

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

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

**FOR THE YEAR ENDED  
JUNE 30, 2014**

**CITY OF SNYDER, OKLAHOMA**  
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**For the fiscal year ended JUNE 30, 2014**

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**CITY OF SNYDER, OKLAHOMA**

LIST OF PRINCIPAL OFFICIALS

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CITY COUNCIL

Stanley H. Moddie, Mayor

Rodney Bartlett, Vice Mayor

Jessica Anderson

Bob Sproat

Connie Tubbs

CITY CLERK

Penny Ray



## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Snyder, Oklahoma

### **Report on the Financial Statements**

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, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***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, Oklahoma, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014, 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* in considering Snyder, Oklahoma's internal control over financial reporting and compliance.

**FSW&B CPA'S- PLLC**

FSW&B CPA's-PLLC  
Stillwater, Oklahoma  
December 12, 2014

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, 2014. 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 \$1,714,113 for fiscal year 2014 compared to \$1,393,594 (net position) in fiscal year 2013. The City realized an increase of \$320,519 in net position.
- Restricted assets of \$286,405 represent cash balances restricted largely for debt service payments and meter deposit obligations.
- Total liabilities of the City decreased by \$63,879 to \$655,468 during the fiscal year due to payments on debt during the year offset by the insurance of a capital lease for the fire department truck.
- The City's governmental funds reported total ending fund balance of \$123,882 this year. This compares favorably to the prior year ending fund balance of \$168,490.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$115,014 up from \$81,516 in prior year.

### 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 Position*. 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 position. Over time, increases or decreases in net position 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 position 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 position may be used to discuss the changing financial position of the City as a whole. The City's net position at fiscal yearend was \$1,393,594. This is a \$320,519 increase over last year's net position of \$1,393,594. The following table provides a summary of the City's net position at June 30:

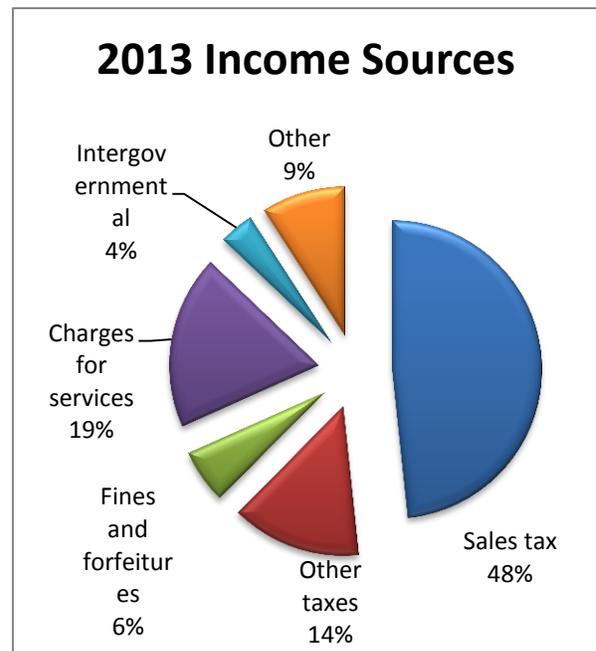
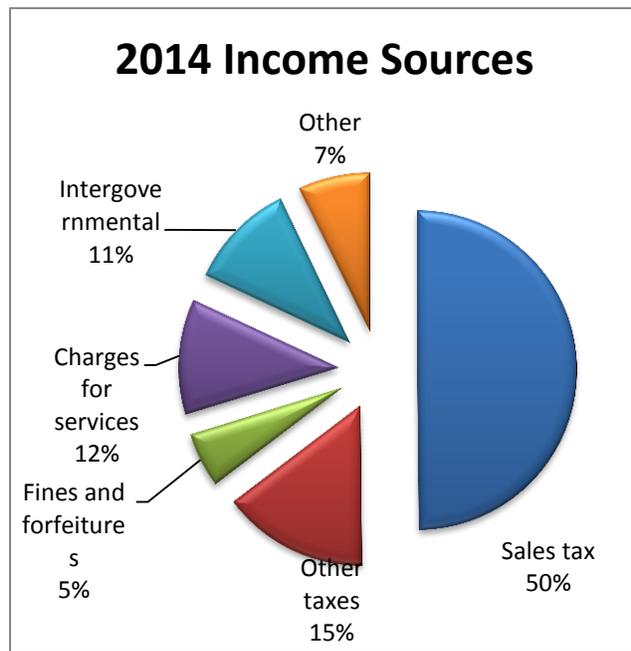
	Governmental		Business-Type		Totals		Change	
	2014	2013	2014	2013	2014	2013	\$	%
Current assets	\$ 177,463	\$ 150,490	\$ 714,966	\$ 559,494	\$ 892,429	\$ 709,984	\$ 182,445	26%
Restricted assets	58,131	79,754	228,274	226,620	286,405	306,374	(19,969)	-7%
Capital assets, net	777,980	806,442	412,767	290,141	1,190,747	1,096,583	94,164	9%
<b>Total assets</b>	<b>1,013,574</b>	<b>1,036,686</b>	<b>1,356,007</b>	<b>1,076,255</b>	<b>2,369,581</b>	<b>2,112,941</b>	<b>256,640</b>	<b>12%</b>
Current liabilities	62,449	61,754	56,684	64,371	119,133	126,125	(6,992)	-6%
Liabilities Payable from Restricted Assets	-	-	41,595	43,115	41,595	43,115	(1,520)	-4%
Non-current liabilities	18,120	13,659	476,620	536,448	494,740	550,107	(55,367)	-10%
<b>Total liabilities</b>	<b>80,569</b>	<b>75,413</b>	<b>574,899</b>	<b>643,934</b>	<b>655,468</b>	<b>719,347</b>	<b>(63,879)</b>	<b>-9%</b>
Net assets								
Invested in capital assets, net of related debt	747,368	785,657	(123,684)	(303,954)	623,684	481,703	141,981	29%
Restricted	49,263	53,689	186,679	183,505	235,942	237,194	(1,252)	100%
Unrestricted	136,374	121,927	718,113	552,770	854,487	674,697	179,790	27%
<b>Total net assets</b>	<b>\$ 933,005</b>	<b>\$ 961,273</b>	<b>\$ 781,108</b>	<b>\$ 432,321</b>	<b>\$ 1,714,113</b>	<b>\$ 1,393,594</b>	<b>\$ 320,519</b>	<b>23%</b>

The City reported positive balances in net position for governmental and business-type activities. Total assets noted a 12% increase year over year due to an increase in taxes and other accounts receivable. Cash position improved as well. Total liabilities decreased 9% over prior year due to payments made on outstanding debt. Net position increased \$432,321 for business-type activities. Governmental activities decreased \$28,268. The City's overall financial position improved during fiscal year 2014.

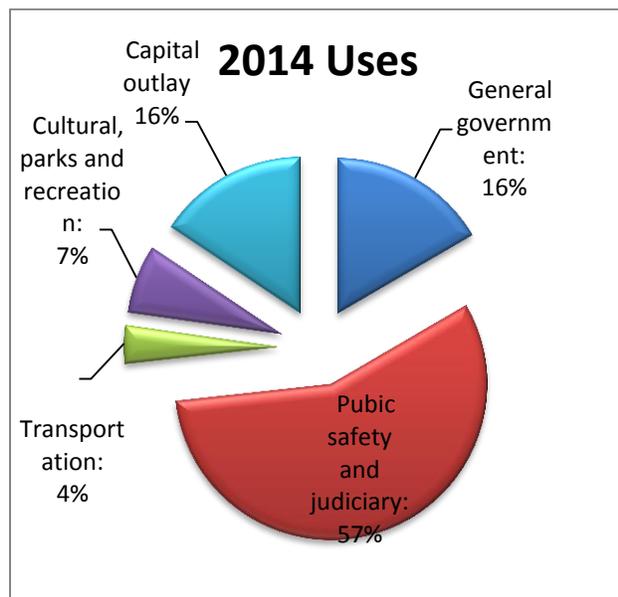
	Governmental Activities		Business-type Activities		Totals		Change	
	2014	2013	2014	2013	2014	2013	\$	%
<b>Revenues</b>								
Program revenues	\$ 175,989	\$ 190,343	\$ 1,083,980	\$ 1,005,679	\$ 1,259,969	\$ 1,196,022	\$ 63,947	5%
Taxes and other general revenues	356,191	361,892	13,919	38,969	370,110	400,861	(30,751)	-8%
<b>Total revenues</b>	<b>532,180</b>	<b>552,235</b>	<b>1,097,899</b>	<b>1,044,648</b>	<b>1,630,079</b>	<b>1,596,883</b>	<b>33,196</b>	<b>2%</b>
<b>Expenses</b>								
General government	149,053	152,465	-	-	149,053	152,465	(3,412)	-2%
Public safety and judiciary	331,647	337,914	-	-	331,647	337,914	(6,267)	-2%
Transportation	44,885	33,220	-	-	44,885	33,220	11,665	35%
Cultural, parks, and recreation	39,098	39,633	-	-	39,098	39,633	(535)	-1%
Water	-	-	440,017	450,192	440,017	450,192	(10,175)	-2%
Sewer	-	-	24,183	14,088	24,183	14,088	10,095	72%
Sanitation	-	-	172,132	171,847	172,132	171,847	285	0%
Customer service	-	-	108,545	87,785	108,545	87,785	20,760	24%
<b>Total expenses</b>	<b>564,683</b>	<b>563,232</b>	<b>744,877</b>	<b>723,912</b>	<b>1,309,560</b>	<b>1,287,144</b>	<b>22,416</b>	<b>2%</b>
Excess (deficiency) before transfers	(32,503)	(10,997)	353,022	320,736	320,519	309,739	10,780	3%
Transfers	4,235	150	(4,235)	(150)	-	-	-	0%
<b>Increase (decrease) in net assets</b>	<b>\$ (28,268)</b>	<b>\$ (10,847)</b>	<b>\$ 348,787</b>	<b>\$ 320,586</b>	<b>\$ 320,519</b>	<b>\$ 309,739</b>	<b>\$ 10,780</b>	<b>3%</b>

Revenues remained consistent with prior year, noting a 2% year over year change. Governmental taxes noted a slight decrease when compared to prior year. Program revenues of business-type activities noted an increase due to customer utility usage. Expenses moved consistent with revenues at a 2% change when compared to prior year.

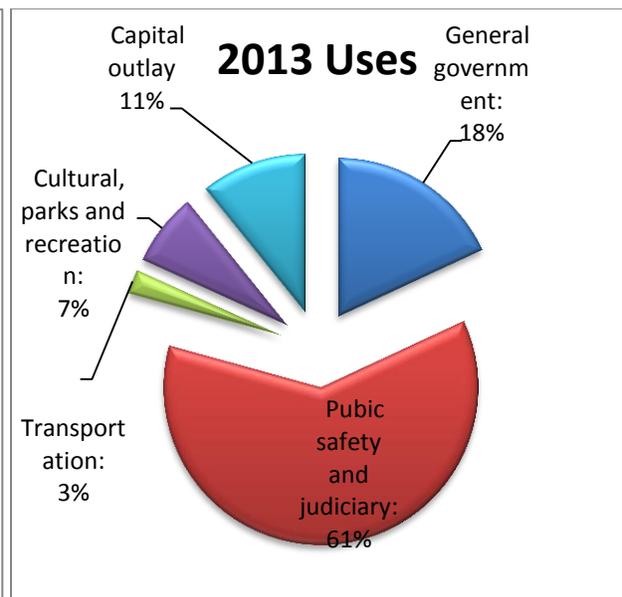
Graphic presentations of selected data from the summary table follow to assist in the analysis of the City's activities for fiscal year 2014.



Sales tax provided for 50% of the City's governmental revenues in fiscal year 2014, up from 48% in 2013. Charges for services noted a slight decrease of 7% resulting from the community kitchen effort. Intergovernmental revenues increased 7% when compared to prior year due to funds received for capital projects. Other revenue sources remained consistent between fiscal years.



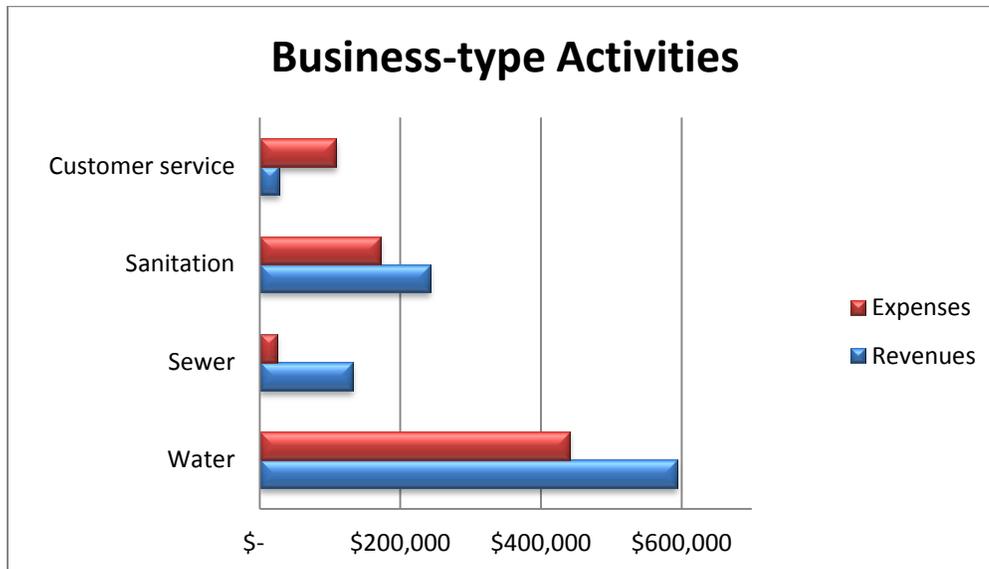
TOTAL - \$546,393



TOTAL - \$528,175

This graph shows the total governmental activities cost of \$546,393 for 2014. Of this amount, public safety and judiciary with \$309,695 was the largest operating service cost, at 57% of total cost of services in 2014. General government expenses were the next largest use of funds at 16%. 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 2014 was \$591,408. Amendments totaling \$3,669 were made during the fiscal year, reducing the budget to \$587,739. The City's expenses did not exceed their legal level of control.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2014, the City had \$623,684 invested in capital assets, net of related debt. Refer to the table below for a summary of assets.

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land and construction in process	\$ 18,500	\$ 18,500	\$ 49,392	\$ 20,300	\$ 67,892	\$ 38,800
Buildings	1,053,578	1,053,578	250,000	250,000	1,303,578	1,303,578
Other improvements	304,158	304,158	-	-	304,158	304,158
Machinery & equipment	361,285	275,575	318,161	288,906	679,446	564,481
Utility property & improvements	-	-	1,227,345	1,117,970	1,227,345	1,117,970
Less Accumulated depreciation	(959,541)	(845,369)	(1,432,131)	(1,386,335)	(2,391,672)	(2,231,704)
<b>Totals</b>	<b>\$ 777,980</b>	<b>\$ 806,442</b>	<b>\$ 412,767</b>	<b>\$ 290,841</b>	<b>\$ 1,190,747</b>	<b>\$ 1,097,283</b>

Significant additions for the City include the following:

- In Governmental Activities, 1994 International Fire truck and school zone flashing signals
- In Business-type Activities, refurbish the water tower and other water plant improvements

**Long-Term Debt**

At year-end, the City had \$494,740 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 Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue Bonds	-	-	495,600	525,600	495,600	525,600
Lease Payable	30,612	20,785	-	-	30,612	20,785
Notes payable	-	-	40,401	68,495	40,401	68,495
Subtotal	30,612	20,785	536,001	594,095	566,613	614,880
less current portion	(12,492)	(7,126)	(59,381)	(57,647)	(71,873)	(64,773)
<b>Totals</b>	<b>\$ 18,120</b>	<b>\$ 13,659</b>	<b>\$ 476,620</b>	<b>\$ 536,448</b>	<b>\$ 494,740</b>	<b>\$ 550,107</b>

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

**Economic Environment**

According to the Oklahoma Economic Report, the state's gross receipts are higher than ever before. State Treasurer, Ken Miller, stated when talking about July 2014 sales tax "collections have been higher than the same month of the prior year in 45 of the past 51 months, which indicates a steady economic expansion". Unemployment numbers from June 2014 reflect Oklahoma's relative economic strength compared to the nation as a whole, reporting 4.5% statewide compared to 6.1% nationally. The economic environment of the state sheds light on the local economy.

**Fees and Rates**

The projected budget for fiscal year 2014 projects sales and use tax at 90% of current collections and Utility revenues are expected to remain consistent, as no rate increases were approved for fiscal year 2014. The City will cover the rising cost of providing services to its citizens through the use of savings carried forward from fiscal year 2014.

**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 Position**  
**June 30, 2014**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 138,598	\$ 641,953	\$ 780,551
Taxes receivable	26,888	-	26,888
Accounts receivable (net)	11,977	73,013	84,990
Total current assets	<u>177,463</u>	<u>714,966</u>	<u>892,429</u>
<b>Restricted assets:</b>			
Cash and cash equivalents	11,450	66,574	78,024
Investments, including time deposits	46,681	161,700	208,381
Total restricted assets	<u>58,131</u>	<u>228,274</u>	<u>286,405</u>
<b>Noncurrent Assets:</b>			
Land and construction in progress	18,500	49,392	67,892
Other capital assets (net of accumulated depreciation)	759,480	363,375	1,122,855
Total noncurrent assets	<u>777,980</u>	<u>412,767</u>	<u>1,190,747</u>
<b>Total assets</b>	<u>\$ 1,013,574</u>	<u>\$ 1,356,007</u>	<u>\$ 2,369,581</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 2,817	\$ 25,098	\$ 27,915
Salaries and benefits payable	9,922	8,403	18,325
Payroll liabilities	283	287	570
Due to other funds	36,935	(36,935)	-
Notes payable, current	12,492	59,831	72,323
Total current liabilities	<u>62,449</u>	<u>56,684</u>	<u>119,133</u>
<b>Liabilities payable from restricted assets:</b>			
Customer deposits payable	-	41,595	41,595
Total liabilities payable from restricted assets	<u>-</u>	<u>41,595</u>	<u>41,595</u>
<b>Noncurrent liabilities:</b>			
Notes payable, non-current	18,120	476,620	494,740
Total noncurrent liabilities	<u>18,120</u>	<u>476,620</u>	<u>494,740</u>
<b>Total liabilities</b>	<u>80,569</u>	<u>574,899</u>	<u>655,468</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	747,368	(123,684)	623,684
Restricted	49,263	186,679	235,942
Unrestricted	136,374	718,113	854,487
<b>Total net position</b>	<u>\$ 933,005</u>	<u>\$ 781,108</u>	<u>\$ 1,714,113</u>

**City of Snyder, Oklahoma**  
**Statement of Activities**  
**June 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
General government	\$ 149,053	\$ 2,020	\$ -	\$ -	\$ (147,033)
Total general government	<u>149,053</u>	<u>2,020</u>	<u>-</u>	<u>-</u>	<u>(147,033)</u>
Public safety and judiciary:					
Police	188,952	29,177	-	-	(159,775)
Fire	63,948	25,840	8,674	-	(29,434)
Ambulance	65,445	-	-	-	(65,445)
Code enforcement	11,393	-	-	-	(11,393)
Animal control	1,909	-	-	-	(1,909)
Total public safety and judiciary	<u>331,647</u>	<u>55,017</u>	<u>8,674</u>	<u>-</u>	<u>(267,956)</u>
Transportation:					
Street	44,885	23,712	14,728	25,440	18,995
Total transportation	<u>44,885</u>	<u>23,712</u>	<u>14,728</u>	<u>25,440</u>	<u>18,995</u>
Cultural, parks and recreation:					
Park	1,591	5,928	163	-	4,500
Cemetery	5,609	5,928	-	-	319
Community building	30,231	18,616	15,763	-	4,148
Library	1,667	-	-	-	(1,667)
Total cultural, parks and recreation	<u>39,098</u>	<u>30,472</u>	<u>15,926</u>	<u>-</u>	<u>7,300</u>
Total governmental activities	<u>564,683</u>	<u>111,221</u>	<u>39,328</u>	<u>25,440</u>	<u>(388,694)</u>
Business-type activities:					
Utility services:					
Water	440,017	593,530	-	100,000	253,513
Sewer	24,183	132,464	-	-	108,281
Sanitation	172,132	242,828	-	-	70,696
Customer service	108,545	15,158	-	-	(93,387)
Total business-type activities	<u>744,877</u>	<u>983,980</u>	<u>-</u>	<u>100,000</u>	<u>339,103</u>
<b>Total primary government</b>	<u>\$ 1,309,560</u>	<u>\$ 1,095,201</u>	<u>\$ 39,328</u>	<u>\$ 125,440</u>	<u>\$ (49,591)</u>

**City of Snyder, Oklahoma**  
**Statement of Activities (continued)**  
**June 30, 2014**

<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	\$ (388,694)	\$ 339,103	\$ (49,591)
General revenues:			
Taxes:			
Sales tax	262,565	-	262,565
Use tax	25,960	-	25,960
Franchise taxes	28,599	-	28,599
Alcoholic beverage tax	20,826	-	20,826
Cigarette tax	3,077	-	3,077
Investment income	273	1,146	1,419
Gain on sale of assets	6,875	-	6,875
Miscellaneous	8,016	12,773	20,789
Transfers - Internal activity, net	4,235	(4,235)	-
Total general revenues and transfers	360,426	9,684	370,110
<b>Change in net position</b>	(28,268)	348,787	320,519
<b>Net position-beginning</b>	961,273	432,321	1,393,594
<b>Net position-ending</b>	\$ 933,005	\$ 781,108	\$ 1,714,113

**City of Snyder, Oklahoma  
Balance Sheet  
Governmental Funds  
June 30, 2014**

	<u>General Fund</u>	<u>Street &amp; Alley Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 138,598	\$ 2,582	\$ 141,180
Investments, including time deposits	-	46,681	46,681
Restricted cash	8,868	-	8,868
Prepaid Assets	-	-	-
Taxes Receivable	26,888	-	26,888
Accounts Receivable	11,977	-	11,977
Total assets	<u>\$ 186,331</u>	<u>\$ 49,263</u>	<u>\$ 235,594</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 2,817	\$ -	\$ 2,817
Salaries and benefits payable	9,922	-	9,922
Due to other funds	36,935	-	36,935
Payroll liabilities	283	-	283
Current portion of note payable	12,492	-	12,492
Total liabilities	<u>62,449</u>	<u>-</u>	<u>62,449</u>
<b>FUND BALANCES</b>			
Nonspendable	\$ -	\$ -	\$ -
Restricted	-	49,263	49,263
Committed	8,868	-	8,868
Unassigned	115,014	-	115,014
Total fund balances	<u>123,882</u>	<u>49,263</u>	<u>173,145</u>
Total liabilities and fund balances	<u>\$ 186,331</u>	<u>\$ 49,263</u>	<u>\$ 235,594</u>
Total fund balance- total governmental funds			\$ 173,145

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	1,710,021	
Less: Accumulated depreciation	<u>(950,541)</u>	777,980

Certain long-term liabilities are not due and payable from current financial resources and therefore, are not reported in the funds: (18,120)

Net position of governmental activities \$ 933,005

**City of Snyder, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2014**

	<u>General Fund</u>	<u>Street &amp; Alley Fund</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>			
Sales tax	\$ 262,565	\$ -	\$ 262,565
Use tax	25,960	-	25,960
Beverage tax	20,826	-	20,826
Franchise taxes	28,599	-	28,599
Cigarette tax	3,077	-	3,077
Licenses and permits	720	-	720
Fines and forfeitures	29,177	-	29,177
Investment income	273	-	273
Charges for services	61,458	-	61,458
Rental income	1,300	-	1,300
Intergovernmental	18,894	38,482	57,376
Donations	1,506	-	1,506
Administrative fees	5,928	23,712	29,640
Sale of assets	-	-	-
Issuance of debt	20,000	-	20,000
Miscellaneous	2,650	1,686	4,336
Total revenues	<u>482,933</u>	<u>63,880</u>	<u>546,813</u>
<b><u>EXPENDITURES</u></b>			
General government:			
General government	90,648	-	90,648
Total general government	<u>90,648</u>	<u>-</u>	<u>90,648</u>
Public safety and judiciary:			
Police	187,141	-	187,141
Fire	43,807	-	43,807
Ambulance	65,445	-	65,445
Code enforcement	11,393	-	11,393
Animal control	1,909	-	1,909
Total public safety and judiciary	<u>309,695</u>	<u>-</u>	<u>309,695</u>
Transportation:			
Street	-	21,545	21,545
Total transportation	<u>-</u>	<u>21,545</u>	<u>21,545</u>
Cultural, parks and recreation:			
Park	1,288	-	1,288
Cemetery	5,609	-	5,609
Community building	30,231	-	30,231
Library	1,667	-	1,667
Total cultural, parks and recreation	<u>38,795</u>	<u>-</u>	<u>38,795</u>
Capital outlay	53,910	31,800	85,710
Total expenditures	<u>493,048</u>	<u>53,345</u>	<u>546,393</u>
Excess (deficiency) of revenues over expenditures	<u>(10,115)</u>	<u>10,535</u>	<u>420</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	19,196	-	19,196
Transfers out	-	(14,961)	(14,961)
Total other financing sources and uses	<u>19,196</u>	<u>(14,961)</u>	<u>4,235</u>
Net change in fund balances	9,081	(4,426)	4,655
Fund balances - beginning	114,801	53,689	168,490
Prior Period Restatement	-	-	-
Fund balances - ending	<u>\$ 123,882</u>	<u>\$ 49,263</u>	<u>\$ 173,145</u>

**City of Snyder, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2014**

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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	\$	4,655
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		85,710
Depreciation expense		(114,172)

Principal debt payments reported as expenditures in the governmental funds

Issuance of new debt		(20,000)
Capital lease payments		15,539

		<u>          </u> <u>          </u>
Change in Net Assets of Governmental Activities	\$	<u>(28,268)</u>

**City of Snyder, Oklahoma**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

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	<b>Public Works Authority</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 641,953
Accounts receivable (net)	73,013
Due from other funds	36,935
Total current assets	751,901
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	66,574
Investments	161,700
Total restricted assets	228,274
Noncurrent assets:	
Capital assets (net)	412,767
Total noncurrent assets	412,767
<b>Total assets</b>	<b>\$ 1,392,942</b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 25,098
Salaries and benefits payable	8,403
Payroll liabilities	287
Notes payable, current	59,831
Total current liabilities	93,619
Liabilities payable from restricted assets:	
Customer deposits payable	41,595
Total liabilities payable from restricted assets	41,595
Noncurrent liabilities:	
Notes payable, non-current	476,620
Total noncurrent liabilities	476,620
<b>Total liabilities</b>	<b>611,834</b>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	(123,684)
Restricted	186,679
Unrestricted	718,113
<b>Total net position</b>	<b>\$ 781,108</b>

**City of Snyder, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2014**

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	<b>Public Works Authority</b>
<b><u>Operating revenues:</u></b>	
Charges for services:	
Water charges	\$ 593,530
Sewer charges	132,464
Sanitation charges	242,828
Total charges for services	968,822
Miscellaneous	12,772
Penalty	15,158
Total operating revenues	996,752
<b><u>Operating expenses:</u></b>	
Personal services	209,482
Materials and supplies	155,130
Other services and charges	305,652
Depreciation and amortization	45,796
Total operating expenses	716,060
 Net operating income	 \$ 280,692
<b><u>Nonoperating revenue (expense):</u></b>	
Investment income	1,146
Grant Income	100,000
Interest expense	(28,816)
Total nonoperating revenue (expense)	72,330
 <b>Net Income before contributions and transfers</b>	 353,022
 Transfers to other funds, net	 (4,235)
 <b>Change in net position</b>	 348,787
 Net position-beginning of year	 432,321
Net position-end of year	\$ 781,108

**City of Snyder, Oklahoma**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2014**

	<b>Public Works Authority</b>
<b><u>Cash flows from operating activities:</u></b>	
Receipts from customers	\$ 1,013,335
Payments to suppliers	(473,615)
Payments to employees	(208,647)
<b>Net cash provided (used) by operating activities</b>	<b>331,073</b>
<b><u>Cash flows from non-capital financing activities:</u></b>	
Transfers to other funds	(4,235)
<b>Net cash provided (used) by non-capital financing activities</b>	<b>(4,235)</b>
<b><u>Cash flows from capital and related financing activities:</u></b>	
Purchase of capital assets	(164,159)
Principal paid on capital debt	(57,645)
Interest paid on capital debt	(28,816)
Capital grants	100,000
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(150,620)</b>
<b><u>Cash flows from investing activities:</u></b>	
Investment income	1,146
<b>Net cash provided (used) by investing activities</b>	<b>1,146</b>
Net increase (decrease) in cash and cash equivalents	177,364
Cash and cash equivalents, July 1, 2013	531,163
Cash and cash equivalents, June 30, 2014	\$ 708,527
Cash, including time deposits	\$ 641,953
Restricted cash, including time deposits	66,574
Total cash and cash equivalents, end of year	\$ 708,527
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>	
Operating income (loss)	\$ 280,692
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	45,796
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	16,583
(Increase) decrease in prepaid assets	(4,190)
Increase (decrease) in accounts payable	(8,643)
Increase (decrease) in wages & benefits payable	835
<b>Net cash provided (used) by operating activities</b>	<b>\$ 331,073</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:

- 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 position 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.

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.

***Date of Management's Review***

Subsequent events were evaluated through December 12, 2014, which is the date the financial statements were available to be issued.

**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 Position. 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. The Town Council establishes such items, 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 position***

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

***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 position***

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 Position/Fund Balance**

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

**B. Budget Requirements**

For the year ended June 30, 2014, 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:

<b>REVENUE SOURCE</b>	<b>LEGAL RESTRICTIONS OF USE</b>
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, 2014**

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	\$ 46,681	\$ 46,681	N/A	228
Total investments	<u>46,681</u>	<u>46,681</u>		
Total governmental investments	<u>\$ 46,681</u>	<u>\$ 46,681</u>		
 <b>Business-type Activities</b>				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 161,700	\$ 161,700	N/A	255
Total investments	<u>161,700</u>	<u>161,700</u>		
Total business-type investments	<u>\$ 161,700</u>	<u>\$ 161,700</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	\$ 5,056	\$ -	\$ 5,056
Street department	2,582	46,681	49,263
Senior Citizen's	3,812	-	3,812
	<u>\$ 11,450</u>	<u>\$ 46,681</u>	<u>\$ 58,131</u>
 <b>Business-type Activities</b>			
Debt service	\$ 34,437	\$ 123,225	\$ 157,662
Council specific purpose	6,346	-	6,346
Meter deposits	25,791	38,475	64,266
	<u>\$ 66,574</u>	<u>\$ 161,700</u>	<u>\$ 228,274</u>

**B. PROPERTY, PLANT AND EQUIPMENT**

**Governmental Activities:**

A summary of the changes in the governmental activities fixed assets at June 30, 2014 follows:

	<b>Balance at July 1, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2014</b>
Land	\$ 18,500	\$ -	\$ -	\$ 18,500
Buildings & structures	1,053,578	-	-	1,053,578
Machinery, furniture, & equipment	275,574	85,710	9,000	352,284
Improvements other than land	304,159	-	-	304,159
<b>Total</b>	<b>1,594,892</b>	<b>85,710</b>	<b>9,000</b>	<b>1,728,521</b>
Less accumulated depreciation	845,369	114,172	9,000	950,541
<b>Fixed assets, net</b>	<b>\$ 954,094</b>	<b>\$ 199,882</b>	<b>\$ -</b>	<b>\$ 777,980</b>

**Business-Type Activities:**

A summary of the proprietary fund types fixed assets at June 30, 2014 follows:

	<b>Balance at July 1, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2014</b>
Land	\$ 20,300	\$ 29,092	\$ -	\$ 49,392
Buildings & structures	250,000	-	-	250,000
Machinery, furniture, & equipment	221,207	51,955	-	273,162
Utility property and improvements	1,162,970	109,375	-	1,272,345
<b>Total</b>	<b>1,585,128</b>	<b>190,422</b>	<b>-</b>	<b>1,844,899</b>
Less accumulated depreciation	1,386,336	45,796	-	1,432,132
<b>Fixed assets, net</b>	<b>\$ 198,792</b>	<b>\$ 144,626</b>	<b>\$ -</b>	<b>\$ 412,767</b>

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	\$ 58,405
Public Safety	32,124
Transportation	23,340
Cultural, parks & recreation	303
<b>Total governmental activities depreciation expense</b>	<b>\$ 114,172</b>

Depreciation expense charges to business-type activities:

Water	35,800
Sewer	9,996
<b>Total business-type activities depreciation expense</b>	<b>\$ 45,796</b>

**CITY OF SNYDER, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**C. LONG-TERM DEBT**

The following is a summary of long-term debt for the year ended June 30, 2014:

**Governmental Activities:**

In July 2012, the City entered into a capital lease with the Bank of the Wichitas for a 2012 Ford F150 for use in the police department. The lease is payable in monthly installments of \$593.82 over a period of four years at an interest rate of 3.25%. \$ 13,779

In October 2013, the City entered into a capital lease with the Bank of the Wichitas for a 1994 International Fire Truck and related equipment, total cost \$20,000. The lease is payable in monthly installments of \$447.14 over a one year period with a corresponding balloon payment for the unpaid balance due. The interest rate is variable resetting each period. For the year ended June 30, 2014, the rate was 3%. The original lease was established with a balloon payment of the unpaid balance due on June 30. Management's intention is to renew the loan each fiscal period to finance the balloon payment due to be paid in full October 2017. 16,833

**Business-Type Activities:**

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 40,851

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. 495,600

Total Long-Term Debt \$ 567,063

**Changes in Long-Term Debt:**

The following is a summary of changes in long-term debt for the year ended June 30, 2014:

<u>Type of Debt</u>	<u>Balance at July 1, 2013</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2014</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Lease payable Police	\$ 20,784	\$ -	\$ 7,005	\$ 13,779	\$ 7,126
Lease payable Fire	-	20,000	3,167	16,833	5,366
Total governmental activities	<u>\$ 20,784</u>	<u>\$ 20,000</u>	<u>\$ 10,172</u>	<u>\$ 30,612</u>	<u>\$ 12,492</u>
<b>Business-type activities:</b>					
<i>Notes Payable</i>					
Note payable	\$ 68,495	\$ -	\$ 27,644	\$ 40,851	\$ 28,631
Total notes payable	68,495	-	27,644	40,851	28,631
<i>Bonds Payable</i>					
Revenue bonds payable	525,600	-	30,000	495,600	31,200
Total business-type activities	<u>\$ 594,095</u>	<u>\$ -</u>	<u>\$ 57,644</u>	<u>\$ 536,451</u>	<u>\$ 59,831</u>
<b>Total primary government debt</b>	<u>\$ 614,879</u>	<u>\$ 20,000</u>	<u>\$ 67,816</u>	<u>\$ 567,063</u>	<u>\$ 72,323</u>

The amount of interest expense included as a direct function expense in the Statement of Activities is \$28,816.

**CITY OF SNYDER, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**Annual Debt Service Requirements:**

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2014 follow:

Year Ending June 30	Governmental Activities		Business-type Activities			
	Lease Payable	Notes Payable		Bonds Payable		
	Principal	Principal	Interest	Principal	Interest	
2015	\$ 12,492	\$ 28,631	\$ 973	\$ 31,200	\$ 25,449	
2016	11,989	12,220	107	32,880	23,967	
2017	6,131	-	-	34,320	22,290	
2018	-	-	-	36,240	20,540	
2019	-	-	-	38,160	18,692	
2020-2023	-	-	-	222,240	61,923	
2024-2026	-	-	-	100,560	7,775	
Totals	\$ 30,612	\$ 40,851	\$ 1,080	\$ 495,600	\$ 180,636	

**D. INTERFUND TRANSACTIONS AND BALANCES**

Operating transfers for the year ended June 30, 2014 were as follows:

Operating Transfers	Transfers In	Transfers Out
<b>GENERAL FUND:</b>		
Street & Alley Fund	\$ 14,961	\$ -
Public Works Authority	4,235	-
<b>STREET &amp; ALLEY FUND:</b>		
General Fund	-	14,961
<b>ENTERPRISE FUND: Public Works Authority</b>		
General Fund	-	4,235
Grand Total	\$ 19,196	\$ 19,196

**E. GOVERNMENTAL FUND BALANCES**

Fund balances for the year ended June 30, 2014 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, 2014

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>REVENUES</b>					
Sales taxes	\$ 247,721	\$ 8,000	\$ 255,721	\$ 262,565	\$ 6,844
Use taxes	23,179	2,000	25,179	25,960	781
Beverage tax	18,831	8,000	26,831	20,826	(6,005)
Franchise taxes	20,652	-	20,652	28,599	7,947
Fines and forfeitures	29,000	900	29,900	29,177	(723)
Investment income	350	(50)	300	273	(27)
Charges for services	91,650	42,160	133,810	61,458	(72,352)
Intergovernmental	3,177	-	3,177	18,894	15,717
Miscellaneous	16,628	(10,300)	6,328	18,539	12,211
Total revenues	451,189	50,710	501,899	466,291	(35,608)
<b>EXPENDITURES</b>					
General government:					
General government	113,000	-	113,000	90,648	22,352
Total general government	113,000	-	113,000	90,648	22,352
Public safety and judiciary:					
Police	262,828	(60,000)	202,828	187,141	15,687
Fire	68,600	27,176	95,776	83,807	11,969
Ambulance	61,930	5,000	66,930	65,445	1,485
Code Enforcement	11,550	2,000	13,550	11,393	2,157
Animal Control	1,100	1,400	2,500	1,909	591
Total public safety and judiciary	406,008	(24,424)	381,584	349,695	31,889
Cultural, parks and recreation:					
Park	3,500	-	3,500	1,288	2,212
Cemetery	7,100	-	7,100	5,609	1,491
Community Building	40,200	7,555	47,755	44,141	3,614
Library	1,600	400	2,000	1,667	333
Total cultural, parks and recreation	52,400	7,955	60,355	51,417	5,438
Transportation:					
Street	20,000	12,800	32,800	-	32,800
Total transportation	20,000	12,800	32,800	-	32,800
Total expenditures	591,408	(3,669)	587,739	491,760	92,479
Revenue over (under) expenditures	(140,219)	54,379	(85,840)	(25,469)	(128,087)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in/(out)	110,000	(42,000)	68,000	19,196	(48,804)
Net other financing sources (uses)	110,000	(42,000)	68,000	19,196	(48,804)
Revenues and other financing sources over (under) expenditures and other uses	(30,219)	12,379	(17,840)	(6,273)	(176,891)
Fund balance at beginning of year (Non-GAAP budgetary basis)					
Less budgeted carryover (1)				110,417	
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 104,144	
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>					
Revenue and transfer accruals				4,485	
Expenditure and transfer accruals				15,253	
Fund balance at end of year (GAAP basis)				<u>\$ 123,882</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.



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

To the City Council  
City of Snyder, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Snyder, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Snyder, Oklahoma's basic financial statements, and have issued our report thereon dated December 12, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Snyder, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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. Accordingly, we do not express an opinion on the effectiveness of City of Snyder, Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Snyder, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**FSW&B CPA'S- PLLC**

FSW&B CPA's-PLLC  
Stillwater, Oklahoma  
December 12, 2014



December 12, 2014

To the City Council  
City of Snyder, Oklahoma

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, Oklahoma for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 8, 2014. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Snyder, Oklahoma are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by City of Snyder, Oklahoma during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the City of Snyder's financial statements was:

Management's estimate of depreciation expense is based on historical useful lives of assets. We evaluated the key factors and assumptions used to develop the allowance for depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

##### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 12, 2014.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to City of Snyder, Oklahoma's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as City of Snyder, Oklahoma's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of City Council and management of City of Snyder, Oklahoma and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

**FSW&B CPA'S-PLLC**

FSW&B CPA's-PLLC