of October 2018.

_____

Chris Cannon, Mayor City of Elgin, Texas

ATTEST:

_____

Amelia Sanchez, City Secretary

EXHIBIT A

CITY OF ELGIN, TEXAS

INVESTMENT POLICY AND INVESTMENT STRATEGY

Revision Adopted: October 1, 2018

RESOLUTION:

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POLICY

It is the policy of the City of Elgin (City) after allowing for anticipated cash flow requirements in its bank accounts to meet daily needs and after giving due consideration to the safety and risk of investments, providing protection for both principal and liquidity, to invest public funds in a manner which will provide the highest investment return while conforming to all state and local statutes governing the investment of public funds. This Investment Policy is authorized by the City Council in accordance with Texas Government Code, Chapter 2256-Public Funds Investment, also cited as the Public Funds Investment Act (Act), to satisfy the statutory requirements to define, adopt, and review a written investment policy regarding the investment of its funds and funds under its control. The City Council shall review and adopt by resolution, its investment strategies and policy not less than annually.

This is required even if there are no changes within the policy. Such an investment must be written, emphasize safety, address investment management and include types of authorized investments, maximum allowable stated maturity, maximum dollar-weighted average maturity, method to monitor the market price, and requirements for settlement of transactions. The resolution shall state that the policy has been reviewed and include record of changes made to either the investment policy or strategy.

SCOPE

This policy applies to all funds or financial resources available for investment under the City's financial control and accounted for in the City of Elgin, Texas Annual Financial Report which includes all current funds and will include any new fund created by the City Council unless specifically exempt. These policies do not, however, govern funds that are managed under separate investment programs or trust agreements, such as retirement funds, pension funds, deferred compensation funds, and certain private donations that are maintained as required by Federal and State laws, other local policies, or donor stipulations. In addition to this Policy, bond funds (as defined by the Internal Revenue Service) shall be managed by their governing ordinances and all applicable State and Federal laws.

The City will consolidate cash balances from all applicable funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles. Such earnings from investments will be used in a manner that best serves the public trust and interests of the City as deemed in the annual budget.

INVESTMENT OBJECTIVES

All investments shall be designed and managed in a manner responsive to the public trust and in compliance with all Federal, State and other legal requirements, including but not limited to the Act. The City shall manage and invest its available resources with four objectives, listed in order of priority: Safety, Liquidity, Public Trust, and Yield.

Safety

Safety of principal and the City's assets is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To increase investment safety, the City strives to decrease or minimize credit and interest rate risk. Minimization of credit risk or the risk of loss due to the failure of a security issuer or guarantor shall be done by the City by limiting investments to safe types, pre-qualifying financial institutions and broker/dealers, and diversifying the portfolio in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Minimization of interest rate risk or the decrease in market value of securities in the City's portfolio due to changes in interest rates shall be done by the City through strong cash flow projections so that market value losses are reduced and through investments in short-term securities.

Liquidity

The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements and by investing in securities with active secondary markets. A portion of the portfolio will also be placed in short term investment pools and/or money market mutual funds, which offer daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Public Trust

Investments shall be made with judgment and care, under circumstances, then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived. All participants in the City's investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in the City's ability to govern effectively.

Yield

The City's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to the safety, liquidity and public trust objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

STANDARDS OF CARE

Delegation of Authority

The Director of Finance, is the Investment Officer of the City and is responsible for investment decisions and activities. The Investment Officer may delegate day-to-day administrative duties to other persons authorized to perform investment activities for the City, or he/she may perform the duties him or herself. The City Manager will retain ultimate responsibility for investment decisions.

The Investment Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived.

Training Requirements

The Investment Officer is required to attend at least one training session relating to the officer's responsibility under the Act within 12 months after assuming duties. Afterwards, the City shall provide ten hours of investment training not less than once in a two-year period that begins on the first day of the fiscal year and consists of two consecutive fiscal years after that date for the Investment Officer(s) and/or his/her delegate(s), through courses and seminars offered by an independent professional source (i.e. the *Government Finance Officers Association of Texas, the Government Treasurers Organization of Texas, the Texas Municipal League*, etc.) as approved by the City Council in order to insure the quality and capability of the City's investment personnel making investment decisions in compliance with the Act. The training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Act.

The City shall also encourage those who may perform daily activities with the City investments to attend such training although they are not listed specifically as Investment Officers of the City.

Prudent Person Rule

As set forth in the Act, Investment Officers shall use the standard of prudence with the "Prudent Person Rule". "Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived (Public Funds Investment Act 2256.006(a))."

"In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

1. The investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and

2. Whether the investment decision was consistent with the written investment policy of the entity (Public Funds Investment Act 2256.006(b)).”

Investment officials acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibilities for an individual security's credit risk or market price change, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Ethics and Conflict of Interest

Investment Officers and other employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. According to the Act, a personal business relationship with a business exists if one of the following three (3) items applies:

1. The Investment Officer owns 10 percent or more of the voting stock or shares of the business organization or owns $5,000 or more of the fair market value of the business organization.

2. Funds received by the Investment Officer from the business organization exceed 10 percent of the Investment Officer's gross income for the previous year.

3. The Investment Officer has acquired from the business organization during the previous year investments with a book value of $2,500 or more for the personal account of the Investment Officer.

Investment Officer(s) must file a disclosure statement with the Texas Ethics Commission and the City Council if an officer has a personal business relationship with a business organization offering to engage in an investment transaction with the City or the Officer is related within the second degree by affinity or consanguinity, as determined under Chapter 573 of the Texas Government Code, to an individual seeking to transact investment business with the entity.

“No officer or employee of the City shall:

1. Have a financial interest, direct or indirect, in any contract with the city nor shall be financially interested, directly or indirectly, in the sale to the city of any land, or rights or interest in any land, materials, supplies or service. The “financial interest” contemplated under this article requires that the officer or employee receive an actual financial benefit from the transaction with the city. An actual financial benefit from the transaction shall not include:

A. An ownership in the entity transacting with the city where the ownership interest is less than one (1) percent of the entity.

B. Compensation or benefits as an employee, officer, or director of the entity transacting business within the city where such compensation is not affected by the entity's transaction with the City.

2. Participate in a vote or decision on any matter in which the officer or employee has a direct or indirect financial interest or in which a relative of the officer or employee has a direct or indirect financial interest. It is expressly provided herein that an investment or ownership in a publicly held company in an amount less than three thousand, five hundred dollars ($3.500.00) does not constitute a prohibited financial interest under this article."

AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

A qualified depository shall be selected through the City's banking services procurement process, which shall include solicitation of proposals as required under Chapter 105 of the Local Government Code. The centralization of depository services is designed to maximize investment capabilities while minimizing service costs. The selection of a depository shall be based on the financial institution offering the most favorable terms and conditions at the least possible cost, while adhering to guidelines and provisions within the request for proposal. In selecting a depository, the City shall consider the financial institution's credit characteristics, financial history, service capabilities, location within City limits or within a ten (10) mile radius of the City limits, and costs for required services. The City's depository contract shall be for three years with an option to extend for an additional two years upon agreement of the depository and the City. Specialized services may be contracted for by the City with another financial institution or company if the depository cannot provide such service or charges more than the same service with little or no appreciable benefit.

AUTHORIZED AND SUITABLE INVESTMENTS

Investments described below are authorized by Chapter 2256, Texas Government Code as eligible securities for the City. City funds governed by this Policy may be invested in the following types of securities:

1.) Obligations of the United States or its agencies and instrumentalities with stated maturity not to exceed two years.

2.) Direct obligations of the State of Texas or its agencies with a stated maturity not to exceed two years.

3.) Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities with stated maturity not to exceed two years.

4.) Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent along with a stated maturity not to exceed two years.

5.) Certificates of deposit issued by a depository institution that has its main office or a branch office in this state that are:

(a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor with a stated maturity not to exceed five years; or
(b) secured by obligations that are described by (1) - (4) above, which are intended to include all direct federal agency or instrumentality issued mortgage backed securities that have a market value of not less than the principal amount of the certificates and a stated maturity not to exceed two years, but excluding those mortgage-backed securities described in Section 2256.009(b) of the Government Code; or
(c) Secured in any other manner and amount provided by law for deposits of Participants with a stated maturity not to exceed five years.

6.) Certificates of Deposit or Share Certificates.

(a) A certificate of deposit or share certificate is an authorized investment under this subchapter if the certificate is issued by a depository institution that has its main office or a branch office in this state and is:
(1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;
(2) secured by obligations that are described by Section 2256.009(a) of the Government Code, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section 2256.009(b) of the Government Code; or
(3) secured in any other manner and amount provided by law for deposits of the investing entity.

(b) In addition to the authority to invest funds in certificates of deposit under Subsection (a), an investment in certificates of deposit made in accordance with the following conditions is an authorized investment.
(1) the funds are invested by an investing entity through:

A) a broker that has its main office or a branch office in this state and is selected from a list adopted by the investing entity as required by Section 2256.025 of the Texas Government Code; or

B) a depository institution that has its main office or a branch office in this state and that is selected by the investing entity;

(2) the broker or the depository institution selected by the investing entity under Subdivision (1) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity;

(3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and

(4) the investing entity appoints a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity.

7.) Eligible Investment Pools as defined in Section 2256.016 of the Texas Government Code provided that:

(a) investment in the pool has been authorized by the City Council;

(b) the pool shall have furnished the Investment Officer(s) an offering circular containing the information required by Section 2256.016(b) of the Texas Government Code;

(c) the pool shall furnish to the Investment Officer(s) investment transaction confirmations with respect to all investments made with it;

(d) the pool shall furnish to the Investment Officer(s) monthly reports that contain the information required by Section 2256.016(c) of the Texas Government Code;

(e) any pool that is created to function as a money market mutual fund must continuously maintain a stable net asset value of one dollar ($1.00),

(f) the pool's investment philosophy and strategy are consistent with this Policy and the City's ongoing investment strategy; and

(g) the pool provides evidence of credit rating no lower than "AAA" or "AAA-m" by at least one nationally recognized credit rating service,

(h) An investment pool must make available an annual audited financial statement.

(i) If the investment pool operates an Internet website, the information required by section 2256.016(b), (c) (2), and (f) must be posted on the website.

(j) An investment pool in advertising investment rates must include either all levels of return based on breakpoints provided or state the lowest possible level of return based on the smallest level of funds invested if an investment pool offers fee breakpoints based on fund balances invested.

8.) Fully collateralized direct repurchase agreements having a defined termination date that is no later than 270 days from the delivery date, secured by direct obligations of the U.S. or its agencies and instrumentalities, pledged with a third party selected or approved by the political entity, and placed through a primary government securities dealer, and as otherwise defined by the Public Funds Investment Act. Each issuer of repurchase agreements must sign a copy of a Master Repurchase Agreement.

The City shall take all prudent measures that are consistent with this investment policy to liquidate any investment that does not have or is down-graded to less than the minimum rating stated herein. The investment officer(s) will monitor the rating of all investments held by the City, monthly. However, as stated in Section 2256.017, the City is not required to liquidate investments that were authorized investments at the time of purchase.

UNAUTHORIZED INVESTMENTS

The following investments are specifically prohibited by State Law:

1.) Obligations whose payment represents the coupon payment on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.

2.) Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.

3.) Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.

4.) Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

COLLATERALIZATION

Consistent with requirements of the Public Funds Collateral Act, the city requires that all bank deposits shall be federally insured or collateralized with eligible securities. This pledged collateral will have a market value equal to or no less than 100% of the deposits plus accrued interest less an amount insured by the FDIC. Evidence of the pledged collateral must be provided to and reviewed by the Director of Finance and will be retained by the City of Elgin. Evidence of collateral is reviewed annually by the City's independent auditor in conjunction with the annual audit.

Financial institutions serving as City Depositories will be required to sign a Depository Agreement with the City and the City's safekeeping agent. The safekeeping portion of the Agreement shall define the City's rights to the collateral in case of default, bankruptcy, or closing, and shall establish a perfected security interest in compliance with Federal and State regulations, including:

1.) The Agreement must be in writing;

2.) The Agreement must be executed by the Depository and the City contemporaneously with the acquisition of the assets;

3.) The Agreement must be approved by the Depository's Board of Directors or loan committee, and a copy of the meeting minutes must be delivered to the City; and,

4.) The Agreement must be part of the Depository's "official record" continuously since its execution.

Repurchase agreements must also be secured in accordance with State Law. Each counter party to a repurchase transaction is required to sign a copy of **The Bond Market Association** Master Repurchase Agreement. An executed copy of the Agreement must be on file before the City will enter into any transactions with a counter party.

1.) Allowable Collateral

a.) Demand Deposits

Eligible securities for Collateralization of deposits are limited to U.S. Treasuries or agencies, FDIC coverage, direct or unconditionally guaranteed obligations of the State of Texas; states, agencies, counties, cities, or political subdivisions of the State of Texas having been rated as investment grade (investment rating no less than "A" or its equivalent), with a remaining maturity of 10 years or less.

b.) Certificates of Deposit

Eligible securities for Collateralization of deposits are limited to U.S. Treasuries or agencies, FDIC coverage, direct or unconditionally guaranteed obligations of the State of Texas; states, agencies, counties, cities, or political subdivisions of the State of Texas having been rated as investment grade (investment rating no less than "A" or its equivalent), with a remaining maturity of 10 years or less.

c.) Repurchase Agreements

Collateral underlying repurchase agreements is limited to U.S. government and agency obligations, which are eligible for wire transfer (i.e. book entry) to the City's designated safekeeping agent through the Federal Reserve System.

2.) Collateral Levels

Collateral is valued at current market price plus interest accrued through the date of valuation.

a.) Demand Deposits

The market value of collateral pledged for demand deposits will be in an amount equal to the largest total balance of the City's account, less the amount of coverage provided by FDIC. The securities comprising the pledge shall be valued at par or market, whichever is lower.

b.) Certificates of Deposits

The market value of collateral pledged for certificates of deposit must always be equal to or greater than the par value plus accrued interest, less the amount insured by the FDIC.

c.) Repurchase Agreements

The market value of collateral required to be pledged for repurchase agreements shall be at a percentage of the par value of the agreement plus accrued interest and shall be maintained at the following levels:

Maturity	U.S. Treasury Securities	U.S. Agency
1 year or less	101%	101%
1 year to 5 years	102%	102%
Over 5 years	103%	104%

Any collateral with a maturity of over 5 years must be approved by the Investment Officer(s) in writing before the transaction is initiated.

3.) Monitoring Collateral Adequacy

a.) Demand Deposits

The City requires monthly reports with market values of pledged securities from all financial institutions with which the City has bank deposits. The Investment Officer(s) will monitor adequacy of collateralization monthly.

b.) Certificates of Deposit

The City requires monthly reports with market values of pledged securities from all financial institutions with which the City has certificates of deposit. The Investment Officer(s) will monitor adequacy of collateralization monthly.

c.) Repurchase Agreements

Weekly monitoring by the Investment Officer(s) of all collateral underlying repurchase agreement is required. More frequent monitoring may be necessary during periods of market volatility.

4.) Margin Calls

a.) Certificates of Deposit

If the collateral pledged for a certificate of deposit falls below the par value of the deposit, plus accrued interest less FDIC insurance, the Institution will be notified by the Investment Officer and will be required to pledge additional securities no later than the end of the next succeeding business day.

b.) Repurchase Agreements

If the value of the collateral underlying a repurchase agreement falls below the margin maintenance levels specified above, the City will make a margin call unless the repurchase agreement is scheduled to mature within five business days and the amount is deemed to be immaterial.

5.) Collateral Substitution

Collateralized certificates of deposit and repurchase agreements often require substitution of collateral. Any broker, dealer, or financial institution requesting substitution must contact the Investment Officer for approval and settlement. The substituted security's value will be calculated, and a substitution approved if its value is equal to or greater than the required security level. The Investment Officer(s), or a designee, must provide written notification of the decision to the bank or the safekeeping agent holding the security prior to any security release. Substitution is allowable for all transactions, but should be limited, if possible, to minimize potential administrative problems and transfer expense. The Investment Officer(s) may limit substitution and assess appropriate fees if substitution becomes excessive or abusive.

6.) Collateral Reductions

Should the collateral's market value exceed the required amount, any broker or financial institution may request approval from the Investment Officer(s) to reduce collateral. Collateral reductions may be permitted only if the City's records indicate that the collateral's market value exceeds

the required amount.

SAFEKEEPING AND CUSTODY

The City shall contract with a bank or banks for the safekeeping of securities either owned by the City as part of its investment portfolio or as part of its depository and repurchase agreements. All collateral securing bank deposits must be held by third-party banking institution acceptable to and under contract with the City, or by the Federal Reserve Bank. The securities purchased under a repurchase agreement must be delivered to a third-party custodian with whom the City has established a safekeeping agreement.

All security transactions, including collateral for repurchase agreements considered by the City shall be conducted on a delivery-verses-payment (DVP) basis. By so doing, City funds are not released until the City has received, through the Safekeeping Agent, the securities purchased. The security shall be held in the name of the City or held on behalf of the City. The Safekeeping Agent's records shall assure the notation of the City's ownership of or explicit claim on the securities. The original copy of all safekeeping receipts shall be delivered to the City.

INVESTMENT PARAMETERS

Maximum and Weighted Average Maturity

To minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirement of the funds. The City of Elgin intends to match the holding periods of investment funds with liquidity needs of the City. The maximum final stated maturity of any investment shall not exceed five years. All long-term maturities will be intended to cover long-term liabilities. In addition, no less than ten percent (10%) of the funds in the portfolio will be liquid. The entire portfolio will have a weighted average maturity of one (1) year or less. This weighted average will be calculated using the stated final maturity dates of each security.

By Fund Groups

Maturity guidelines by fund are as follows:

a.) Operating Funds - The weighted average days to maturity for the operating fund portfolio shall be 365 days or less and the maximum allowable maturity shall be two years.

b.) Debt Service Funds - Debt Service Funds shall be invested to ensure adequate funding for each consecutive debt service payment. The Investment Officer shall invest in such a manner as not to exceed an "unfunded" debt service date with the maturity of any investment. Any unfunded debt service date is defined as a coupon or principal payment date that does not have cash or investment securities available to satisfy said payment.

c.) Debt Service Reserve Funds - Market conditions, Bond Resolutions constraints and Arbitrage compliance will be considered when formulating Reserve Fund strategy. Maturity limitation shall generally not exceed the call provisions of the Bond Ordinance and shall not exceed the final maturity of the bond issue. All Debt Service Reserve Fund investment maturities shall not exceed five years.

d.) Special Project, Special Purpose, and Capital Improvement Funds - The investment maturity of bond proceeds shall generally be limited to the anticipated cash flow requirements. City funds that are considered "bond proceeds" for arbitrage purposes will be invested using a more conservative approach than the standard investment strategy when arbitrage rebate rules requiring refunding excess earnings. All earnings in excess of the allowable arbitrage earnings will be segregated and made available for any necessary payments to the U.S. Treasury.

INVESTMENT STRATEGY

The City of Elgin maintains one portfolio in which all funds under the City's control are pooled for investment purposes. To minimize risk of loss due to interest rate fluctuations, investment maturities will not exceed the anticipated cash flow requirements of the funds. Investment guidelines by fund-type are as follows:

1. General, Enterprise, or Operating-type Funds

Suitability – Any investment eligible in the Investment Policy is suitable for General, Enterprise, or Operating Funds.

Safety of Principal – All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, managing the weighted average days to maturity of each fund's portfolio to less than 365 days and restricting the maximum allowable maturity to two years will minimize the price volatility of the portfolio.

Marketability – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a security-type of less than a quarter of a percentage point will define an efficient secondary market.

Liquidity – General, Enterprise, or Operating-type Funds require the greatest short-term liquidity of any of the fund-types. Short-term investment pools and money market mutual funds will provide daily liquidity and may be utilized as a competitive yield alternative to fixed maturity investments.

Diversification – Investment maturities should be staggered throughout the

budget cycle to provide cash flow based on the anticipated operating needs of ELGIN. Diversifying the appropriate maturity structure up to the two-year maximum will reduce interest rate risk.

Yield – Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling six-month Treasury bill portfolio will be the minimum yield objective.

2. Debt Service Funds

Suitability – Any investment eligible in the Investment Policy is suitable for the Debt Service Funds.

Safety of Principal – All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Debt Service Funds maturities to not exceed the debt service payment schedule the market risk of the overall portfolio will be minimized.

Marketability – Securities with active and efficient secondary markets are not necessary as the event of an unanticipated cash flow requirement is not probable.

Liquidity – Debt Service Funds have predictable payment schedules. Therefore, investment maturities should not exceed the anticipated cash flow requirements. Investment pools and money market mutual funds may provide a competitive yield alternative for short-term fixed maturity investments.

Diversification – Market conditions influence the attractiveness of fully extending maturity to the next "unfunded" payment date. Generally, if investment rates are anticipated to decrease over time, ELGIN is best served by locking in most investments. If the interest rates are potentially rising, then investing in shorter and larger amounts may provide advantage. At no time shall the debt service schedule be exceeded to bolster yield.

Yield – Attaining a competitive market yield for comparable security-types and portfolio restrictions is the desired objective. The yield of an equally weighted, rolling six-month Treasury bill portfolio shall be the minimum yield objective.

3. Debt Service Reserve Funds

Suitability – Any investment eligible in the Investment Policy is suitable for the Debt Service Reserve Funds. Bond resolution and loan documentation constraints and insurance company restrictions may create specific considerations in addition to the Investment Policy.

Safety of Principal – All investments shall be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Debt Service Reserve Fund maturities to not exceed the call provisions of the borrowing will reduce the investment's market risk if ELGIN's debt is redeemed and the Reserve Fund liquidated. No stated final investment maturity shall exceed the shorter of the final maturity of the borrowing or five years. Annual market-to-market requirements or specific maturity and average life limitations within the borrowing's documentation will influence the attractiveness of market risk and influence maturity extension.

Marketability – Securities with less active and efficient secondary markets are acceptable for Debt Service Reserve Funds.
Liquidity – Debt Service Reserve Funds have no anticipated expenditures. The Funds are deposited to provide annual debt service payment protection to ELGIN's debt holders. The funds are "returned" to ELGIN at the final debt service payment. Market conditions and arbitrage regulation compliance determine the advantage of investment diversification and liquidity. Generally, if investment rates exceed the cost of borrowing, ELGIN is best served by locking in investment maturities and reducing liquidity. If the borrowing costs cannot be exceeded, then current market conditions will determine the attractiveness of locking in maturities or investing shorter and anticipated future increased yields.

Diversification – Market conditions and the arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for Debt Service Reserve Funds. At no time shall the final debt service payment date of the bond issue be exceeded in an attempt to bolster yield.

Yield – Achieving a positive spread to the applicable borrowing cost is the desired objective. Debt Service Reserve Fund portfolio management shall operate within the limits of the Investment Policy's risk constraints.

4. Special Project, Special Purpose or Capital Improvement Funds

Suitability – Any investment eligible in the Investment Policy is suitable for Capital Improvement Funds.

Safety of Principal – All investments will be of high quality with no perceived default risk. Market price fluctuations will occur. However, by managing Capital Improvement Funds to not exceed the anticipated expenditure schedule, the market risk of the overall portfolio will be minimized. No stated final investment maturity shall exceed the shorter of the anticipated expenditure schedule.

Marketability – Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash flow requirement. Historical market "spreads" between the bid and offer prices of a security-type of less than a quarter of a percentage point will define an efficient secondary market.

Liquidity Most capital improvement programs have reasonably predictable draw down schedules. Therefore, investment maturities should generally follow the anticipated cash flow requirements. Investment pools and money market mutual funds will provide readily available funds generally equal to one month's anticipated cash flow needs, or a competitive yield alternative for short-term fixed maturity investments.

Diversification – Market conditions and arbitrage regulations influence the attractiveness of staggering the maturity of fixed rate investments for bond proceeds. Generally, if investment rates exceed the applicable cost of borrowing, ELGIN is best served by locking in most investments. If the cost of borrowing cannot be exceeded, then current market conditions will determine the attractiveness of diversifying maturities or investing in shorter and larger amounts. At no time shall the anticipated expenditure schedule be exceeded to bolster yield.

Yield – Achieving a positive spread to the cost of borrowing is the objective within the limits of the Investment Policy's risk constraints. The yield of an equally weighted, rolling six-month Treasury bill portfolio will be the minimum yield objective for non-borrowed funds.

Investment transactions must be settled on delivery-versus-payment (DVP) basis, excepting investment pools and mutual funds.

REPORTING

Not less than quarterly, the Investment Officer shall prepare and submit to the City Council, a written, signed, investment report demonstrating a list of investment transactions for the preceding reporting period, in accordance with the Act. Reports will include the following:

1.) For each pooled fund group: a beginning book value and market value, book and market value additions and changes, and ending book and market value.

2.) The book value and market value of each investment at the beginning and end of the period by type of asset and fund type invested.

3.) The maturity date of each investment.

4.) Statement of compliance of the portfolios as it relates to the investment strategy.

Detailed and summary reports will be prepared and presented to the City Council and Mayor not less than quarterly. Reports will comply with the applicable Section of the PFIA at a minimum.

Quarterly reports will be formally reviewed at least annually by an independent auditor and reported to the City Council once the City invests in items other than money market mutual funds, investment pools, or accounts offered by its depository bank in the form of CD's or money market accounts.

MONITORING OF THE MARKET VALUE OF INVESTMENTS AND COLLATERAL

The Investment Officer shall determine the market value of each investment and of all Collateral pledged to secure deposits of City funds at least quarterly and at a time as close as practicable to the closing of the reporting period for the investments. Such values shall be included on the investment report. The following methods shall be used:

1) Certificates of deposit shall be valued at their face value plus any accrued but unpaid interest.

2) Shares in money market mutual funds and investment pools shall be valued at par plus any accrued but unpaid interest.

3) Other investment securities with a remaining maturity of one year or less may be valued in any of the following ways:

   a. the lower of two bids obtained from securities broker/dealers for such security;
   b. the average of the bid and asked prices for such investment security as published in The Wall Street Journal or The New York Times;
   c. The bid price published by any nationally recognized security pricing service; or the market value quoted by the seller of the security or the owner of such Collateral.

4) Other investment securities with a remaining maturity of greater than one year shall be valued at the lower of two bids obtained from securities broker/dealers for such security, unless two bids are not available, in which case the securities may be valued in any manner provided in this section**.**

INTERNAL CONTROLS

Investment Officer(s) shall establish a system of internal controls, which shall be designed to prevent losses of public funds arising from fraud, employee error, unanticipated changes in financial markets, or imprudent actions by employees. Pertinent controls include custodian safekeeping receipts records management, documentation of investment bidding activities, written confirmations of oral transactions, reconciliation records, training requirement documentation, and compliance with investment policies. Where practical, the City should emphasize control of collusion, separation of duties, clear delegation of duties, accurate and timely reports, and staying informed about market conditions, changes and trends. In conjunction with the City's annual financial audit, the independent external auditor will assure compliance with the management controls on investments and adherence to investment policies.

PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of ensuring the safety of the City's assets and minimizing interest rate risk. In addition, it will remain sufficiently liquid to meet cash flow needs, while protecting the interests of the public, all while obtaining a rate of return throughout budgetary and economic cycles.

The City's overall investment strategy is conservative. Given this strategy, the basis used by the Treasury to determine whether market yields are being achieved shall be the six month U.S. Treasury bill.

INVESTMENT POLICY ADOPTION

The City's investment policy, which includes strategies for each fund, shall be adopted by resolution of the City Council. The policy shall be reviewed annually, and any modifications thereto must be approved by the City Council. This adoption by resolution is required even if there are no changes within the policy.

APPENDIX "A"

I hereby certify that I have personally read and understand the investment policy and master repurchase agreement (if applicable), conditions of the City of Elgin, Texas. I further acknowledge that reasonable procedures and controls designed to fulfill those objectives and conditions have been implemented. Therefore, this firm will preclude investment transactions between itself and the City of Elgin that are not authorized by the City's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup the City's entire portfolio or requires an interpretation of subjective investment standards, thus protecting the City's credit or market risk.

All sales personnel of this firm dealing with the City of Elgin's account(s) have been informed and will be routinely informed of the City's investment horizons, limitations, strategy and risk constraints, whenever we are so informed by the City.

This firm pledges due diligence in informing the City of foreseeable risks associated with financial transactions connected to this firm.

I further acknowledge that no investment transaction shall occur between this firm and the City, until the City of Elgin receives this consent form, completed by the firm's qualified representative.

_____
FIRM

_____
SIGNATURE OF QUALIFIED FIRM REPRESENTATIVE

_____
PRIMARY REPRESENTATIVE: NAME/TITLE
(Please print)

_____
DATE

GLOSSARY

AGENCIES: Federal agency securities.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specified maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property that a borrower pledges to secure repayment of a loan. Also refer to securities pledged by a bank to secure deposits of public moneys.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official Annual report for the City of Elgin. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY-VERSES- PAYMENT (DVP): There are two methods of delivery of securities: delivery-verses-payment and delivery-verses-receipt. Delivery-verses-payment is delivery of securities with an exchange of money for the securities. Delivery-versus-receipt is delivery of securities with an exchange of a signed receipt for the securities.

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g. U.S. Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to $250,000 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which Fed Funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks with member commercial banks.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable rate mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Bank Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, DC regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA, or FMHM mortgages. The term "pass-through" is often used to describe "Ginnie Mae".

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and a reasonable trade size can be done at the quoted prices.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase – reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MONEY MARKET: The date upon which the principal or stated value of an investment becomes due and payable.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody sate—the so—called legal list. In other states the trustee may invest in security if it is one that would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized-yield-to-maturity on a bond or the current income return.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RFPs extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES AND EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15C3-1: See Uniform Net Capital Rule.

TREASURY BILLS: A non-interest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY NOTES: A non-interest-bearing security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms, as well as nonmember broker-dealers in securities, maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income returns on an investment, expressed as a percentage. (a) **Income Yield** is obtained by dividing the current dollar income by the current market price for the security. (b) **Net Yield to Yield to Maturity** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Elgin City Council Meeting
Agenda Item Executive Summary

ITEM: Historic Preservation Strategic Plan

DEPARTMENT: Community Development

PROPOSED ACTION: Consider developing a Historic Preservation Strategic plan for the community with a steering committee.

BACKGROUND: Developing a Historic Preservation Strategic plan focuses on preserving the places and stories of our community, the unique history of Elgin. The plan is an inclusive way to share all the histories of the community and determine future needs. It is a tool for economic development and a tool to maintain our community's identity as we grow and change over the coming decades. It will help determine the historic preservation needs and opportunities in the community and provide the framework for Elgin to address those needs and continue to support a strong preservation program. A steering committee appointed by City Council would guide development of this plan and could include volunteers from the Elgin Historical Association, Historic Review Board, Main Street Board and Mary Christian Burleson Foundation as well as individuals from throughout the community.

BUDGET/FINANCIAL IMPACT:

Funding for this item was { } included { } not included in the current-year budget {X } N/A

RECOMMENDATION:

Consider appointees for the steering committee at a future meeting.

ATTACHMENTS:

{ } Staff will be making a detailed presentation on this agenda item at the meeting.
{ } Staff will provide brief comments and answer questions on this item at the meeting.
{X } This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.

Memo

To: Tom Mattis, City Manager

From: Amy Miller, Community Development Director

Date: September 17, 2018

Re: Historic Preservation Plan

Tom,

Elgin is a Certified Local Government and a Texas Main Street City. These two programs are coordinated through the Texas Historic Commission. The first focuses on supporting the historic district overall, the second supports the Main Street program. Elgin has experienced many successes related to historic preservation and awareness and has included historic preservation in the Comprehensive plan. The Main Street Board and the Historic Review Board would like to work with other preservation groups in the community through the City to develop a Historic Preservation Strategic plan.

Developing a Historic Preservation Strategic plan focuses on preserving the places and stories of our community, the unique history of Elgin. The plan is an inclusive way to share all the histories of the community and determine future needs. It is a tool for economic development. For example, the Main Street program targets historic preservation in the context of Economic Development and has over the last 28 years resulted in a revitalized historic district with 80% occupancy, and Fifteen new apartments. The plan is a tool to maintain our community's identity as we grow and change over the coming decades. It will help determine the historic preservation needs and opportunities in the community and provide the framework for Elgin to address those needs and continue to support a strong preservation program. The plan should address aspects such as the existing historic district and National Register District, historic cemeteries, historic churches, built historic preservation opportunities and cultural influences.

Participants for a steering committee to develop this strategic plan could include the following areas of representation: City Council, Historic Review Board, Main Street Board, Elgin Historical Association, Bastrop County Historical Society, Mary Christian Burleson Foundation, Property owners in the historic district & surrounding area, General citizens.

We hope that the Council would consider this project and make appointments at a future meeting.

Historic Preservation Strategic Plan

Developing a Historic Preservation Strategic plan focuses on preserving the places and stories of our community, the unique history of Elgin. The plan is an inclusive way to share all the histories of the community and determine future needs. It is a tool for economic development. For example, the Main Street program targets historic preservation in the context of Economic Development and has over the last 28 years resulted in a revitalized historic district with 80% occupancy, and Fifteen new apartments. The plan is a tool to maintain our community's identity as we grow and change over the coming decades. It will help determine the historic preservation needs and opportunities in the community and provide the framework for Elgin to address those needs and continue to support a strong preservation program. The plan should address aspects such as the existing historic district and National Register District, historic cemeteries, historic churches, built historic preservation opportunities and cultural influences.

Participants
City Council representative(s)
Historic Review Board
Main Street Board
Elgin Historical Association
Bastrop County Historical Society
Mary Christian Burleson Foundation
Property owners in the historic district & surrounding area
General citizens

Resources
Comprehensive plan
Historic District ordinance
City's current Historic review process
Downtown Zoning Overlay
National Register Historic District
Design guidelines
Existing Historic preservation program / efforts in the City
Status and or projects of existing groups such as Elgin Historical Association and Mary Christian Burleson Foundation
Historic Cemeteries
historic churches

Activities to consider
Resources assessment
Interview and or focus group sessions with key stakeholders groups (like the EHA)
Community workshop(s)

Online survey through a service like Survey monkey
Social media as a source to solicit input and or comments
City Council appointed steering committee that is reflective of the ethnic, cultural diversity of the community.

Timeline

September **–** meet with participant groups determine who from their groups may be willing to serve on the steering committee, review overall effort and why the strategic plan needs to be developed.
November 6 - City Council appoint a steering committee –
Week of November 12 – first steering committee meeting
October - November Assess existing resources
Week of November 26 review existing resources with committee and survey questions
Week of December 3 to 14 hold a community workshop and launch an Online survey
December 17 January 4 review results of community workshop and online survey, start draft of preservation strategic plan
Week of January 7 to 17 steering committee meeting to work on draft strategic plan
February – review draft at board meetings with MSB, HRB and EHA
March – finalize draft for public comment
March 18 - 29 draft strategic plan available for review and comment
April 2 – draft presented to city council for comments
April 18 MSB review and recommend
April 23 HRB Review and recommend
April - EHA review and recommend
May 7 – Plan reviewed and approved by City Council

Elgin City Council Meeting
Agenda Item Executive Summary

ITEM: Adjourn into Executive Session pursuant to Section §551.071 Consultations with Attorney; to deliberate with legal counsel regarding pending or contemplated litigation: Bonnie Crankshaw v. City of Elgin and Thomas Mattis, City Manager, in his individual capacity

DEPARTMENT:
City Attorney

PROPOSED ACTION:
Consider information presented by staff and/or the City Attorney in Executive Session.

BACKGROUND:
Under Texas Open Meetings law, there are seven exceptions that generally authorize closed meetings, also known as "Executive Sessions." The exceptions include discussions involving: (1) purchase or lease of real property; (2) security measures; (3) receipt of gifts; (4) consultation with attorney; (5) personnel matters; (6) economic development; and (7) certain homeland security matters. However, any and all final actions, decisions, or votes of the Elgin City Council related to such Executive Session items will be made in an open meeting

BUDGET/FINANCIAL IMPACT:
Funding for this item was { } included { } not included in the current-year budget {X} N/A

RECOMMENDATION:
Consider information presented by staff and/or the City Attorney in Executive Session; and direction to staff, if any, as appropriate.

ATTACHMENTS:
None.

{ } Staff will be making a detailed presentation on this agenda item at the meeting.
{X} Staff will provide brief comments and answer questions on this item at the meeting.
{ } This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience