

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

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

**FOR THE YEAR ENDED
JUNE 30, 2012**

CITY OF SNYDER, OKLAHOMA
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CITY OF SNYDER, OKLAHOMA

LIST OF PRINCIPAL OFFICIALS

CITY COUNCIL

Stanley H. Moddie, Mayor

Rodney Bartlett, Vice Mayor

Clay Oxley

Bob Sproat

CITY CLERK

Penny Ray

Derrel S. White, CPA

P.O. Box 842
Woodward, OK 73802
(580) 256-6830

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Snyder, OK

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Snyder, OK, as of and for the year ended June 30, 2012, 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, OK'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 the 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, each major fund, and the aggregate remaining fund information of the City of Snyder, OK, as of June 30, 2012, 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 18, 2012, on our consideration of the City of Snyder, OK'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 30 through 31 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 18, 2013

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, 2012. 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 \$1,083,865 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$745,189.
- Total liabilities of the City decreased by \$127,614 to \$826,868 during the fiscal year.
- The City's governmental funds reported total ending fund balance of \$116,370 this year. This compared to the prior year ending fund balance of \$72,360.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,573.

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 City'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 demonstrates 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 \$1,083,864. This is a \$338,676 increase over last year's net assets of \$745,189. The following table provides a summary of the City's net assets at June 30:

	Governmental Activities		Business-Type Activities		Totals		\$ Change	% Change
	2012	2011	2012	2011	2012	2011		
Current assets	\$ 84,117	\$ 53,285	\$ 396,646	\$ 153,119	\$ 480,763	\$ 206,404	\$ 274,359	133%
Restricted assets	80,925	72,209	221,319	214,482	302,244	286,691	15,553	5%
Capital assets, net	855,760	954,095	271,966	252,481	1,127,726	1,206,576	(78,850)	-7%
Total assets	1,020,802	1,079,589	889,931	620,082	1,910,733	1,699,671	211,062	12%
Current liabilities	48,672	53,134	132,790	148,494	181,462	201,628	(20,166)	-10%
Liabilities Payable from								
Restricted Assets	-	-	36,780	50,836	36,780	50,836	(14,056)	-28%
Non-current liabilities	-	-	608,626	702,018	608,626	702,018	(93,392)	-13%
Total liabilities	48,672	53,134	778,196	901,348	826,868	954,482	(127,614)	-13%
Net assets								
Invested in capital assets, net of related debt	855,760	954,095	271,966	252,481	1,127,726	1,206,576	(78,850)	-7%
Unrestricted	116,370	72,360	(160,231)	(533,747)	(43,861)	(461,387)	417,526	-90%
Total net assets	\$ 972,130	\$ 1,026,455	\$ 111,735	\$ (281,266)	\$ 1,083,865	\$ 745,189	\$ 338,676	45%

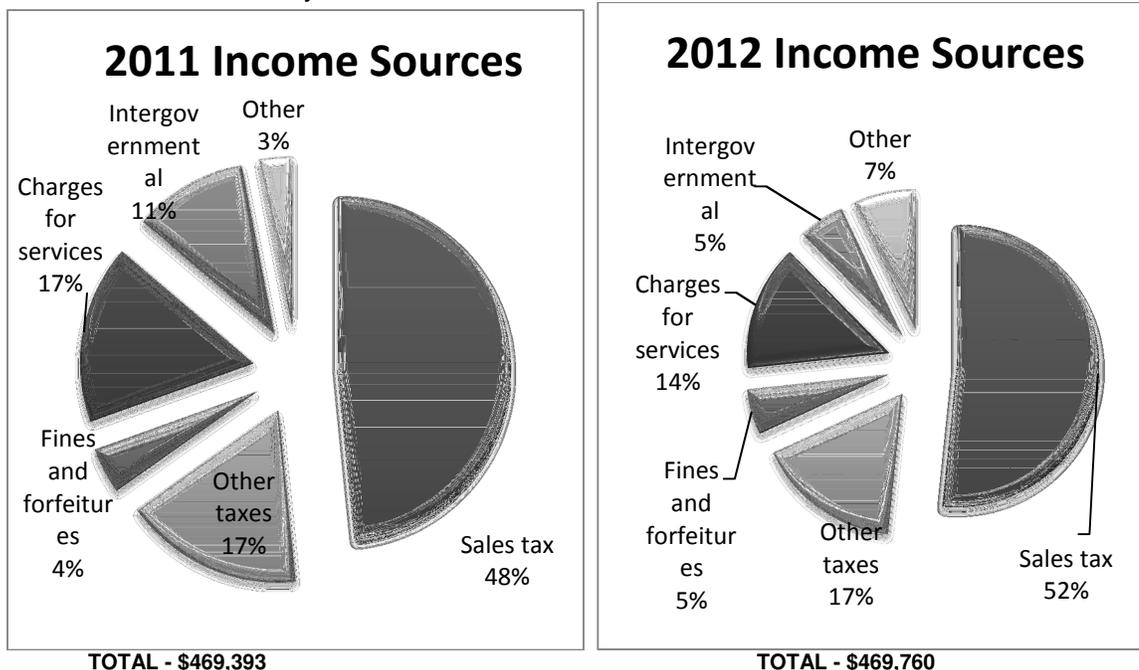
The City reported positive balances in net assets for governmental and business-type activities. Net assets increased \$393,001 for business-type activities. Governmental activities decreased \$54,325. The City's overall financial position improved during fiscal year 2012.

	Governmental Activities		Business-type Activities		Totals		\$ Change	% Change
	2012	2011	2012	2011	2012	2011		
Revenues								
Program revenues	\$ 138,007	\$ 152,600	\$ 1,164,286	\$ 1,038,030	\$ 1,302,293	\$ 1,190,630	\$ 111,663	9%
Taxes and other general revenues	331,752	316,793	14,801	27,449	346,553	344,242	2,311	1%
Total revenues	469,759	469,393	1,179,087	1,065,479	1,648,846	1,534,872	113,974	7%
Expenses								
General government	212,882	202,174	-	-	212,882	202,174	10,708	5%
Cemetery	1,469	1,110	-	-	1,469	1,110	359	32%
Public safety and judiciary	262,784	256,938	-	-	262,784	256,938	5,846	2%
Transportation	38,148	40,328	-	-	38,148	40,328	(2,180)	-5%
Cultural, parks, and recreation	26,803	38,055	-	-	26,803	38,055	(11,252)	-30%
Water	-	-	476,476	636,769	476,476	636,769	(160,293)	-25%
Sewer	-	-	14,628	24,691	14,628	24,691	(10,063)	-41%
Sanitation	-	-	171,847	164,342	171,847	164,342	7,505	5%
Customer service	-	-	105,135	119,778	105,135	119,778	(14,643)	-12%
Total expenses	542,086	538,605	768,086	945,580	1,310,172	1,484,185	(174,013)	-12%
Excess (deficiency) before transfers	(72,327)	(69,212)	411,001	119,899	338,674	50,687	287,987	568%
Transfers	18,000	6,869	(18,000)	(6,869)	-	-	-	0%
Increase (decrease) in net assets	\$ (54,327)	\$ (62,343)	\$ 393,001	\$ 113,030	\$ 338,674	\$ 50,687	\$ 287,987	568%

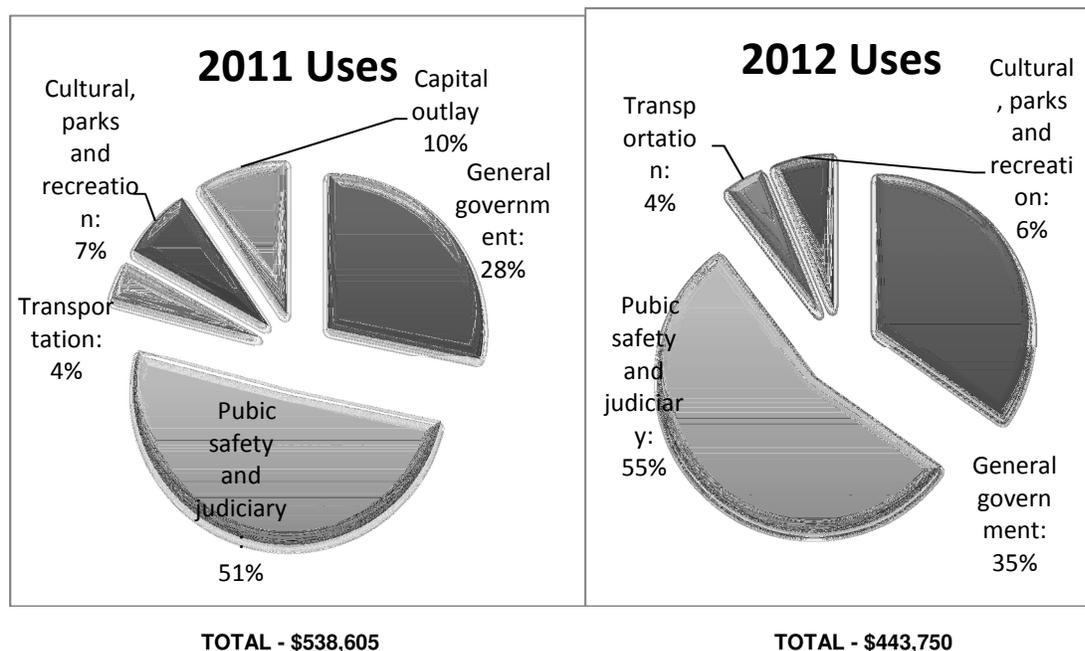
Revenues increased by 7% over prior year. This was due to a decrease in governmental program revenues related to grant income as well as an increase the utility system utility revenues. The change in program revenues was offset by a slight increase in governmental taxes.

Operating expenses overall noted a decrease of 12% in fiscal year 2012 compared to 2011. Governmental activities saw a slight increase while business-type activities saw a decrease. The overall decrease for the year is a result of repairs and maintenance necessary in the prior year 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 2012.

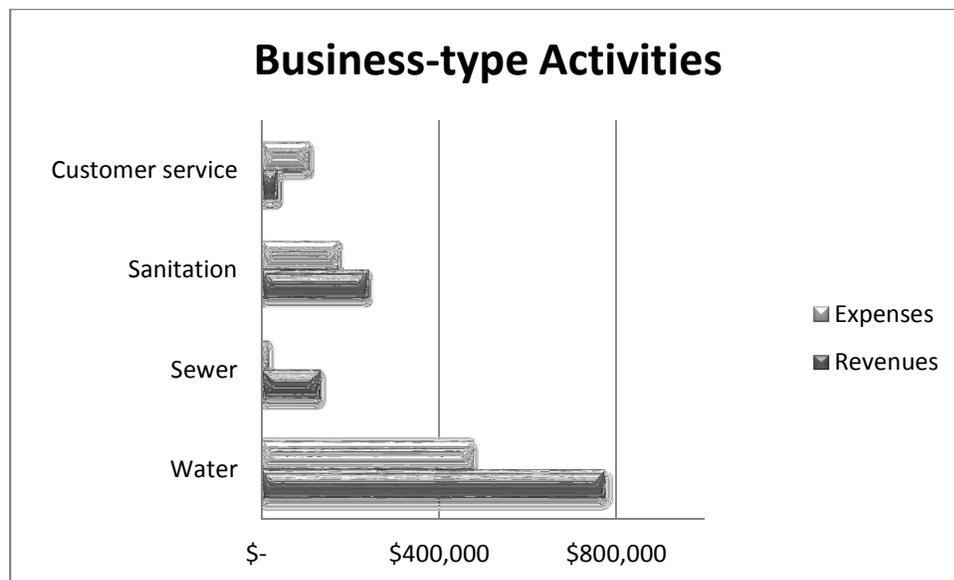


Sales tax provided for 52% of the City's governmental revenues in fiscal year 2012, up from 48% in 2011. Intergovernmental revenues noted a decrease in 2012 due to street grants funds received in 2011.



This graph shows the total governmental activities cost of \$443,750 for 2012. Of this amount, public safety and judiciary with \$243,269 was the largest operating service cost, at 55% of total cost of services in 2012. 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 2012 was \$506,208. Amendments totaling <\$8,202> 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, 2012, the City had \$1,109,725 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	2012	2011	2012	2011	2012
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	295,349	-	-	295,349	295,349
Machinery & equipment	227,465	227,465	196,858	221,207	424,323	448,672
Utility property & improvements	-	-	1,117,970	1,117,970	1,117,970	1,117,970
Less Accumulated depreciation	(640,797)	(739,132)	(1,332,647)	(1,355,512)	(1,973,444)	(2,094,644)
Totals	\$ 954,095	\$ 855,760	\$ 252,481	\$ 253,965	\$ 1,206,576	\$ 1,109,725

- In Governmental Activities, there were no capital additions during the fiscal year.
- In Business-type Activities, a new recirculation pump comprised new additions this fiscal year.

Long-Term Debt

At year-end, the City had \$608,626 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	2012	2011	2012	2011	2012
Revenue Bonds Payable	-	-	581,760	554,160	581,760	554,160
Lease Payable	-	-	-	-	-	-
Notes payable	-	-	210,027	147,973	210,027	147,973
Subtotal	-	-	791,787	702,133	791,787	702,133
less current portion	-	-	(89,769)	(93,507)	(89,769)	(93,507)
Totals	\$ -	\$ -	\$ 702,018	\$ 608,626	\$ 702,018	\$ 608,626

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. The City of Oklahoma City noted improvement from the national recession beginning in May 2011. Furthermore, the City of Oklahoma City surpassed revenue expectations in fiscal year 2011 and 2012.

The City reported strong sales tax growth in fiscal year 2012 showing a 7% increase over 2011, while Utility revenues increased 12% in fiscal year 2012.

The projected budget for fiscal year 2012 projects sales and use tax at 90% of current collections and Utility revenues are expected to increase due to the proposed rate increase for fiscal year 2012 which called for a 3% increase in all utility services based upon the consumer price index. The rate increase will allow the City to cover the rising cost of providing services to its citizens as well as fund needed capital additions for the operation of the City.

In the current year, the state of Oklahoma felt the impact of the weak national economic conditions. 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, 2012

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 56,366	\$ 270,056	\$ 326,422
Taxes receivable	22,824	-	22,824
Accounts receivable (net)	4,927	89,908	94,835
Due from other funds	18,523	36,682	55,205
Prepaid Assets	-	-	-
Employee receivable	-	-	-
Total current assets	<u>102,640</u>	<u>396,646</u>	<u>499,286</u>
Restricted assets:			
Cash and cash equivalents	34,728	61,266	95,994
Investments, including time deposits	46,197	160,053	206,250
Total restricted assets	<u>80,925</u>	<u>221,319</u>	<u>302,244</u>
Noncurrent Assets:			
Land and construction in progress	18,500	20,300	38,800
Other capital assets (net of accumulated depreciation)	837,260	251,666	1,088,926
Total noncurrent assets	<u>855,760</u>	<u>271,966</u>	<u>1,127,726</u>
Total assets	<u>\$ 1,039,325</u>	<u>\$ 889,931</u>	<u>\$ 1,929,256</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 3,249	\$ 32,780	\$ 36,029
Salaries and benefits payable	8,423	6,231	14,654
Payroll liabilities	318	272	590
Due to other funds	55,205	-	55,205
Notes payable, current	-	93,507	93,507
Total current liabilities	<u>67,195</u>	<u>132,790</u>	<u>199,985</u>
Liabilities payable from restricted assets:			
Customer deposits payable	-	36,780	36,780
Total liabilities payable from restricted assets	<u>-</u>	<u>36,780</u>	<u>36,780</u>
Noncurrent liabilities:			
Notes payable, non-current	-	608,626	608,626
Total noncurrent liabilities	<u>-</u>	<u>608,626</u>	<u>608,626</u>
Total liabilities	<u>67,195</u>	<u>778,196</u>	<u>845,391</u>
NET ASSETS			
Invested in capital assets, net of related debt	855,760	271,966	1,127,726
Restricted	72,069	221,319	293,388
Unrestricted	44,301	(381,550)	(337,249)
Total net assets	<u>\$ 972,130</u>	<u>\$ 111,735</u>	<u>\$ 1,083,865</u>

City of Snyder, Oklahoma
Statement of Activities
June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
General government	\$ 212,882	\$ 7,308	\$ 11,223	\$ -	\$ (194,351)
Total general government	<u>212,882</u>	<u>7,308</u>	<u>11,223</u>	<u>-</u>	<u>(194,351)</u>
Public safety and judiciary:					
Police	162,222	36,562	-	-	(125,660)
Fire	39,336	20,052	4,413	-	(14,871)
Ambulance	61,226	-	-	-	(61,226)
Total public safety and judiciary	<u>262,784</u>	<u>56,614</u>	<u>4,413</u>	<u>-</u>	<u>(201,757)</u>
Transportation:					
Street	38,148	24,036	11,391	-	(2,721)
Total transportation	<u>38,148</u>	<u>24,036</u>	<u>11,391</u>	<u>-</u>	<u>(2,721)</u>
Cultural, parks and recreation:					
Park	26,803	8,570	-	8,443	(9,790)
Cemetery	1,469	6,009	-	-	4,540
Total cultural, parks and recreation	<u>28,272</u>	<u>14,579</u>	<u>-</u>	<u>8,443</u>	<u>(5,250)</u>
Total governmental activities	<u>542,085</u>	<u>102,537</u>	<u>27,027</u>	<u>8,443</u>	<u>(404,078)</u>
Business-type activities:					
Utility services:					
Water	476,476	773,800	-	-	297,324
Sewer	14,628	131,185	-	-	116,557
Sanitation	171,847	238,436	-	-	66,589
Customer service	105,135	20,865	-	-	(84,270)
Total business-type activities	<u>768,086</u>	<u>1,164,286</u>	<u>-</u>	<u>-</u>	<u>396,200</u>
Total primary government	<u>\$ 1,310,171</u>	<u>\$ 1,266,823</u>	<u>\$ 27,027</u>	<u>\$ 8,443</u>	<u>\$ (7,878)</u>

City of Snyder, Oklahoma
Statement of Activities (continued)
June 30, 2012

Changes in Net Assets:	Primary Government		
	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (404,078)	\$ 396,200	\$ (7,878)
General revenues:			
Taxes:			
Sales taxes	242,538	-	242,538
Use taxes	25,162	-	25,162
Franchise taxes	29,952	-	29,952
Alcoholic beverage tax	18,669	-	18,669
Cigarette tax	3,555	-	3,555
Investment income	429	1,434	1,863
Gain on sale of assets	-	-	-
Miscellaneous	11,448	13,367	24,815
Transfers - Internal activity, net	18,000	(18,000)	-
Total general revenues and transfers	349,753	(3,199)	346,554
Change in net assets	(54,325)	393,001	338,676
Net assets-beginning	1,026,455	(281,266)	745,189
Net assets-ending	\$ 972,130	\$ 111,735	\$ 1,083,865

**City of Snyder, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2012**

	<u>General Fund</u>	<u>Street & Alley Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 49,895	\$ 6,471	\$ 56,366
Investments, including time deposits	-	46,197	46,197
Restricted cash	34,728	-	34,728
Taxes Receivable	21,946	878	22,824
Accounts Receivable	4,927	-	4,927
Due from other funds	-	18,523	18,523
Total assets	<u>\$ 111,496</u>	<u>\$ 72,069</u>	<u>\$ 183,565</u>
LIABILITIES			
Accounts payable	\$ 3,249	\$ -	\$ 3,249
Salaries and benefits payable	8,423	-	8,423
Due to other funds	55,205	-	55,205
Payroll liabilities	318	-	318
Total liabilities	<u>67,195</u>	<u>-</u>	<u>67,195</u>
FUND BALANCES			
Nonspendable	\$ -	\$ 18,523	\$ 18,523
Restricted	-	53,546	53,546
Committed	34,728	-	34,728
Unassigned	9,573	-	9,573
Total fund balances	<u>44,301</u>	<u>72,069</u>	<u>116,370</u>
Total liabilities and fund balances	<u>\$ 111,496</u>	<u>\$ 72,069</u>	<u>\$ 183,565</u>
Total fund balance- total governmental funds			\$ 116,370

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>(739,132)</u>	<u>855,760</u>
Net assets of governmental activities		<u>\$ 972,130</u>

City of Snyder, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2012

	<u>General Fund</u>	<u>Street & Alley Fund</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Sales tax	\$ 242,538	\$ -	\$ 242,538
Use taxes	25,162	-	25,162
Beverage tax	18,669	-	18,669
Franchise taxes	29,952	-	29,952
Cigarette tax	3,555	-	3,555
Licenses and permits	300	-	300
Fines and forfeitures	24,444	-	24,444
Investment income	15	414	429
Charges for services	43,650	24,036	67,686
Rental income	1,900	-	1,900
Intergovernmental	13,176	11,391	24,567
Miscellaneous	30,558	-	30,558
Total revenues	<u>433,919</u>	<u>35,841</u>	<u>469,760</u>
<u>EXPENDITURES</u>			
Current:			
General government:			
General government	154,364	-	154,364
Total general government	<u>154,364</u>	<u>-</u>	<u>154,364</u>
Public safety and judiciary:			
Police	155,816	-	155,816
Fire	26,227	-	26,227
Ambulance	61,226	-	61,226
Total public safety and judiciary	<u>243,269</u>	<u>-</u>	<u>243,269</u>
Transportation:			
Street	-	18,148	18,148
Total transportation	<u>-</u>	<u>18,148</u>	<u>18,148</u>
Cultural, parks and recreation:			
Park	26,500	-	26,500
Cemetery	1,469	-	1,469
Total cultural, parks and recreation	<u>27,969</u>	<u>-</u>	<u>27,969</u>
Capital outlay	-	-	-
Total expenditures	<u>425,602</u>	<u>18,148</u>	<u>443,750</u>
Excess (deficiency) of revenues over expenditures	<u>8,317</u>	<u>17,693</u>	<u>26,010</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	18,000	-	18,000
Total other financing sources and uses	<u>18,000</u>	<u>-</u>	<u>18,000</u>
Net change in fund balances	26,317	17,693	44,010
Fund balances - beginning	17,984	54,376	72,360
Fund balances - ending	<u>\$ 44,301</u>	<u>\$ 72,069</u>	<u>\$ 116,370</u>

City of Snyder, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2012

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	\$ 44,010
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.	
Depreciation expense	(98,335)
Change in Net Assets of Governmental Activities	<u>\$ (54,325)</u>

City of Snyder, Oklahoma
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Public Works Authority	Total Enterprise Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 270,056	\$ 270,056
Accounts receivable (net)	89,908	89,908
Due from other funds	36,682	36,682
Total current assets	396,646	396,646
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	61,266	61,266
Investments	160,053	160,053
Total restricted assets	221,319	221,319
Noncurrent assets:		
Capital assets (net)	271,966	271,966
Total noncurrent assets	271,966	271,966
Total assets	\$ 889,931	\$ 889,931
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 32,780	\$ 32,780
Salaries and benefits payable	6,231	6,231
Payroll liabilities	272	272
Notes payable, current	93,507	93,507
Total current liabilities	132,790	132,790
Liabilities payable from restricted assets:		
Customer deposits payable	36,780	36,780
Total liabilities payable from restricted assets	36,780	36,780
Noncurrent liabilities:		
Notes payable, non-current	608,626	608,626
Total noncurrent liabilities	608,626	608,626
Total liabilities	778,196	778,196
NET ASSETS		
Invested in capital assets, net of related debt	271,966	271,966
Restricted-Expendable	221,319	221,319
Unrestricted	(381,550)	(381,550)
Total net assets	\$ 111,735	\$ 111,735

City of Snyder, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2012

	Business-type Activities	
	Public Works Authority	Total Enterprise Funds
<u>Operating revenues:</u>		
Charges for services:		
Water charges	\$ 773,800	\$ 773,800
Sewer charges	131,185	131,185
Sanitation charges	238,436	238,436
Total charges for services	<u>1,143,421</u>	<u>1,143,421</u>
Miscellaneous	13,368	13,368
Penalty	20,865	20,865
Total operating revenues	<u>1,177,654</u>	<u>1,177,654</u>
<u>Operating expenses:</u>		
Personal services	167,241	167,241
Materials and supplies	185,104	185,104
Other services and charges	355,481	355,481
Depreciation and amortization	22,864	22,864
Total operating expenses	<u>730,690</u>	<u>730,690</u>
Net operating income	\$ 446,964	\$ 446,964
<u>Nonoperating revenue (expense):</u>		
Investment income	1,434	1,434
Bad debt	(526)	(526)
Interest expense	(36,871)	(36,871)
Total nonoperating revenue (expense)	<u>(35,963)</u>	<u>(35,963)</u>
Net Income before contributions and transfers	411,001	411,001
Transfers to other funds, net	<u>(18,000)</u>	<u>(18,000)</u>
Change in net assets	393,001	393,001
Net assets-beginning of year	<u>(281,266)</u>	<u>(281,266)</u>
Net assets-end of year	<u>\$ 111,735</u>	<u>\$ 111,735</u>

**City of Snyder, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2012**

	Business-type Activities	
	Public Works Authority	Total Enterprise Funds
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 1,159,568	\$ 1,159,568
Payments to suppliers	(573,565)	(573,565)
Payments to employees	(165,673)	(165,673)
Other operating revenues	27,862	27,862
Net cash provided (used) by operating activities	448,192	448,192
<u>Cash flows from non-capital financing activities:</u>		
Operating grants and contributions received	-	-
Transfers to other funds	(18,000)	(18,000)
Net cash provided (used) by non-capital financing activities	(18,000)	(18,000)
<u>Cash flows from capital and related financing activities:</u>		
Purchase of capital assets	(42,349)	(42,349)
Principal paid on capital debt	(91,066)	(91,066)
Interest paid on capital debt	(36,871)	(36,871)
Net cash provided (used) by capital and related financing activities	(170,286)	(170,286)
<u>Cash flows from investing activities:</u>		
Investment income	1,434	1,434
Net cash provided (used) by investing activities	1,434	1,434
Net increase (decrease) in cash and cash equivalents	261,340	261,340
Cash and cash equivalents, July 1, 2011	230,035	230,035
Cash and cash equivalents, June 30, 2012	<u>\$ 491,375</u>	<u>\$ 491,375</u>
Cash, including time deposits	\$ 270,056	\$ 270,056
Restricted cash, including time deposits	221,319	221,319
Total cash and cash equivalents, end of year	<u>\$ 491,375</u>	<u>\$ 491,375</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>		
Operating income (loss)	\$ 446,964	\$ 446,964
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	22,864	22,864
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	2,779	2,779
(Increase) decrease in due from other funds	-	-
(Increase) decrease in prepaid assets	6,997	6,997
(Increase) decrease in employee receivable	1,200	1,200
Increase (decrease) in wages & benefits payable	443	443
Increase (decrease) in deposits subject to refund	(14,056)	(14,056)
Increase (decrease) in accounts payable	(18,924)	(18,924)
Increase (decrease) in accrued expenses	(75)	(75)
Net cash provided (used) by operating activities	\$ 448,192	\$ 448,192

(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:

- 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 citizenry
- 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.

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.

Unrestricted Fund Balance

When an expenditure is incurred for purposes for which amounts in either committed, assigned or unassigned fund balance are available for use, it is the City's policy to use committed resources first, then assigned, then unassigned resources as needed.

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

<u>FUND</u>	<u>BRIEF DESCRIPTION</u>
<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

Governmental Fund Balances

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

Nonspendable

Fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

Restricted

Fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed

Fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town Council, the Town's highest level of decision-making authority,

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 restricted or committed, and

Unassigned

Fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

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, 2012, the City did not materially overspend 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

CITY OF SNYDER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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>
Governmental Activities				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 46,197	\$ 46,197	N/A	76
Total investments	<u>46,197</u>	<u>46,197</u>		
Total governmental investments	<u>\$ 46,197</u>	<u>\$ 46,197</u>		
 Business-type Activities				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 160,053	\$ 160,053	N/A	255
Total investments	<u>160,053</u>	<u>160,053</u>		
Total business-type investments	<u>\$ 160,053</u>	<u>\$ 160,053</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>
Governmental Activities			
Fire department	\$ 27,167	\$ -	\$ 27,167
Street department	6,471	46,197	52,668
Senior Citizen's department	7,561		
	<u>\$ 41,199</u>	<u>\$ 46,197</u>	<u>\$ 79,835</u>
Business-type Activities			
Debt service	\$ 40,771	\$ 121,880	\$ 162,651
Meter deposits	20,495	38,173	58,668
	<u>\$ 61,266</u>	<u>\$ 160,053</u>	<u>\$ 221,319</u>

CITY OF SNYDER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

B. PROPERTY, PLANT AND EQUIPMENT

Governmental Activities:

A summary of the changes in the governmental activities fixed assets at June 30, 2012 follows:

	Balance at June 30, 2011	Additions	Deletions	Balance at June 30, 2012
Land	\$ 18,500	\$ -	\$ -	\$ 18,500
Buildings & structures	1,053,578	-	-	1,053,578
Machinery, furniture, & equipment	227,465	-	-	227,465
Improvements other than land	295,349	-	-	295,349
Total	1,594,892	-	-	1,594,892
Less accumulated depreciation	640,798	98,334	-	739,132
Fixed assets, net	\$ 954,094	\$ 98,334	\$ -	\$ 855,760

Business-Type Activities:

A summary of the proprietary fund types fixed assets at June 30, 2012 follows:

	Balance at June 30, 2011	Additions	Deletions	Balance at June 30, 2012
Land	\$ 20,300	\$ -	\$ -	\$ 20,300
Buildings & structures	250,000	-	-	250,000
Machinery, furniture, & equipment	196,858	24,349	-	221,207
Utility property and improvements	1,117,970	-	-	1,117,970
Total	1,585,128	24,349	-	1,609,477
Less accumulated depreciation	1,332,648	22,864	-	1,355,512
Fixed assets, net	\$ 252,480	\$ 1,485	\$ -	\$ 253,965

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	19,515
Transportation	20,000
Cultural, parks & recreation	303
Total governmental activities depreciation expense	\$ 98,336

Depreciation expense charges to business-type activities:

Water	15,264
Sewer	7,601
Total business-type activities depreciation expense	\$ 22,865

CITY OF SNYDER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

C. LONG-TERM DEBT

The following is a summary of long-term debt for the year ended June 30, 2012:

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	\$ 38,322
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	14,464
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	95,187
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.	554,160
	\$ 702,133

Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year ended June 30, 2012:

Type of Debt	Balance at June 30, 2011	Amount Issued	Amount Retired	Balance at June 30, 2012	Due Within One Year
Business-type activities:					
<i>Notes Payable</i>					
Note payable	\$ 210,027	\$ -	\$ 62,054	\$ 147,973	\$ 64,947
<i>Total notes payable</i>	210,027	-	62,054	147,973	64,947
<i>Bonds Payable</i>					
Revenue bonds payable	581,760	-	27,600	554,160	28,560
Total business-type activities	\$ 791,787	\$ -	\$ 89,654	\$ 702,133	\$ 93,507
Total primary government debt	\$ 791,787	\$ -	\$ 89,654	\$ 702,133	\$ 93,507

The amount of interest expense included as a direct function expense in the Statement of Activities is \$36,871.

CITY OF SNYDER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Annual Debt Service Requirements:

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2012 follow:

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>			
	Lease Payable		Notes Payable		Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	-	-	64,947	4,676	28,560	28,173
2014	-	-	40,133	2,144	30,000	26,859
2015	-	-	28,631	973	31,200	25,449
2016	-	-	14,262	107	32,880	23,967
2017-2021	-	-	-	-	191,040	92,969
2022-2026	-	-	-	-	240,480	38,251
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,973</u>	<u>\$ 7,900</u>	<u>\$ 554,160</u>	<u>\$ 235,668</u>

D. INTERFUND TRANSACTIONS AND BALANCES

Operating transfers for the year ended June 30, 2012 were as follows:

Operating Transfers	Transfers In	Transfers Out
GENERAL FUND:		
Public Works Authority	18,000	-
ENTERPRISE FUND: Public Works Authority		
General Fund	-	18,000
Grand Total	<u>\$ 18,000</u>	<u>\$ 18,000</u>

E. GOVERNMENTAL FUND BALANCES

Fund balances for the year ended June 30, 2012 consisted of the following details:

Street and Alley Fund:

Nonspendable – Amounts due from the General Fund
 Restricted – Remaining fund balance restricted for street and alley use

General Fund:

Committed: - Fire and Senior Citizens departments

(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
June 30, 2012
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES					
Sales taxes	\$ 210,232	\$ 20,000	\$ 230,232	#####	\$ 14,674
Use taxes	24,647	-	24,647	24,000	(647)
Beverage tax	25,318	-	25,318	19,003	(6,315)
Franchise taxes	24,811	2,000	26,811	31,140	4,329
Fines and forfeitures	47,000	(13,400)	33,600	24,377	(9,223)
Investment income	150	-	150	429	279
Charges for services	38,000	38,021	76,021	68,769	(7,252)
Intergovernmental	30,905	(23,587)	7,318	28,251	20,933
Miscellaneous	17,300	(5,500)	11,800	31,925	20,125
Total revenues before carryover	418,363	17,534	435,897	472,799	36,902
Budgeted carryover (1)	-	-	-	-	-
Total revenues and budgeted carryover	418,363	17,534	435,897	472,799	36,902
EXPENDITURES					
Current:					
General government:					
General government					
Personal services	37,750	-	37,750	30,600	7,150
Materials & supplies	32,500	-	32,500	7,713	24,787
Other services & charges	72,000	-	72,000	91,885	(19,885)
Capital outlay	-	-	-	-	-
Debt Service	-	-	-	-	-
Total general government	142,250	-	142,250	130,198	12,052
Public safety and judiciary:					
Police					
Personal services	140,000	-	140,000	121,864	18,136
Materials & supplies	16,750	-	16,750	3,049	13,701
Other services & charges	21,000	-	21,000	30,902	(9,902)
Debt service	8,700	(8,700)	-	-	-
Fire					
Personal services	6,500	-	6,500	9,704	(3,204)
Materials & supplies	20,500	(8,000)	12,500	11,176	1,324
Other services & charges	19,000	-	11,000	5,443	5,557
Capital outlay	5,000	-	5,000	-	5,000
Code Enforcement					
Personal services	-	6,713	6,713	6,287	426
Materials & supplies	-	1,600	1,600	1,434	166
Other services & charges	-	-	1,250	1,222	28
Ambulance					
Other services & charges	52,558	10,000	62,558	61,226	1,332
Animal Control					
Personal services	-	-	-	-	-
Materials & supplies	-	-	-	-	-
Other services & charges	13,500	-	13,500	5,546	7,954
Capital outlay	-	-	-	-	-
Total public safety and judiciary	303,508	1,613	298,371	257,853	40,518
Cultural, parks and recreation:					
Park					
Personal services	-	-	-	-	-
Materials & supplies	2,250	2,335	4,585	8,568	(3,983)
Other services & charges	-	-	-	1,031	(1,031)
Capital outlay	-	-	-	-	-
Cemetery					
Personal services	-	-	-	-	-
Materials & supplies	1,000	500	1,500	-	1,500
Other services & charges	-	100	100	1,469	(1,369)
Swimming Pool					
Personal services	24,000	(10,500)	13,500	13,438	62
Materials & supplies	5,500	(1,750)	3,750	1,584	2,166
Other services & charges	2,500	-	2,500	1,880	620
Capital outlay	-	-	-	-	-
Library					
Other services & charges	2,500	500	3,000	2,709	291
Community Building					
Materials & supplies	1,200	(1,000)	200	8,274	(8,074)
Other services & charges	500	-	1,700	2,137	(437)
Total cultural, parks and recreation	39,450	(9,815)	30,835	41,090	(10,255)

City of Snyder, Oklahoma
General Fund
June 30, 2012
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2012

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Transportation:					
Street					
Personal services	-	-	-	-	-
Materials & supplies	12,500	-	12,500	10,081	2,419
Other services & charges	8,500	-	8,500	8,067	433
Capital outlay	-	-	-	-	-
Total transportation	<u>21,000</u>	<u>-</u>	<u>21,000</u>	<u>18,148</u>	<u>2,852</u>
Total expenditures	<u>506,208</u>	<u>(8,202)</u>	<u>492,456</u>	<u>447,289</u>	<u>45,167</u>
Revenue over (under) expenditures	(87,845)	25,736	(56,559)	25,510	82,069
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	<u>92,500</u>	<u>-</u>	<u>92,500</u>	<u>18,000</u>	<u>(74,500)</u>
Net other financing sources (uses)	<u>92,500</u>	<u>-</u>	<u>92,500</u>	<u>18,000</u>	<u>(74,500)</u>
Revenues and other financing sources over (under) expenditures and other uses	4,655	25,736	35,941	43,510	7,569
Fund balance at beginning of year (Non-GAAP budgetary basis)					
Less budgeted carryover (1)	-			-	-
Fund balance at end of year (Non-GAAP budgetary basis)				<u>\$ 43,510</u>	<u>\$ 7,569</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				(131)	
Expenditure and transfer accruals				922	
Fund balance at end of year (GAAP basis)				<u>\$ 44,301</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.

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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, OK

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Snyder, OK, as of and for the year ended June 30, 2012, which collectively comprise the City of Snyder, OK's basic financial statements and have issued our report thereon dated January 18, 2013. Our opinion on the financial statements was unqualified. 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.

Internal Control Over Financial Reporting

Management of City of Snyder, OK, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Snyder, OK'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, OK's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Snyder, OK's internal control over financial reporting.

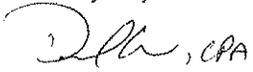
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination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

A handwritten signature in black ink, appearing to read "D. White, CPA". The signature is fluid and cursive.

Derrel S. White, CPA

Woodward, OK

January 18, 2013