

**CITY OF SNYDER, OKLAHOMA  
SNYDER, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS  
AND ACCOMPANYING  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2011**

**CITY OF SNYDER, OKLAHOMA**  
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**For the fiscal year ended JUNE 30, 2011**

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**CITY OF SNYDER, OKLAHOMA**

**LIST OF PRINCIPAL OFFICIALS**

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CITY COUNCIL

Stanley H. Moddie, Mayor

Teresa Mills, Vice Mayor

Rodney Bartlett

Clay Oxley

Bob Sproat

CITY CLERK

Penny Ray

# Derrel S. White, CPA

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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Snyder, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Snyder, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Snyder, Oklahoma's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Snyder, Oklahoma, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2012, on our consideration of the City of Snyder, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and 29 through 30 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.



Derrel S. White, CPA

Woodward, OK

January 11, 2012

Our discussion and analysis of the City of Snyder's ("City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2011. The City's performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. This discussion focuses on the City's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the City's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by \$745,189 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$706,997.
- Total liabilities of the City increased by \$20,659 to \$954,482 during the fiscal year.
- The City's governmental funds reported total ending fund balance of \$72,360 this year. This compared to the prior year ending fund balance of \$64,074.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$17,984.

## ABOUT THE CITY

The City is a Strong Mayor/Council form of government with a population of approximately 1,500 located in Kiowa County in southwestern Oklahoma. The City is governed by a five-member Council and operates under state law and City ordinances through three branches of government:

- Legislative – the City Council is a five-member governing body with four council members elected by ward and the mayor elected by the citizens at large
- Executive – the City Mayor is the Chief Executive Officer and is elected by the citizens
- Judicial – the Municipal Judge is appointed by the City Council

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

### *The City's Financial Reporting Entity*

This annual report includes all activities for which the City's City Council is financially accountable.

The activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

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

- **The City of Snyder** – an incorporated City that operates the public safety, streets and public works, cemetery, culture and recreation, and administrative activities of the City
- **The Snyder Public Works Authority (SPWA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, sewer and sanitation services of the City, with the mayor and City Council members serving as the chairman and board of trustees

## OVERVIEW OF THE FINANCIAL STATEMENTS

*Management's Discussion and Analysis* introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

### ***Government-wide Financial Statements***

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities

The first of these government-wide statements is the *Statement of Net Assets*. This is the City-wide statement of financial position presenting information that includes all of the City's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indication of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other financial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net assets changed during the current fiscal year. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities includes general government; public safety and judiciary; transportation; and cultural, parks, and recreation. Business-types activities include utility services provided by the City.

The City's financial reporting entity includes the funds of the City (primary government) and organization for which the City is accountable (component units). More comprehensive information about the City's component units can be found in footnotes.

### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

The City has two kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-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 the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the General Fund. This statement demonstrate compliance with the City's adopted and final revised budget.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City has one type of proprietary fund: enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as water and electric utilities.

Proprietary fund statements and statements for discretely presented component units (reporting similarly to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

**Notes to the financial statements**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. Those notes to the financial statement begin immediately following the basic financial statements.

**Other information**

In addition to the basic financial statements and accompanying notes, this report presents certain *Required Supplementary Information* concerning the City's compliance with the approved and revised budget for the General Fund.

**A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

Changes in net assets may be observed and used to discuss the changing financial position of the City as a whole. The City's net assets at fiscal year end are \$745,189. This is a \$38,192 increase over last year's net assets of \$706,997. The following table provides a summary of the City's net assets at June 30:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>		
Current assets	\$ 53,285	\$ 72,366	\$ 153,119	\$ 20,636	\$ 206,404	\$ 93,002	\$ 113,402	122%
Restricted assets	72,209	53,010	214,482	220,770	286,691	273,780	12,911	5%
Capital assets, net	954,095	1,001,940	252,481	272,098	1,206,576	1,274,038	(67,462)	-5%
<b>Total assets</b>	<b>1,079,589</b>	<b>1,127,316</b>	<b>620,082</b>	<b>513,504</b>	<b>1,699,671</b>	<b>1,640,820</b>	<b>58,851</b>	<b>4%</b>
Current liabilities	53,134	72,453	148,494	136,935	201,628	209,388	(7,760)	-4%
Liabilities Payable from								
Restricted Assets	-	-	50,836	46,742	50,836	46,742	4,094	9%
Non-current liabilities	-	6,761	702,018	670,932	702,018	677,693	24,325	4%
<b>Total liabilities</b>	<b>53,134</b>	<b>79,214</b>	<b>901,348</b>	<b>854,609</b>	<b>954,482</b>	<b>933,823</b>	<b>20,659</b>	<b>2%</b>
Net assets								
Invested in capital assets, net of related debt	954,095	984,028	252,481	272,098	1,206,576	1,256,126	(49,550)	-4%
Unrestricted	72,360	64,074	(533,747)	(613,203)	(461,387)	(549,129)	87,742	-16%
<b>Total net assets</b>	<b>\$ 1,026,455</b>	<b>\$ 1,048,102</b>	<b>\$ (281,266)</b>	<b>\$ (341,105)</b>	<b>\$ 745,189</b>	<b>\$ 706,997</b>	<b>\$ 38,192</b>	<b>5%</b>

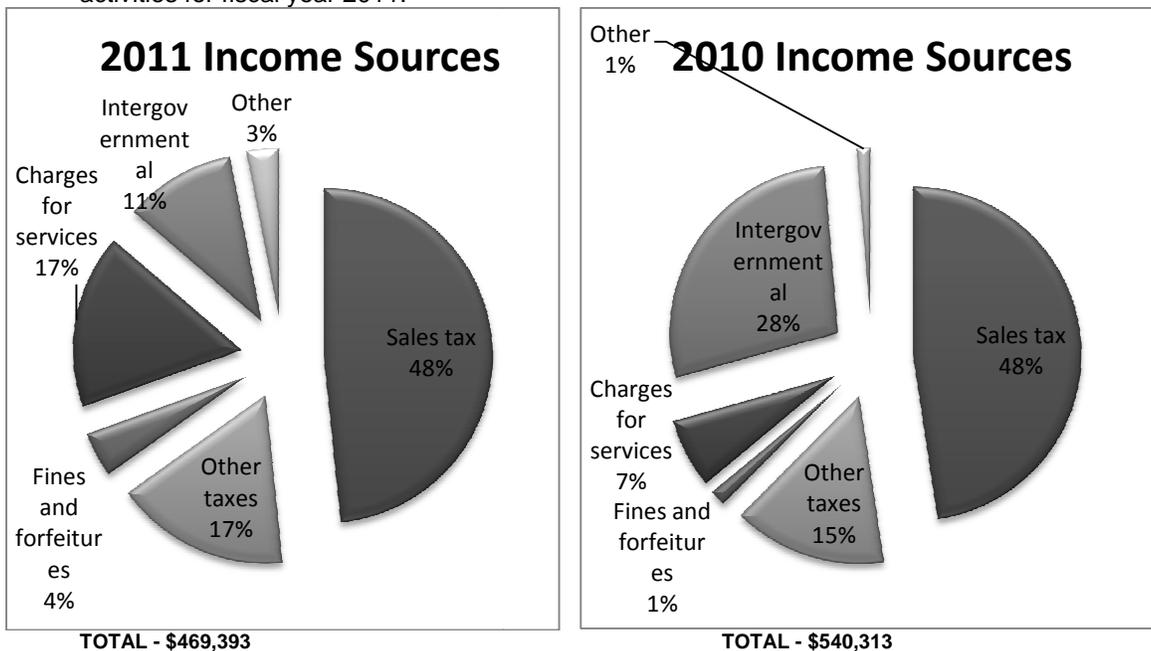
The City reported positive balances in net assets for governmental activities; business-type reported a negative fund balance. Net assets increased \$113,030 for business-type activities. Governmental activities decreased \$62,343. The City's overall financial position improved during fiscal year 2011.

	Governmental Activities		Business-type Activities		Totals		\$ Change	% Change
	2011	2010	2011	2010	2011	2010		
<b>Revenues</b>								
Program revenues	\$ 152,600	\$ 225,002	\$ 1,038,030	\$ 790,037	\$ 1,190,630	\$ 1,015,039	\$ 175,591	17%
Taxes and other general revenues	316,793	315,311	27,449	9,021	344,242	324,332	19,910	6%
<b>Total revenues</b>	<b>469,393</b>	<b>540,313</b>	<b>1,065,479</b>	<b>799,058</b>	<b>1,534,872</b>	<b>1,339,371</b>	<b>195,501</b>	<b>15%</b>
<b>Expenses</b>								
General government	202,174	656,911	-	-	202,174	656,911	(454,737)	-69%
Cemetery	1,110	850	-	-	1,110	850	260	31%
Public safety and judiciary	256,938	231,586	-	-	256,938	231,586	25,352	11%
Transportation	40,328	45,135	-	-	40,328	45,135	(4,807)	-11%
Cultural, parks, and recreation	38,055	14,692	-	-	38,055	14,692	23,363	159%
Water	-	-	636,769	208,104	636,769	208,104	428,665	206%
Sewer	-	-	24,691	50,363	24,691	50,363	(25,672)	-51%
Sanitation	-	-	164,342	164,342	164,342	164,342	-	0%
Customer service	-	-	119,778	103,083	119,778	103,083	16,695	16%
<b>Total expenses</b>	<b>538,605</b>	<b>949,174</b>	<b>945,580</b>	<b>525,892</b>	<b>1,484,185</b>	<b>1,475,066</b>	<b>9,119</b>	<b>1%</b>
Excess (deficiency) before transfers	(69,212)	(408,861)	119,899	273,166	50,687	(135,695)	186,382	-137%
Transfers	6,869	621,821	(6,869)	(621,821)	-	-	-	0%
<b>Increase (decrease) in net assets</b>	<b>\$ (62,343)</b>	<b>\$ 212,960</b>	<b>\$ 113,030</b>	<b>\$ (348,655)</b>	<b>\$ 50,687</b>	<b>\$ (135,695)</b>	<b>\$ 186,382</b>	<b>-137%</b>

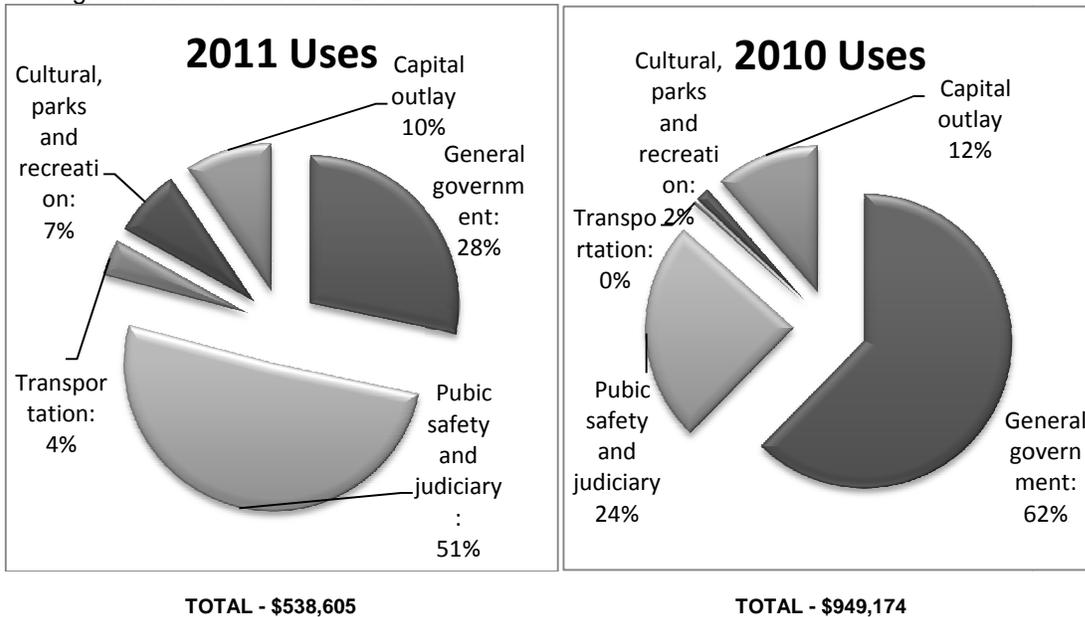
Revenues increased by 15% over prior year. This was due to a decrease in governmental program revenues related to grant income as well as an increase the utility system utility revenues. The change in program revenues was offset by a slight increase in governmental taxes and utility system general revenues.

Operating expenses overall noted a slight increase of 1% in fiscal year 2011 compared to 2010. Governmental activities saw a decrease while business-type activities saw an increase. The change was primarily caused by the reclassification of personnel expenses from governmental to business-type. The overall increase for the year is a function of the increasing cost of personnel, insurance, and repairs necessary for the infrastructure of the utility operations.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the City's activities for fiscal year 2011.

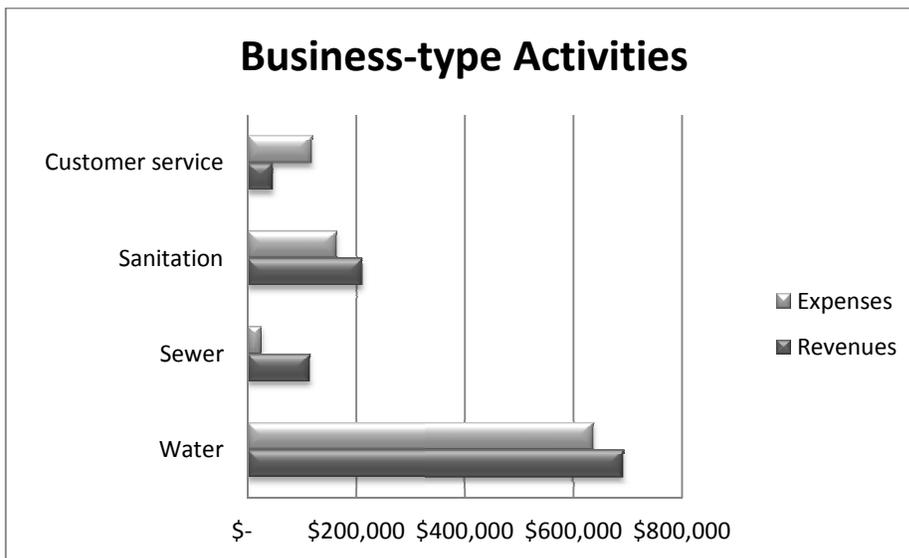


Sales tax provided for 48% of the City's governmental revenues in fiscal year 2011 which is consistent with 2010. Intergovernmental revenues noted a significant decrease in 2011 due to fire department and street grants funds received in 2010.



This graph shows the total governmental activities cost of \$538,605 for 2011. Of this amount, public safety and judiciary with \$256,938 was the largest operating service cost, at 48% of total cost of services in 2011. These costs, as well as all governmental activities expense, were primarily funded by grant revenues and taxes.

**Business-type Activities**



Business-type activities are shown comparing costs to revenues generated by related services. Sanitation, sewer and water activities are intended to be self-supporting with user charges and other revenues designed to recover costs. Other activities provide services with minimal user charges.

**General Fund Budgetary Highlights**

The original adopted General Fund expenditure budget for fiscal year 2011 was \$650,380. Amendments totaling \$83,956 were made during the fiscal year. In total, the City's expenditures did not exceed the amended budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2011, the City had \$1,206,576 of capital assets, net of depreciation, including vehicles and equipment for police and fire operations, park facilities, and street activities in governmental activities and water lines and sewer lines in business-type activities. See table below.

	Governmental		Business-type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Land	\$ 18,500	\$ 18,500	\$ 20,300	\$ 20,300	\$ 38,800	\$ 38,800
Construction in process	-	-	-	-	-	-
Buildings	1,053,578	1,053,578	250,000.00	250,000.00	1,303,578	1,303,578
Other improvements	295,349	284,325	-	-	295,349	284,325
Machinery & equipment	227,465	190,515	196,858	196,858	424,323	387,373
Utility property & improvements	-	-	1,117,970	1,117,970	1,117,970	1,117,970
Less Accumulated depreciation	(640,797)	(544,978)	(1,332,647)	(1,313,030)	(1,973,444)	(1,858,008)
<b>Totals</b>	<b>\$ 954,095</b>	<b>\$ 1,001,940</b>	<b>\$ 252,481</b>	<b>\$ 272,098</b>	<b>\$ 1,206,576</b>	<b>\$ 1,274,038</b>

- In Governmental Activities, the most significant additions included fire equipment, and street improvements.
- In Business-type Activities, there were no capital additions during the fiscal year.

**Long-Term Debt**

At year-end, the City had \$702,018 in long-term debt outstanding. The City's changes in long-term debt by type of debt are as follows:

**Primary Government Long-Term Debt**

	Governmental		Business-type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Revenue Bonds Payable	-	-	581,760	607,920	581,760	607,920
Lease Payable	-	17,912	-	-	-	17,912
Notes payable	-	-	210,027	123,787	210,027	123,787
Subtotal	-	17,912	791,787	731,707	791,787	749,619
less current portion	-	(11,151)	(89,769)	(60,775)	(89,769)	(71,926)
<b>Totals</b>	<b>\$ -</b>	<b>\$ 6,761</b>	<b>\$ 702,018</b>	<b>\$ 670,932</b>	<b>\$ 702,018</b>	<b>\$ 677,693</b>

**ECONOMIC FACTORS AND NEXT YEARS'S BUDGET AND RATES**

The economic outlook of the City of Snyder is based, in a small way, of that of the Oklahoma City market area. In the current year, the state of Oklahoma felt the impact of the weak national economic conditions.

This resulted in a flat economic environment for the City. The impact of such slowdown has been integrated into the City's annual budget. The City of Snyder (the "City") is striving to continue to provide the best possible service with the limited resources available.

#### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at 721 E Street, Snyder, Oklahoma, 73566 or telephone at (580) 569-2119.

**City of Snyder, Oklahoma**  
**Statement of Net Assets**  
**June 30, 2011**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current Assets:			
Cash and cash equivalents	\$ 15,581	\$ 15,553	\$ 31,134
Taxes receivable	25,680	-	25,680
Accounts receivable (net)	5,027	92,687	97,714
Due from other funds	-	36,682	36,682
Prepaid Assets	6,997	6,997	13,994
Employee receivable	-	1,200	1,200
Total current assets	<u>53,285</u>	<u>153,119</u>	<u>206,404</u>
Restricted assets:			
Cash and cash equivalents	26,420	55,584	82,004
Investments, including time deposits	45,789	158,898	204,687
Total restricted assets	<u>72,209</u>	<u>214,482</u>	<u>286,691</u>
Noncurrent Assets:			
Land and construction in progress	18,500	20,300	38,800
Other capital assets (net of accumulated depreciation)	935,595	232,181	1,167,776
Total noncurrent assets	<u>954,095</u>	<u>252,481</u>	<u>1,206,576</u>
Total assets	<u>\$ 1,079,589</u>	<u>\$ 620,082</u>	<u>\$ 1,699,671</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 7,409	\$ 51,704	\$ 59,113
Salaries and benefits payable	8,664	6,674	15,338
Payroll liabilities	379	347	726
Due to other funds	36,682	-	36,682
Notes payable, current	-	89,769	89,769
Total current liabilities	<u>53,134</u>	<u>148,494</u>	<u>201,628</u>
Liabilities payable from restricted assets:			
Customer deposits payable	-	50,836	50,836
Total liabilities payable from restricted assets	<u>-</u>	<u>50,836</u>	<u>50,836</u>
Noncurrent liabilities:			
Notes payable, non-current	-	702,018	702,018
Total noncurrent liabilities	<u>-</u>	<u>702,018</u>	<u>702,018</u>
Total liabilities	<u>53,134</u>	<u>901,348</u>	<u>954,482</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	954,095	252,481	1,206,576
Unrestricted	72,360	(533,747)	(461,387)
Total net assets	<u>\$ 1,026,455</u>	<u>\$ (281,266)</u>	<u>\$ 745,189</u>

**City of Snyder, Oklahoma**  
**Statement of Activities**  
**Year Ended June 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
General government	\$ 202,174	\$ 3,128	\$ -	\$ -	\$ (199,046)
Total general government	<u>202,174</u>	<u>3,128</u>	<u>-</u>	<u>-</u>	<u>(199,046)</u>
Public safety and judiciary:					
Police	161,121	32,651	-	-	(128,470)
Fire	44,399	22,016	-	21,050	(1,333)
Ambulance	51,419	-	-	-	(51,419)
Total public safety and judiciary	<u>256,938</u>	<u>54,667</u>	<u>-</u>	<u>21,050</u>	<u>(181,221)</u>
Transportation:					
Street	40,328	24,676	13,294	15,738	13,380
Total transportation	<u>40,328</u>	<u>24,676</u>	<u>13,294</u>	<u>15,738</u>	<u>13,380</u>
Cultural, parks and recreation:					
Park	36,945	13,853	25	-	(23,067)
Cemetery	1,110	6,169	-	-	5,059
Total cultural, parks and recreation	<u>38,055</u>	<u>20,022</u>	<u>25</u>	<u>-</u>	<u>(18,008)</u>
Total governmental activities	<u>537,495</u>	<u>102,493</u>	<u>13,319</u>	<u>36,788</u>	<u>(384,895)</u>
Business-type activities:					
Utility services:					
Water	636,769	693,438	12,060	-	68,729
Sewer	24,691	115,062	-	-	90,371
Sanitation	213,518	210,587	-	-	(2,931)
Customer service	119,778	18,943	-	-	(100,835)
Total business-type activities	<u>994,756</u>	<u>1,038,030</u>	<u>12,060</u>	<u>-</u>	<u>55,334</u>
<b>Total primary government</b>	<u>\$ 1,532,251</u>	<u>\$ 1,140,523</u>	<u>\$ 25,379</u>	<u>\$ 36,788</u>	<u>\$ (329,561)</u>

**City of Snyder, Oklahoma**  
**Statement of Activities (continued)**  
**Year Ended June 30, 2011**

<b>Changes in Net Assets:</b>	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Net (expense)/revenue	\$ (384,895)	\$ 55,334	\$ (329,561)
General revenues:			
Taxes:			
Sales taxes	227,207	-	227,207
Use taxes	31,394	-	31,394
Franchise taxes	25,430	-	25,430
Alcoholic beverage tax	18,575	-	18,575
Cigarette tax	3,265	-	3,265
Investment income	150	2,695	2,845
Gain on sale of assets	-	-	-
Miscellaneous	10,772	27,450	38,222
Transfers - Internal activity, net	6,869	(6,869)	-
Total general revenues and transfers	323,662	23,276	346,938
<b>Change in net assets</b>	(61,233)	78,610	17,377
<b>Net assets-beginning</b>	1,048,102	(341,105)	706,997
Prior Period Restatement	39,586	(18,771)	20,815
<b>Net assets-ending</b>	\$ 1,026,455	\$ (281,266)	\$ 745,189

**City of Snyder, Oklahoma  
Balance Sheet  
Governmental Funds  
June 30, 2011**

	<u>General Fund</u>	<u>Street &amp; Alley Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 6,994	\$ 8,587	\$ 15,581
Investments, including time deposits	-	45,789	45,789
Restricted cash	26,420	-	26,420
Prepaid Assets	6,997	-	6,997
Taxes Receivable	25,680	-	25,680
Accounts Receivable	5,027	-	5,027
Total assets	<u>\$ 71,118</u>	<u>\$ 54,376</u>	<u>\$ 125,494</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 7,409	\$ -	\$ 7,409
Salaries and benefits payable	\$ 8,664	-	8,664
Due to other funds	\$ 36,682	-	36,682
Payroll liabilities	379	-	379
Total liabilities	<u>53,134</u>	<u>-</u>	<u>53,134</u>
<b>FUND BALANCES</b>			
Unassigned, reported in:			
General fund	17,984	-	17,984
Special revenue funds	-	54,376	54,376
Total fund balances	<u>17,984</u>	<u>54,376</u>	<u>72,360</u>
Total liabilities and fund balances	<u>\$ 71,118</u>	<u>\$ 54,376</u>	<u>\$ 125,494</u>
Total fund balance- total governmental funds			\$ 72,360

Amounts reported for governmental activities in the Statement of Net assets are different because:

Land and capital assets, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.

Land and construction in process	18,500	
Capital assets	1,576,392	
Less: Accumulated depreciation	<u>(640,797)</u>	<u>954,095</u>

Net assets of governmental activities \$ 1,026,455

**City of Snyder, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2011**

	<u>General Fund</u>	<u>Street &amp; Alley Fund</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>			
Sales tax	\$ 227,207	\$ -	\$ 227,207
Use taxes	31,394	-	31,394
Beverage tax	18,575	-	18,575
Franchise taxes	25,430	-	25,430
Cigarette tax	3,265	-	3,265
Licenses and permits	1,307	-	1,307
Fines and forfeitures	20,313	-	20,313
Investment income	42	108	150
Charges for services	54,196	24,676	78,872
Rental income	1,820	-	1,820
Intergovernmental	21,050	29,032	50,082
Miscellaneous	10,978	-	10,978
Total revenues	<u>415,577</u>	<u>53,816</u>	<u>469,393</u>
<b><u>EXPENDITURES</u></b>			
Current:			
General government:			
General government	143,656	-	143,656
Total general government	<u>143,656</u>	<u>-</u>	<u>143,656</u>
Public safety and judiciary:			
Police	172,627	-	172,627
Fire	33,806	-	33,806
Ambulance	51,419	-	51,419
Total public safety and judiciary	<u>257,852</u>	<u>-</u>	<u>257,852</u>
Transportation:			
Street	-	20,328	20,328
Total transportation	<u>-</u>	<u>20,328</u>	<u>20,328</u>
Cultural, parks and recreation:			
Park	36,642	-	36,642
Cemetery	1,110	-	1,110
Total cultural, parks and recreation	<u>37,752</u>	<u>-</u>	<u>37,752</u>
Capital outlay	36,951	11,023	47,974
Total expenditures	<u>476,211</u>	<u>31,351</u>	<u>507,562</u>
Excess (deficiency) of revenues over expenditures	<u>(60,634)</u>	<u>22,465</u>	<u>(38,169)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	6,869	-	6,869
Total other financing sources and uses	<u>6,869</u>	<u>-</u>	<u>6,869</u>
Net change in fund balances	(53,765)	22,465	(31,300)
Fund balances - beginning	(850)	64,924	64,074
Prior Period Restatement	72,599	(33,013)	39,586
Fund balances - ending	<u>\$ 17,984</u>	<u>\$ 54,376</u>	<u>\$ 72,360</u>

**City of Snyder, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2011**

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Reconciliation of the change in fund balances - total governmental funds  
to the change in net assets of governmental activities:

Net change in fund balances - total governmental funds \$ (31,300)  
Amounts reported for governmental activities in the Statement of Activities are  
different because:

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 asset purchases capitalized	47,974
Depreciation expense	(95,819)

Principal debt payments reported as expenditures in the governmental funds  
Principal debt payments

17,912
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Change in Net Assets of Governmental Activities	\$ (61,233)
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**City of Snyder, Oklahoma**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

	<b>Public Works Authority</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 15,553	\$ 15,553
Accounts receivable (net)	92,687	92,687
Due from other funds	36,682	36,682
Prepaid Assets	6,997	6,997
Employee receivable	1,200	1,200
Total current assets	153,119	153,119
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	55,584	55,584
Investments	158,898	158,898
Total restricted assets	214,482	214,482
Noncurrent assets:		
Capital assets (net)	252,481	252,481
Total noncurrent assets	252,481	252,481
<b>Total assets</b>	<b>\$ 620,082</b>	<b>\$ 620,082</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 51,704	\$ 51,704
Salaries and benefits payable	6,674	6,674
Payroll liabilities	347	347
Notes payable, current	89,769	89,769
Total current liabilities	148,494	148,494
Liabilities payable from restricted assets:		
Customer deposits payable	50,836	50,836
Total liabilities payable from restricted assets	50,836	50,836
Noncurrent liabilities:		
Notes payable, non-current	702,018	702,018
Total noncurrent liabilities	702,018	702,018
<b>Total liabilities</b>	<b>901,348</b>	<b>901,348</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	252,481	252,481
Unrestricted	(533,747)	(533,747)
<b>Total net assets</b>	<b>\$ (281,266)</b>	<b>\$ (281,266)</b>

**City of Snyder, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2011**

	<b>Business-type Activities</b>	
	<b>Public Works Authority</b>	<b>Total Enterprise Funds</b>
<b><u>Operating revenues:</u></b>		
Charges for services:		
Water charges	\$ 693,438	\$ 693,438
Sewer charges	115,062	115,062
Sanitation charges	210,587	210,587
Total charges for services	<u>1,019,087</u>	<u>1,019,087</u>
Miscellaneous	27,449	27,449
Penalty	18,943	18,943
Total operating revenues	<u>1,065,479</u>	<u>1,065,479</u>
<b><u>Operating expenses:</u></b>		
Personal services	189,248	189,248
Materials and supplies	309,988	309,988
Other services and charges	433,921	433,921
Depreciation and amortization	19,618	19,618
Total operating expenses	<u>952,775</u>	<u>952,775</u>
Net operating income	\$ 112,704	\$ 112,704
<b><u>Nonoperating revenue (expense):</u></b>		
Investment income	2,695	2,695
Grant Income	12,060	12,060
Bad debt	(2,525)	(2,525)
Interest expense	(39,455)	(39,455)
Total nonoperating revenue (expense)	<u>(27,225)</u>	<u>(27,225)</u>
<b>Net income before contributions and transfers</b>	<b>85,479</b>	<b>85,479</b>
Transfers to other funds, net	<u>(6,869)</u>	<u>(6,869)</u>
<b>Change in net assets</b>	<b>78,610</b>	<b>78,610</b>
Net assets-beginning of year	(341,105)	(341,105)
Prior period restatement	(18,771)	(18,771)
Net assets-end of year	<u>\$ (281,266)</u>	<u>\$ (281,266)</u>

**City of Snyder, Oklahoma  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2011**

	<b>Business-type Activities</b>	
	<b>Public Works Authority</b>	<b>Total Enterprise Funds</b>
<b><u>Cash flows from operating activities:</u></b>		
Receipts from customers	\$ 1,072,586	\$ 1,072,586
Payments to suppliers	(756,885)	(756,885)
Payments to employees	(240,843)	(240,843)
Other operating revenues	11,946	11,946
<b>Net cash provided (used) by operating activities</b>	<b>86,804</b>	<b>86,804</b>
<b><u>Cash flows from non-capital financing activities:</u></b>		
Operating grants and contributions received	12,060	12,060
Transfers to other funds	(6,869)	(6,869)
<b>Net cash provided (used) by non-capital financing activities</b>	<b>5,191</b>	<b>5,191</b>
<b><u>Cash flows from capital and related financing activities:</u></b>		
Principal paid on capital debt	(66,606)	(66,606)
Interest paid on capital debt	(39,455)	(39,455)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(106,061)</b>	<b>(106,061)</b>
<b><u>Cash flows from investing activities:</u></b>		
Investment income	2,695	2,695
<b>Net cash provided (used) by investing activities</b>	<b>2,695</b>	<b>2,695</b>
Net increase (decrease) in cash and cash equivalents	(11,371)	(11,371)
Cash and cash equivalents, July 1, 2010	241,406	241,406
Cash and cash equivalents, June 30, 2011	<u>\$ 230,035</u>	<u>\$ 230,035</u>
Cash, including time deposits	\$ 15,553	\$ 15,553
Restricted cash, including time deposits	214,482	214,482
Total cash and cash equivalents, end of year	<u>\$ 230,035</u>	<u>\$ 230,035</u>
<b><u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u></b>		
Operating income (loss)	\$ 112,704	\$ 112,704
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	19,618	19,618
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	26,050	26,050
(Increase) decrease in due from other funds	(36,682)	(36,682)
(Increase) decrease in prepaid assets	(6,997)	(6,997)
(Increase) decrease in employee receivable	(1,200)	(1,200)
Increase (decrease) in wages & benefits payable	(6,674)	(6,674)
Increase (decrease) in deposits subject to refund	4,094	4,094
Increase (decrease) in accounts payable	19,612	19,612
Increase (decrease) in accrued expenses	(43,721)	(43,721)
<b>Net cash provided (used) by operating activities</b>	<b>\$ 86,804</b>	<b>\$ 86,804</b>

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The City is a Strong Mayor/Council form of government with a population of approximately 1,500 located in Kiowa County in southwestern Oklahoma. The City is governed by a five-member Council and operates under state law and City ordinances through three branches of government:

- o Legislative – the City Council is a five-member governing body with four council members elected by ward and the mayor elected by the citizens at large
- o Executive – the City Mayor is the Chief Executive Officer and is elected by the citizenry
- o Judicial – the Municipal Judge is appointed by the City Council

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

***The Reporting Entity***

The City, for financial purposes, includes all of the funds and account groups relevant to the operation of the City of Snyder. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Snyder.

Due to restrictions of the state constitution relating to the issuance of municipal debt, public trusts are created to finance City services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City. Public trusts created to provide financing services are blended into the City's primary government as an integral part of City operations although retaining separate legal identity. Component units that do not meet the criteria from blending are reported discretely.

**Blended Component Units Reported with Primary Government**

Snyder Public Works Authority (the "Authority") – was created under provision of the Oklahoma Statutes by a Declaration of the Trust. The City has beneficial interest and the trustees of the City serve as Trustees of the Authority. City employees carry on the activities of the Authority. The Authority provides water, sewer, and trash services to the citizens of Snyder. Accounts of the Authority are recorded in business-type activities.

**B. Basis of Presentation**

***Government-Wide Financial Statements:***

The government-wide financial statements include the statement of net assets and statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities. The statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. Individual funds are not displayed by the statements.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services with usage fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and other revenues sources not properly included with program revenues are reported as general revenues.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or utility services.

Certain reclassifications have been made to prior period balances in order to conform to the current period's presentation.

***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The City has no fiduciary funds.

***Measurement Focus and Basis of Accounting***

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America, GAAP. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting. Proprietary and fiduciary fund financial statements and financial statements of the City's component units also report using the same focus and 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.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considered revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenses are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: sales and use taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of provided goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

***Restricted Assets***

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

***Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reporting amounts and disclosures; accordingly, actual results could differ from those estimates.

***Interfund Balances***

Generally, outstanding balances between funds reported and due to/due from other funds include outstanding charges by one fund to another for services or goods or miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are described as due to/due from other funds.

**C. Fund Types and Major Funds**

**Major Governmental Funds**

***General Fund***

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in another fund.

***Special Revenue Funds***

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes. The reporting entity includes the following special revenue funds:

FUND	BRIEF DESCRIPTION
Street and Alley	Accounts for commercial vehicle tax and gasoline excise tax legally restricted for street and alley repairs and maintenance.

**Major Proprietary Funds**

FUND	BRIEF DESCRIPTION
<u>Snyder Public Works Authority</u>	Accounts for the activities of the authority in providing water, sewer, and solid waste services to the public.

**D. Budgets and Budgetary Accounting**

***Budget Policy and Practice***

The City Clerk submits an annual budget to the Board of Trustees in accordance with the City Charter and the Oklahoma Municipal Budget Act. The budget is presented to the Board of Trustees for review, and public hearings are held to address priorities and the allocation of resources. In June, the Board of Trustees adopts the annual fiscal year budgets for City operating funds. Budget amendments or supplements may be made during the year when unexpected modifications are required in estimated revenues and appropriations. Budget amendments are recommended by the City Clerk and must be approved by the board of Trustees. Public trusts submit budgets and other planning documents to their respective governing bodies. Other funds budgeted on a project-length basis are also subjected to the Board of Trustees review and approval process.

***Budgetary Control***

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and object class as follows: personal services, other services and charges, materials and supplies, capital outlay, transfers, and debt service. This legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Board approval.

***Budget Basis of Accounting***

The combined statements of revenues, expenditures and changes in fund balances (budget and actual) present comparisons of legally adopted budgets with actual data on a budgetary basis. The budgetary basis of accounting differs from GAAP in that the cash basis of accounting is used. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. All appropriations (including encumbered) lapse at year-end; any open encumbrances to be honored in the subsequent budget year are reappropriated in the new year's budget. As a result, no reserve for encumbrances is reported at year-end.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

**E. Assets, Liabilities and Equity**

***Cash and Investments***

For the purposes of the combined balance sheet and the statement of cash flows, "cash and cash equivalents" includes all demand deposits, savings accounts and certificates of deposits or short-term investments (including restricted assets) with an original maturity of three months or less. Deposits are stated at cost.

Investments consist of long-term certificates of deposits and are reported at cost. Short-term investments are reported at cost, which approximates fair value.

***Allowance for Uncollectible Accounts***

Significant receivables include sales and use tax receivables and amounts due from customers primarily for utility services. These receivables are due within one year. Sales and Use taxes are considered fully collectable. The City has established an allowance for collectible accounts based on management's prior experience using past due amounts more than 60 to 90 days. Management does not believe there are significant losses in excess of the allowance.

***Property, Plant and Equipment***

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

***Government-Wide Statements***

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost, if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Proprietary fund and similar component unit fixed assets are recorded in the respective funds or component units and depreciated using the straight-line method. When proprietary fund fixed assets are disposed, the cost and applicable accumulated depreciation is removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

- |                                    |             |
|------------------------------------|-------------|
| • Buildings                        | 25 years    |
| • Other improvements               | 5-25 years  |
| • Machinery, furniture & equipment | 3-10 years  |
| • Infrastructure                   | 20-50 years |

***Fund Financial Statement***

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Long-Term Debt**

In the government-wide & proprietary financial statements, outstanding debt is reported as a liability.

**Equity Classifications**

***Fund Balance***

The governmental fund financial statements report nonspendable, restricted or committed fund balance for amounts not available for appropriation or legally restricted for specified purposes beyond the restrictions applicable to the fund.

***Net Assets***

Both proprietary fund financial statements and government-wide financial statements report net assets. Amounts invested in capital assets, net of related debt and legally restricted amounts are separated from unrestricted net assets.

***Invested in capital assets, net of related debt***

The amount restricted consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

***Restricted net assets***

Amounts reported as restricted consist of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**F. Revenues, Expenditures and Expenses**

***Sales Tax***

The City levied a 4% sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The sales tax received is recorded as sales tax revenue within the general fund. Of the 4% sales tax, 1% of the revenue is restricted for payment to Kiowa County for ambulance operations.

***Charges for Services***

Program revenues reported with governmental activities include charges for services like permits and fees, park charges, and fines and forfeitures. Business-type activity charges for services include all operating income of proprietary funds.

***Grants and Contributions***

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activity grants and contributions include donations from others as well as grants from Federal and state agencies.

***Interfund Transfers***

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. Recurring transfers for operational purposes are classified as "operating transfers", while non-recurring transfers of equity are reported as "residual equity transfers".

***Compensated Absences***

Full-time employees are granted vacation benefits in specified amounts to specified maximums depending on tenure with the City. Generally, after one year of services, employees are entitled to all accrued vacation leave upon termination. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued current liabilities in the government-wide and proprietary financial statements. Sick leave accrues to full-time employees under a "use it or lose it" policy. Therefore, no sick leave liability is accrued.

**(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

By its nature as local government unit, the City and its component unit are subject to various federal, state and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over city resources follows:

**A. Deficit Fund Net Assets/Fund Balance**

Deficits resulting from accrual reporting do not constitute violations of Oklahoma State Statutes.

**B. Budget Requirements**

For the year ended June 30, 2011, the City did not exceed amended budgeted expenditures in any department-level category.

**C. Revenue Restrictions**

The City has various restrictions placed over certain revenue sources from state or local or administrative requirements. The primary restricted revenue sources include:

REVENUE SOURCE	LEGAL RESTRICTIONS OF USE
Gasoline Excise/Commercial Vehicle Tax	Street and Alley Purposes
Sales Tax – 1%	Ambulance

**(3) DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

**A. Cash and Investments**

**Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's deposits are secured by collateral values at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

**Investments**

The City invests primarily in certificates of deposit.

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Days to Maturity (2)</u>
<b>Governmental Activities</b>				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 45,789	\$ 45,789	N/A	76
Total investments	<u>45,789</u>	<u>45,789</u>		
Total governmental investments	<u>\$ 45,789</u>	<u>\$ 45,789</u>		
<b>Business-type Activities</b>				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 158,617	\$ 158,617	N/A	256
Total investments	<u>158,617</u>	<u>158,617</u>		
Total business-type investments	<u>\$ 158,617</u>	<u>\$ 158,617</u>		

(1) Ratings are provided where applicable to indicate associated **Credit Risk**. N/A indicates not applicable.

(2) **Interest rate risk** is estimated using either duration or weighted average days to maturity depending on the respective policy.

Restricted assets consist of the following:

	<u>Restricted Assets</u>		
	<u>Cash and cash equivalents</u>	<u>Investments</u>	<u>Total</u>
<b>Governmental Activities</b>			
Fire department	\$ 26,420	\$ -	\$ 26,420
Street department	8,587	45,789	54,376
	<u>\$ 35,007</u>	<u>\$ 45,789</u>	<u>\$ 80,796</u>
<b>Business-type Activities</b>			
Debt service	\$ 39,415	\$ 120,955	\$ 160,370
Meter deposits	16,169	37,943	54,112
	<u>\$ 55,584</u>	<u>\$ 158,898</u>	<u>\$ 214,482</u>

**CITY OF SNYDER, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**B. PROPERTY, PLANT AND EQUIPMENT**

**Governmental Activities:**

A summary of the changes in the governmental activities fixed assets at June 30, 2011 follows:

	<b>Balance at June 30, 2010</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2011</b>
Land	\$ 18,500	\$ -	\$ -	\$ 18,500
Buildings & structures	1,053,578	-	-	1,053,578
Machinery, furniture, & equipment	190,516	36,952	-	227,468
Improvements other than land	284,325	11,023	-	295,348
	<hr/>	<hr/>	<hr/>	<hr/>
Total	1,546,919	47,975	-	1,594,894
Less accumulated depreciation	544,979	95,819	-	640,798
	<hr/>	<hr/>	<hr/>	<hr/>
Fixed assets, net	<u>\$ 1,001,940</u>	<u>\$ (47,844)</u>	<u>\$ -</u>	<u>\$ 954,096</u>

**Business-Type Activities:**

A summary of the proprietary fund types fixed assets at June 30, 2011 follows:

	<b>Balance at June 30, 2010</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2011</b>
Land	\$ 20,300	\$ -	\$ -	\$ 20,300
Buildings & structures	250,000	-	-	250,000
Machinery, furniture, & equipment	196,858	-	-	196,858
Utility property and improvements	1,117,970	-	-	1,117,970
	<hr/>	<hr/>	<hr/>	<hr/>
Total	1,585,128	-	-	1,585,128
Less accumulated depreciation	1,313,030	19,618	-	1,332,648
	<hr/>	<hr/>	<hr/>	<hr/>
Fixed assets, net	<u>\$ 272,098</u>	<u>\$ (19,618)</u>	<u>\$ -</u>	<u>\$ 252,480</u>

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against its operations. Accumulated depreciation is reported on proprietary fund balance sheets.

Depreciation expense was charged to functions in the statement of activities as follows:

Depreciation expense charges to governmental activities:

General government	\$ 58,518
Public Safety	16,999
Transportation	20,000
Cultural, parks & recreation	303
	<hr/>
Total governmental activities depreciation expense	<u>\$ 95,820</u>

Depreciation expense charges to business-type activities:

Water	12,017
Sewer	7,601
	<hr/>
Total business-type activities depreciation expense	<u>\$ 19,618</u>

**CITY OF SNYDER, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**C. LONG-TERM DEBT**

The following is a summary of long-term debt for the year ended June 30, 2011:

**NOTES PAYABLE:**

***Business-Type Activities:***

1975 Note Payable to the US Department of Agriculture for \$450,000, payable in monthly installments of \$2,223 with 5% interest. Final payment is due February 2015	\$	62,423
1975 Note Payable to the US Department of Agriculture for \$225,000, payable in monthly installments of \$1,112 with 5% interest. Final payment is due February 2015		26,749
2010 Note Payable to the Bank of the Wichitas for \$135,000, payable in monthly installments of \$2,467 with 3.5% interest. Final payment is due November 2015		120,855
2006 Revenue Bond Payable for \$717,840, payable in monthly installments this year of \$4,748.46 with 4.8% interest. Final payment is due January 2026.		581,760
	<u>\$</u>	<u>791,787</u>

**Changes in Long-Term Debt:**

The following is a summary of changes in long-term debt for the year ended June 30, 2011:

<u>Type of Debt</u>	<u>Balance at June 30, 2010</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2011</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Note payable	\$ -	\$ -	\$ -	\$ -	\$ -
Lease payable	17,912	-	17,912	-	-
Total governmental activities	<u>\$ 17,912</u>	<u>\$ -</u>	<u>\$ 17,912</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Business-type activities:</b>					
<i>Notes Payable</i>					
Note payable	\$ 123,787	\$ 135,000	\$ 48,760	\$ 210,027	\$ 62,169
Total notes payable	123,787	135,000	48,760	210,027	62,169
<i>Bonds Payable</i>					
Revenue bonds payable	607,920	-	26,160	581,760	27,600
Total business-type activities	<u>\$ 731,707</u>	<u>\$ 135,000</u>	<u>\$ 74,920</u>	<u>\$ 791,787</u>	<u>\$ 89,769</u>
<b>Total primary government debt</b>	<u>\$ 749,619</u>	<u>\$ 135,000</u>	<u>\$ 92,832</u>	<u>\$ 791,787</u>	<u>\$ 89,769</u>

**CITY OF SNYDER, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Annual Debt Service Requirements:**

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2011 follow:

Year Ending June 30	Governmental Activities		Business-type Activities			
	Lease Payable		Notes Payable		Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	-	-	62,169	7,455	27,600	29,415
2013	-	-	64,948	4,676	28,560	28,173
2014	-	-	40,133	2,144	30,000	26,859
2015	-	-	28,631	973	31,200	25,449
2016-2020	-	-	14,145	107	181,680	102,234
2021-2025	-	-	-	-	233,760	50,407
2026	-	-	-	-	48,960	2,546
Totals	\$ -	\$ -	\$ 210,026	\$ 15,355	\$ 581,760	\$ 265,083

**D. INTERFUND TRANSACTIONS AND BALANCES**

Operating transfers for the year ended June 30, 2011 were as follows:

Operating Transfers	Transfers In	Transfers Out
<b>GENERAL FUND:</b>		
Public Works Authority	6,869	-
<b>ENTERPRISE FUND: Public Works Authority</b>		
General Fund	-	6,869
Grand Total	\$ 6,869	\$ 6,869

**(4) RETIREMENT PLANS**

The City does not participate in pension or retirement plans.

**(5) COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

The City is a party to various legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City "Sinking Fund" for the payment of any court assessed judgment rendered against the City.

While the outcome of the above noted proceedings or threatened litigation cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

**B. Grant Program Involvement**

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

**City of Snyder, Oklahoma**  
**General Fund**  
**Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2011**

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>REVENUES</b>					
Sales taxes	\$ 722,645	\$ (490,645)	\$ 232,000	\$ 232,080	\$ 80
Use taxes	-	34,000	34,000	33,731	(269)
Beverage tax	-	7,500	7,500	18,393	10,893
Franchise taxes	-	25,000	25,000	25,842	842
Fines and forfeitures	-	33,500	33,500	20,313	(13,187)
Investment income	-	150	150	150	-
Charges for services	-	82,700	82,700	83,868	1,168
Intergovernmental	-	36,785	36,785	50,817	14,032
Miscellaneous	-	16,850	16,850	13,408	(3,442)
Total revenues before carryover	<u>722,645</u>	<u>(254,160)</u>	<u>468,485</u>	<u>478,602</u>	<u>10,117</u>
Budgeted carryover (1)	-	-	-	-	-
Total revenues and budgeted carryover	<u>722,645</u>	<u>(254,160)</u>	<u>468,485</u>	<u>478,602</u>	<u>10,117</u>
<b>EXPENDITURES</b>					
Current:					
General government:					
General government					
Personal services	75,000	(39,000)	36,000	32,509	3,491
Materials & supplies	57,326	(27,326)	30,000	28,486	1,514
Other services & charges	60,000	15,000	75,000	69,767	5,233
Capital outlay	57,326	(57,326)	-	-	-
Debt Service	5,000	3,000	8,000	7,982	18
Total general government	<u>254,652</u>	<u>(105,652)</u>	<u>149,000</u>	<u>138,744</u>	<u>10,238</u>
Public safety and judiciary:					
Police					
Personal services	122,760	27,240	150,000	135,351	14,649
Materials & supplies	45,354	(30,000)	15,354	15,307	47
Other services & charges	17,000	17,000	22,000	25,435	(3,435)
Debt service	12,000	(12,000)	-	-	-
Fire					
Personal services	20,000	(15,000)	5,000	4,684	316
Materials & supplies	6,260	28,000	34,260	15,836	18,424
Other services & charges	-	-	-	16,344	(16,344)
Capital outlay	6,260	31,000	37,260	36,951	309
Ambulance					
Other services & charges	-	57,000	57,000	56,012	988
Animal Control					
Personal services	18,000	(9,000)	9,000	-	9,000
Materials & supplies	5,760	(4,260)	1,500	12,710	(11,210)
Other services & charges	3,000	-	3,000	-	3,000
Capital outlay	5,760	(5,760)	-	-	-
Total public safety and judiciary	<u>250,152</u>	<u>84,221</u>	<u>334,373</u>	<u>318,630</u>	<u>15,743</u>
Cultural, parks and recreation:					
Park					
Personal services	2,000	(2,000)	-	-	-
Materials & supplies	2,000	500	2,500	-	2,500
Other services & charges	-	-	-	2,102	(2,102)
Capital outlay	3,500	(3,500)	-	-	-
Cemetery					
Personal services	900	(900)	-	-	-
Materials & supplies	3,550	(2,300)	1,250	-	1,250
Other services & charges	3,550	(3,550)	-	1,110	(1,110)
Swimming Pool					
Personal services	16,000	10,000	26,000	23,855	2,145
Materials & supplies	10,000	(4,500)	5,500	5,890	(390)
Other services & charges	3,260	-	3,260	2,070	1,190
Capital outlay	3,260	(3,260)	-	-	-
Library					
Other services & charges	-	2,250	2,250	1,896	-
Community Building					
Materials & supplies	-	3,000	3,000	1,439	1,561
Other services & charges	-	-	-	600	(600)
Total cultural, parks and recreation	<u>48,019</u>	<u>(4,260)</u>	<u>43,760</u>	<u>38,962</u>	<u>4,444</u>

**City of Snyder, Oklahoma**  
**General Fund**  
**Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Transportation:					
Street					
Personal services	30,000	(30,000)	-	-	-
Materials & supplies	20,000	(5,000)	15,000	12,590	2,410
Other services & charges	17,557	(9,000)	8,557	7,738	819
Capital outlay	30,000	(14,265)	15,735	11,023	4,712
Total transportation	<u>97,557</u>	<u>(58,265)</u>	<u>39,292</u>	<u>31,351</u>	<u>7,941</u>
Total expenditures	<u>650,380</u>	<u>(83,956)</u>	<u>566,425</u>	<u>527,687</u>	<u>38,366</u>
Revenue over (under) expenditures	72,265	(170,205)	(97,940)	(49,085)	48,483
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Operating transfers in/(out)	-	-	120,000	6,869	(113,131)
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>120,000</u>	<u>6,869</u>	<u>(113,131)</u>
Revenues and other financing sources over (under) expenditures and other uses	72,265	(170,205)	22,061	(42,216)	(64,649)
Fund balance at end of year (Non-GAAP budgetary basis)				<u>\$ (42,216)</u>	<u>\$ (64,649)</u>
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>					
Revenue and transfer accruals				21,587	
Expenditure and transfer accruals				38,613	
Fund balance at end of year (GAAP basis)				<u>\$ 17,984</u>	

(1) Budgets include fund balances carried over from prior years. It is not revenue of the current period, but is presented as revenue only for budgetary reporting purposes.

# Derrel S. White, CPA

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

To the City Council  
City of Snyder, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Snyder, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the City of Snyder, Oklahoma's basic financial statements and have issued our report thereon dated January 11, 2012. 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. We issued an unqualified opinion on those financial statements.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Snyder, Oklahoma's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Snyder, Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Snyder, Oklahoma's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Snyder, Oklahoma's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance

with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, 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.



Derrel S. White, CPA

Woodward, OK

January 11, 2012