

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

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

**FOR THE YEAR ENDED
JUNE 30, 2010**

CITY OF SNYDER, OKLAHOMA
TABLE OF CONTENTS
For the fiscal year ended JUNE 30, 2010

	<u>Page</u>
LIST OF PRINCIPAL OFFICIALS	1
INDEPENDENT AUDITOR'S REPORT	2-3
REQUIRED SUPPLEMENTARY INFORMATION: Management's Discussion and Analysis	4-10
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets (<i>Modified Cash Basis</i>)	11
Statement of Activities (<i>Modified Cash Basis</i>)	12-13
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds (<i>Modified Cash Basis</i>)	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (<i>Modified Cash Basis</i>)	15-16
Statement of Net Assets – Proprietary Funds (<i>Modified Cash Basis</i>)	17
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds (<i>Modified Cash Basis</i>)	18
Statement of Cash Flows – Proprietary Funds (<i>Modified Cash Basis</i>)	19
Notes to Basic Financial Statements	20-29
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	30-31
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED UPON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	32-33

CITY OF SNYDER, OKLAHOMA

LIST OF PRINCIPAL OFFICIALS

CITY COUNCIL

Gary Anderson, Mayor

Spud Kirk

Teresa Mills, Vice Mayor

Clay Oxley

Bob Sproat

CITY CLERK

Tammy Biddle

INDEPENDENT AUDITOR'S REPORT

City Council
City of Snyder
Snyder, Oklahoma 73566

Members:

I have audited the accompanying financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of the City of Snyder, Oklahoma as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Snyder, Oklahoma's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1 to the financial statements, the City of Snyder, Oklahoma, prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position—modified cash basis of the governmental activities, the business-type activities, and the aggregate remaining fund information of the City of Snyder, Oklahoma, as of June 30, 2010, and the respective changes in financial position—modified cash basis, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

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 30-31 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. I 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 inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to

our inquires, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in cursive script that reads "Jacqueline J. Graves".

Jacqueline J. Graves, CPA
Snyder, Oklahoma
November 18, 2011

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, 2010. 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 \$706,997 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$842,692.
- Total liabilities of the City decreased by \$43,314 to \$933,823 during the fiscal year.
- The City's governmental funds reported total ending fund balance of \$64,074 this year. This compared to the prior year ending fund balance of negative \$104,250.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was negative \$850.

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 reporting includes two government-wide financial statements which present the complete financial picture of the City from the economic resources measurement focus as applicable to the modified cash basis of accounting. These statements provide both long-term and short-term information about the City's overall status and include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt), resulting from modified cash basis transactions. They present governmental activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

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. You will also need to keep in mind that these government-wide statements are prepared in accordance with the modified cash basis of accounting and include only those City assets and liabilities resulting from cash transactions.

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.

Governmental funds report their activities on a modified cash basis of accounting and current financial resources measurement focus that is different from other funds. For examples, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances.

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.

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 funds are reported on the modified cash basis of accounting and an economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability.

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 yearend are \$706,997. This is a \$135,695 decrease over last year's net assets of \$842,692, after prior period adjustment. The following table provides a summary of the City's net assets at June 30:

	Governmental Activities		Business-Type Activities		Totals		\$ Change	% Change
	2010	2009	2010	2009	2010	2009		
Current assets	\$ 72,366	\$ 6,937	\$ 20,636	\$ 287,264	\$ 93,002	\$ 294,201	\$ (201,199)	-68%
Restricted assets	53,010	3,312	220,770	261,024	273,780	264,336	9,444	4%
Capital assets, net	1,001,940	968,836	272,098	292,456	1,274,038	1,261,292	12,746	1%
Total assets	1,127,316	979,085	513,504	840,744	1,640,820	1,819,829	(179,009)	-10%
Current liabilities	72,453	126,242	136,935	58,132	209,388	184,374	25,014	14%
Liabilities Payable from Restricted	-	-	46,742	43,356	46,742	43,356	3,386	8%
Non-current liabilities	6,761	17,701	670,932	731,706	677,693	749,407	(71,714)	-10%
Total liabilities	79,214	143,943	854,609	833,194	933,823	977,137	(43,314)	-4%
Net assets								
Invested in capital assets, net of related debt	984,028	939,392	272,098	292,456	1,256,126	1,231,848	24,278	2%
Unrestricted	64,074	(104,250)	(613,203)	(284,906)	(549,129)	(389,156)	(159,973)	41%
Total net assets	\$ 1,048,102	\$ 835,142	\$ (341,105)	\$ 7,550	\$ 706,997	\$ 842,692	\$ (135,695)	-16%

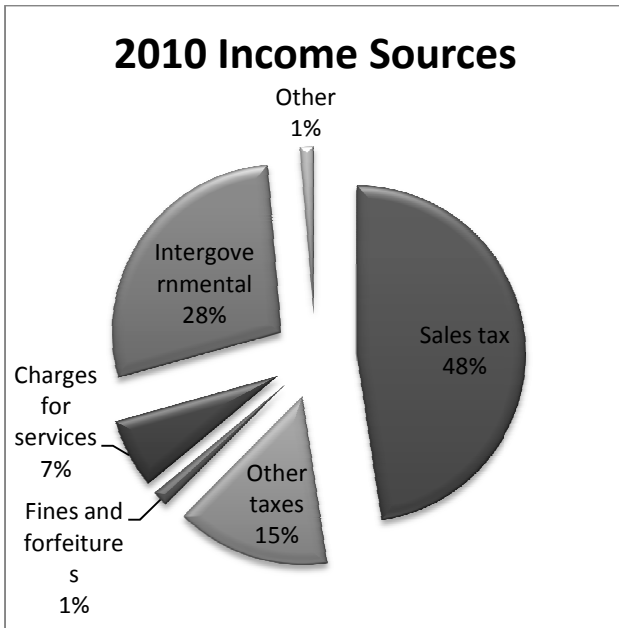
The City reported positive balances in net assets for governmental activities; business-type activities reported a negative fund balance. Net assets increased \$212,960 for governmental activities. Business-type activities decreased \$348,665. The City's overall financial position declined during fiscal year 2010.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>		
Revenues								
Program revenues	\$ 225,002	\$ 105,712	\$ 790,037	\$ 711,557	\$ 1,015,039	\$ 817,269	\$ 197,770	24%
Taxes and other general revenues	315,311	319,623	9,021	17,117	324,332	336,740	(12,408)	-4%
Total revenues	540,313	425,335	799,058	728,674	1,339,371	1,154,009	185,362	16%
Expenses								
General government	656,911	378,878	-	-	656,911	378,878	278,033	73%
Cemetery	850	63	-	-	850	63	787	1249%
Public safety and judiciary	231,586	299,687	-	-	231,586	299,687	(68,101)	-23%
Transportation	45,135	29,880	-	-	45,135	29,880	15,255	51%
Cultural, parks, and recreation	14,692	45,777	-	-	14,692	45,777	(31,085)	-68%
Water	-	-	208,104	99,881	208,104	99,881	108,223	108%
Sewer	-	-	50,363	23,994	50,363	23,994	26,369	110%
Sanitation	-	-	164,342	110,905	164,342	110,905	53,437	48%
Customer service	-	-	103,083	115,150	103,083	115,150	(12,067)	-10%
Total expenses	949,174	754,285	525,892	349,930	1,475,066	1,104,215	370,851	34%
Excess (deficiency) before transfers	(408,861)	(328,950)	273,166	378,744	(135,695)	49,794	(185,489)	-373%
Transfers	621,821	220,218	(621,821)	(220,218)	-	-	-	0%
Increase (decrease) in net assets	\$ 212,960	\$ (108,732)	\$ (348,655)	\$ 158,526	\$ (135,695)	\$ 49,794	\$ (185,489)	-373%

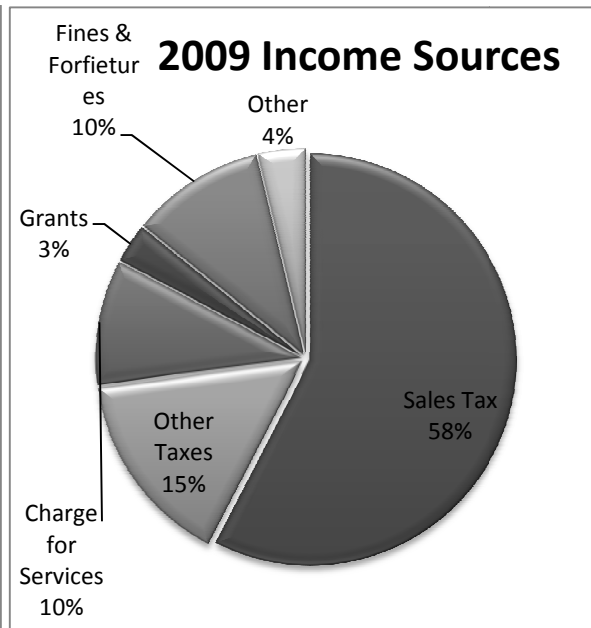
Revenues increased by 16% prior year. This was due to a decrease in governmental program revenues related to grant income as well as an increase the utility system utility revenues. The increase in program revenues was offset by a slight decrease in governmental taxes and utility system general revenues.

Operating expenses noted an increase in fiscal year 2010 compared to 2009. The most significant expense was in the general government expenses which are attributable to the cost of insurance and personnel costs in this department. All departments in the business-type activities noted an increase in the cost of operations. This increase is a function of the increasing cost of personnel, insurance, and repairs necessary for the infrastructure of the utility operations.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the City's activities for fiscal year 2010.

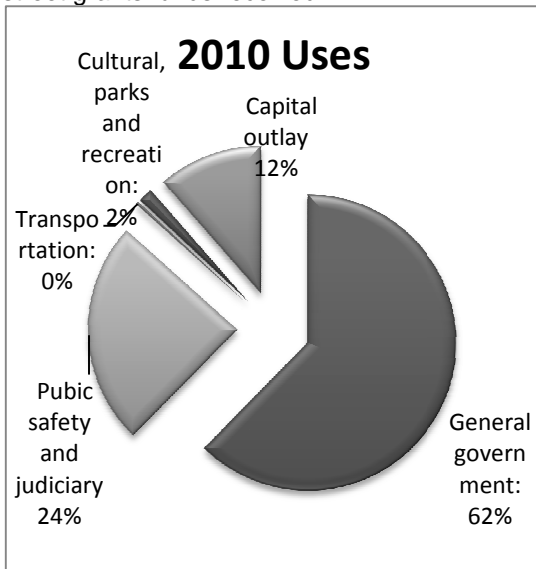


TOTAL - \$494,765

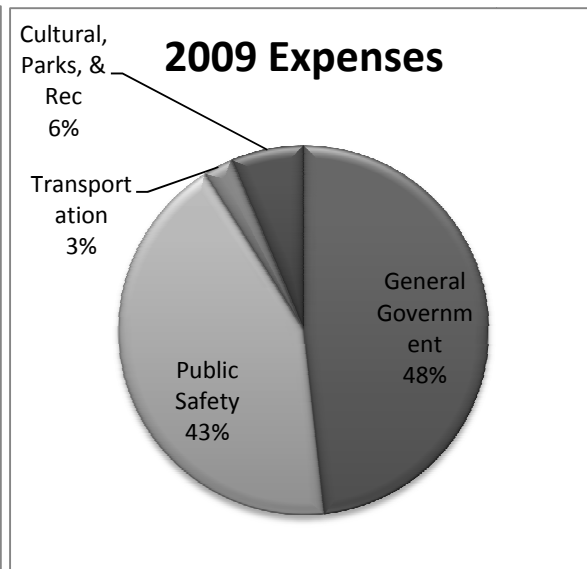


TOTAL - \$429,686

Sales tax provided for 48% of the City's governmental revenues in fiscal year 2010 as compared to 58% in 2009. Intergovernmental revenues noted a significant increase in 2010 due to fire department and street grants funds received.



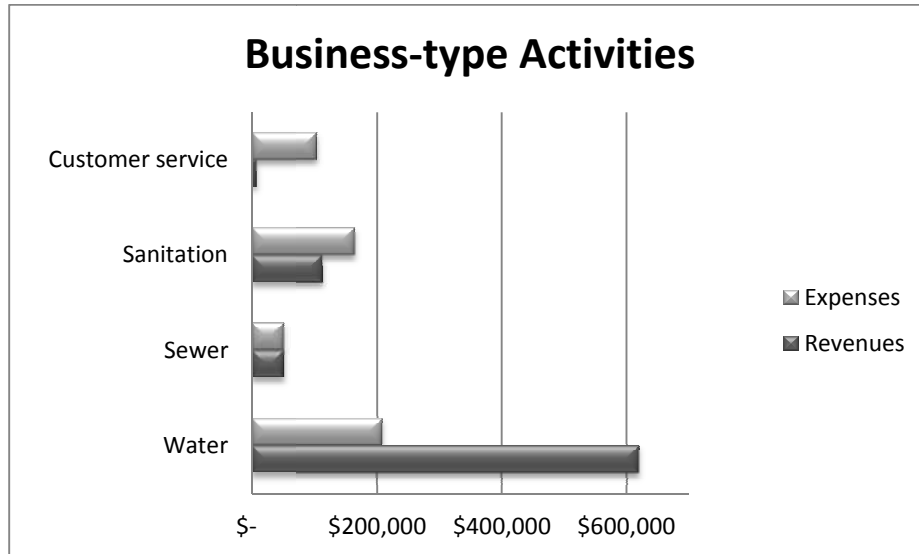
TOTAL - \$963,636



TOTAL - \$717,057

This graph shows the total governmental activities cost of \$963,636 for 2010. Of this amount, general government, with \$600,711 was the largest operating service cost, at 62% of total cost of services in 2010. 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 budget for fiscal year 2010 was \$650,380. Amendments totaling \$83,956 were made during the fiscal year. In total, the City was in compliance with the amended budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2010, the City had \$1,274,038 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.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 18,500	\$ 18,500	\$ 20,300	\$ 20,300	\$ 38,800	\$ 38,800
Construction in process	-	-	-	-	-	-
Buildings	1,053,578	1,048,060	250,000.00	250,000.00	1,303,578	1,298,060
Other improvements	284,325	255,436	-	-	284,325	255,436
Machinery & equipment	190,515	114,976	196,858	196,858	387,373	311,834
Utility property & improvements	-	-	1,117,970	1,117,970	1,117,970	1,117,970
Less Accumulated depreciation	(544,978)	(468,136)	(1,313,030)	(1,292,672)	(1,858,008)	(1,760,808)
Totals	\$ 1,001,940	\$ 968,836	\$ 272,098	\$ 292,456	\$ 1,274,038	\$ 1,261,292

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

Long-Term Debt

At year-end, the City had \$677,693 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenue Bonds Payable	-	-	607,920	633,120	607,920	633,120
Lease Payable	17,912	27,999	-	-	17,912	27,999
Notes payable	-	1,445	123,787	156,718	123,787	158,163
Subtotal	17,912	29,444	731,707	789,838	749,619	819,282
less current portion	(11,151)	(11,743)	(60,775)	(58,132)	(71,926)	(69,875)
Totals	\$ 6,761	\$ 17,701	\$ 670,932	\$ 731,706	\$ 677,693	\$ 749,407

ECONOMIC FACTORS AND NEXT YEARS'S BUDGET AND RATES

The economic outlook of the City of Snyder is based, in a small way, of that of the Oklahoma City market area. In the current year, the state of Oklahoma felt the impact of the weak national economic conditions. This resulted in a flat economic environment for the City. The impact of such slowdown has been integrated into the City's annual budget. The City of Snyder (the "City") is striving to continue to provide the best possible service with the limited resources available.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

City of Snyder, Oklahoma
Statement of Net Assets (Modified Cash Basis)
June 30, 2010

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 26,690	\$ 20,636	\$ 47,326
Total current assets	<u>26,690</u>	<u>20,636</u>	<u>47,326</u>
Restricted assets:			
Cash and cash equivalents	53,536	64,343	117,879
Investments, including time deposits	45,150	156,427	201,577
Total restricted assets	<u>98,686</u>	<u>220,770</u>	<u>319,456</u>
Noncurrent Assets:			
Land and construction in progress	18,500	20,300	38,800
Other capital assets (net of accumulated depreciation)	983,440	251,798	1,235,238
Total noncurrent assets	<u>1,001,940</u>	<u>272,098</u>	<u>1,274,038</u>
Total assets	<u>\$ 1,127,316</u>	<u>\$ 513,504</u>	<u>\$ 1,640,820</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 17,234	\$ 32,092	\$ 49,326
Payroll liabilities	44,068	44,068	88,136
Notes payable, current	11,151	60,775	71,926
Total current liabilities	<u>72,453</u>	<u>136,935</u>	<u>209,388</u>
Liabilities payable from restricted assets:			
Customer deposits payable	-	46,742	46,742
Total liabilities payable from restricted assets	<u>-</u>	<u>46,742</u>	<u>46,742</u>
Noncurrent liabilities:			
Notes payable, non-current	6,761	670,932	677,693
Total noncurrent liabilities	<u>6,761</u>	<u>670,932</u>	<u>677,693</u>
Total liabilities	<u>79,214</u>	<u>854,609</u>	<u>933,823</u>
NET ASSETS			
Invested in capital assets, net of related debt	984,028	272,098	1,256,126
Restricted	-	-	-
Unrestricted	64,074	(613,203)	(549,129)
Total net assets	<u>\$ 1,048,102</u>	<u>\$ (341,105)</u>	<u>\$ 706,997</u>

City of Snyder, Oklahoma
Statement of Activities (Modified Cash Basis)
Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
General government	\$ 649,702	\$ 2,416	\$ -	\$ 46,436	\$ (600,850)
Water plant	7,209	-	-	-	(7,209)
Total general government	<u>656,911</u>	<u>2,416</u>	<u>-</u>	<u>46,436</u>	<u>(608,059)</u>
Public safety and judiciary:					
Police	145,584	17,665	-	-	(127,919)
Fire	37,242	14,752	-	91,012	68,522
Ambulance	48,760	-	-	-	-
Total public safety and judiciary	<u>231,586</u>	<u>32,417</u>	<u>-</u>	<u>91,012</u>	<u>(108,157)</u>
Transportation:					
Street	45,134	18,125	9,851	14,823	(2,335)
Total transportation	<u>45,134</u>	<u>18,125</u>	<u>9,851</u>	<u>14,823</u>	<u>(2,335)</u>
Cultural, parks and recreation:					
Park	14,693	5,253	1,208	-	(8,232)
Cemetery	850	3,461	-	-	2,611
Total cultural, parks and recreation	<u>15,543</u>	<u>8,714</u>	<u>1,208</u>	<u>-</u>	<u>(5,621)</u>
Total governmental activities	<u>949,174</u>	<u>61,672</u>	<u>11,059</u>	<u>152,271</u>	<u>(724,172)</u>
Business-type activities:					
Utility services:					
Water	208,104	619,772	-	-	411,668
Sewer	50,363	50,911	-	-	548
Sanitation	164,342	112,270	-	-	(52,072)
Customer service	103,083	7,084	-	-	(95,999)
Total business-type activities	<u>525,892</u>	<u>790,037</u>	<u>-</u>	<u>-</u>	<u>264,145</u>
Total primary government	<u><u>\$ 1,475,066</u></u>	<u><u>\$ 851,709</u></u>	<u><u>\$ 11,059</u></u>	<u><u>\$ 152,271</u></u>	<u><u>\$ (460,027)</u></u>

City of Snyder, Oklahoma
Statement of Activities (continued)
Year Ended June 30, 2010

Changes in Net Assets:	Primary Government		
	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (724,172)	\$ 264,145	\$ (460,027)
General revenues:			
Taxes:			
Sales taxes	235,757	-	235,757
Use taxes	14,341	-	14,341
Franchise taxes	36,748	-	36,748
Alcoholic beverage tax	18,698	-	18,698
Cigarette tax	3,304	-	3,304
Investment income	5,008	4,281	9,289
Gain on sale of assets	10	-	10
Miscellaneous	1,445	4,740	6,185
Transfers - Internal activity, net	621,821	(621,821)	-
Total general revenues and transfers	<u>937,132</u>	<u>(612,800)</u>	<u>324,332</u>
Change in net assets	212,960	(348,655)	(135,695)
Net assets-beginning	835,142	7,550	842,692
Net assets-ending	<u>\$ 1,048,102</u>	<u>\$ (341,105)</u>	<u>\$ 706,997</u>

City of Snyder, Oklahoma
Balance Sheet (Modified Cash Basis)
Governmental Funds
June 30, 2010

	<u>General Fund</u>	<u>Street & Alley Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 6,916	\$ 19,774	\$ 26,690
Investments	-	45,150	45,150
Restricted cash	53,536	-	53,536
Total assets	<u>\$ 60,452</u>	<u>\$ 64,924</u>	<u>\$ 125,376</u>
LIABILITIES			
Accounts payable	\$ 17,234	-	\$ 17,234
Payroll liabilities	44,068	-	44,068
Total liabilities	<u>61,302</u>	<u>-</u>	<u>61,302</u>
FUND BALANCES			
Unreserved, reported in:			
General fund	(850)	-	(850)
Special revenue funds	-	64,924	64,924
Total fund balances	<u>(850)</u>	<u>64,924</u>	<u>64,074</u>
Total liabilities and fund balances	<u>\$ 60,452</u>	<u>\$ 64,924</u>	<u>\$ 125,376</u>
Total fund balance- total governmental funds			\$ 64,074

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	1,528,418	
Less: Accumulated depreciation	<u>(544,978)</u>	1,001,940

Certain long-term liabilities are not due and payable from current financial resources and therefore, are not reported in the funds: (17,912)

Net assets of governmental activities \$ 1,048,102

City of Snyder, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances (Modified Cash)
Governmental Funds
June 30, 2010

	<u>General Fund</u>	<u>Street & Alley Fund</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Sales tax	\$ 235,757	\$ -	\$ 235,757
Use taxes	14,341	-	14,341
Beverage tax	18,698	-	18,698
Franchise taxes	36,748	-	36,748
Cigarette tax	3,304	-	3,304
Licenses and permits	645	-	645
Fines and forfeitures	7,567	-	7,567
Investment income	1,072	3,936	5,008
Charges for services	33,243	16,498	49,741
Rental income	2,837	-	2,837
Intergovernmental	138,789	22,042	160,831
Miscellaneous	1,764	1,627	3,391
Total revenues	<u>494,765</u>	<u>44,103</u>	<u>538,868</u>
<u>EXPENDITURES</u>			
Current:			
General government:			
General government	593,502	-	593,502
Water plant administration	7,209	-	7,209
Total general government	<u>600,711</u>	<u>-</u>	<u>600,711</u>
Public safety and judiciary:			
Police	149,265	-	149,265
Fire	36,289	-	36,289
Ambulance	48,760	-	48,760
Total public safety and judiciary	<u>234,314</u>	<u>-</u>	<u>234,314</u>
Transportation:			
Street	3,425	28,729	32,154
Total transportation	<u>3,425</u>	<u>28,729</u>	<u>32,154</u>
Cultural, parks and recreation:			
Park	14,390	-	14,390
Cemetery	850	-	850
Total cultural, parks and recreation	<u>15,240</u>	<u>-</u>	<u>15,240</u>
Capital outlay	109,946	-	109,946
Total expenditures	<u>963,636</u>	<u>28,729</u>	<u>992,365</u>
Excess (deficiency) of revenues over expenditures	<u>(468,871)</u>	<u>15,374</u>	<u>(453,497)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	592,760	29,061	621,821
Transfers out	-	-	-
Total other financing sources and uses	<u>592,760</u>	<u>29,061</u>	<u>621,821</u>
Net change in fund balances	123,889	44,435	168,324
Fund balances - beginning	(124,739)	20,489	(104,250)
Fund balances - ending	<u>\$ (850)</u>	<u>\$ 64,924</u>	<u>\$ 64,074</u>

City of Snyder, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances (Modified Cash Basis)
Governmental Funds
June 30, 2010

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	\$ 168,324
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	109,946
Depreciation expense	(76,842)

Principle debt payments reported as expenditures in the governmental funds	
Principle debt payments	11,532

Change in Net Assets of Governmental Activities	\$ 212,960
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City of Snyder, Oklahoma
Statement of Net Assets (Modified Cash Basis)
Proprietary Funds
June 30, 2010

	Public Works Authority	Total Enterprise Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 20,636	\$ 20,636
Total current assets	20,636	20,636
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	64,343	64,343
Investments	156,427	156,427
Total restricted assets	220,770	220,770
Noncurrent assets:		
Capital assets (net)	272,098	272,098
Total noncurrent assets	272,098	272,098
Total assets	\$ 513,504	\$ 513,504
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 32,092	\$ 32,092
Payroll liabilities	44,068	44,068
Notes payable, current	60,775	60,775
Total current liabilities	136,935	136,935
Liabilities payable from restricted assets:		
Customer deposits payable	46,742	46,742
Total liabilities payable from restricted assets	46,742	46,742
Noncurrent liabilities:		
Notes payable, non-current	670,932	670,932
Total noncurrent liabilities	670,932	670,932
Total liabilities	854,609	854,609
NET ASSETS		
Invested in capital assets, net of related debt	272,098	272,098
Unrestricted	(613,203)	(613,203)
Total net assets	\$ (341,105)	\$ (341,105)

City of Snyder, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Assets (Modified Cash Basis)
Proprietary Funds
Year Ended June 30, 2010

	Business-type Activities	
	Public Works Authority	Total Enterprise Funds
<u>Operating revenues:</u>		
Charges for services:		
Water charges	\$ 619,772	\$ 619,772
Sewer charges	50,911	50,911
Sanitation charges	112,270	112,270
Total charges for services	<u>782,953</u>	<u>782,953</u>
Miscellaneous	4,739	4,739
Penalty	7,084	7,084
Total operating revenues	<u>794,776</u>	<u>794,776</u>
<u>Operating expenses:</u>		
Personal services	83,526	83,526
Materials and supplies	162,396	162,396
Other services and charges	235,881	235,881
Depreciation and amortization	20,358	20,358
Total operating expenses	<u>502,161</u>	<u>502,161</u>
Net operating income	\$ 292,615	\$ 292,615
<u>Nonoperating revenue (expense):</u>		
Investment income	4,281	4,281
Interest expense	<u>(23,730)</u>	<u>(23,730)</u>
Total nonoperating revenue (expense)	<u>(19,449)</u>	<u>(19,449)</u>
Net Income before contributions and transfers	273,166	273,166
Transfers from other funds	-	-
Transfers to other funds, net	<u>(621,821)</u>	<u>(621,821)</u>
Change in net assets	(348,655)	(348,655)
Net assets-beginning of year	<u>7,550</u>	<u>7,550</u>
Net assets-end of year	<u>\$ (341,105)</u>	<u>\$ (341,105)</u>

City of Snyder, Oklahoma
Statement of Cash Flows (Modified Cash Basis)
Proprietary Funds
Year Ended June 30, 2010

	Business-type Activities	
	Public Works Authority	Total Enterprise Funds
<u>Cash flows from operating activities:</u>		
Receipts from customers/patients	\$ 787,692	\$ 787,692
Payments to suppliers	(366,185)	(366,185)
Payments to employees	(39,458)	(39,458)
Other operating revenues	7,084	7,084
Net cash provided (used) by operating activities	389,133	389,133
<u>Cash flows from non-capital financing activities:</u>		
Transfers to other funds	(521,358)	(521,358)
Net cash provided (used) by non-capital financing activities	(521,358)	(521,358)
<u>Cash flows from capital and related financing activities:</u>		
Purchase of capital assets	-	-
Principal paid on capital debt	(58,130)	(58,130)
Interest paid on capital debt	(23,730)	(23,730)
Net cash provided (used) by capital and related financing activities	(81,860)	(81,860)
<u>Cash flows from investing activities:</u>		
Investment income	4,281	4,281
Net cash provided (used) by investing activities	4,281	4,281
Net increase (decrease) in cash and cash equivalents	(209,804)	(209,804)
Cash and cash equivalents, July 1, 2009	451,210	451,210
Cash & cash equivalents, June 30, 2010	<u>\$ 241,406</u>	<u>\$ 241,406</u>
Cash, including time deposits	\$ 20,636	\$ 20,636
Restricted cash, including time deposits	220,770	220,770
Total cash and cash equivalents, end of year	<u>\$ 241,406</u>	<u>\$ 241,406</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>		
Operating income (loss)	\$ 292,615	\$ 292,615
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	20,358	20,358
Changes in assets and liabilities:		
Increase (decrease) in accounts payable	32,092	32,092
Increase (decrease) in accrued expenses	44,068	44,068
Net cash provided (used) by operating activities	\$ 389,133	\$ 389,133

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

A. Organization

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

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

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

The Reporting Entity

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

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

Blended Component Units Reported with Primary Government

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

B. Basis of Presentation

Government-Wide Financial Statements:

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

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

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

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.

Measurement Focus and Basis of Accounting

The statement of net assets and activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions:

- Capital assets and the depreciation of those assets, where applicable
- Long-term debt
- Cash-based interfund receivables and payables
- Other cash-based receivables/payables
- Investments
- Utility deposit liabilities

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounting receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Program revenues within the statement of activities are derived directly from each activity or from parties outside the City's taxpayers. The City has the following program revenues in each activity:

- General government: Licenses and permits, mowing fees
- Cemetery: Lot sales
- Public safety: Fine revenue, impound fees, fire runs and operating grants
- Street and highways: Gas excise and commercial vehicle taxes and capital grants
- Culture and recreation: Pool fees and operating and capital grants

For business-type activities, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied as they apply to the modified cash basis, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

Restricted Assets

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

Use of Estimates

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

Interfund Balances

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

C. Fund Types and Major Funds

Major Governmental Funds

General Fund

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

Special Revenue Funds

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

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

The governmental funds are reported on a modified cash basis of accounting and current financial resources measurement focus. Only current financial assets and liabilities are generally included on the fund balance sheets. The operating statements

present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period. The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the economic resources measurement focus at the government-wide level.

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.

For purposes of the statement of revenues, expenses and changes in fund net assets, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

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, 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.

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 | 5-10 years |
| • Infrastructure | 20-50 years |

Fund Financial Statement

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

Long-Term Debt

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

Equity Classifications

Fund Balance

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

Net Assets

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

Invested in capital assets, net of related debt

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

Restricted net assets

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

F. Revenues, Expenditures and Expenses

Sales Tax

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

Charges for Services

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

Grants and Contributions

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

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

Interfund Transfers

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

(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, 2010, the City complied with the amended budget.

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:

<u>REVENUE SOURCE</u>	<u>LEGAL RESTRICTIONS OF USE</u>
Gasoline Excise/Commercial Vehicle Tax	Street and Alley Purposes

(3) DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. Cash and Investments

Deposits

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

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

CITY OF SNYDER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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	\$ 45,150	\$ 45,150	N/A	14
Total investments	<u>45,150</u>	<u>45,150</u>		
Total governmental investments	<u>\$ 45,150</u>	<u>\$ 45,150</u>		
 Business-type Activities				
<u>INVESTMENTS:</u>				
Certificates of deposit	<u>\$ 156,427</u>	<u>\$ 156,427</u>	N/A	255
Total investments	<u>156,427</u>	<u>156,427</u>		
Total business-type investments	<u>\$ 156,427</u>	<u>\$ 156,427</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	\$ 52,592	\$ -	\$ 52,592
Street department	-	45,150	45,150
Toys for tots	944	-	944
	<u>\$ 53,536</u>	<u>\$ 45,150</u>	<u>\$ 98,686</u>
 Business-type Activities			
Debt service	\$ 52,047	\$ 119,007	\$ 171,054
Meter deposits	12,296	37,420	49,716
	<u>\$ 64,343</u>	<u>\$ 156,427</u>	<u>\$ 220,770</u>

CITY OF SNYDER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

B. PROPERTY, PLANT AND EQUIPMENT

Governmental Activities:

A summary of the changes in the governmental activities fixed assets at June 30, 2010 follows:

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010
Land	\$ 18,500	\$ -	\$ -	\$ 18,500
Buildings & structures	1,048,060	5,518	-	1,053,578
Machinery, furniture, & equipment	114,977	75,539	-	190,516
Improvements other than land	255,436	28,889	-	284,325
Total	1,436,973	109,946	-	1,546,919
Less accumulated depreciation	468,137	76,842	-	544,979
Fixed assets, net	\$ 968,836	\$ 33,104	\$ -	\$ 1,001,940

Business-Type Activities:

A summary of the proprietary fund types fixed assets at June 30, 2010 follows:

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010
Land	\$ 20,300	\$ -	\$ -	\$ 20,300
Buildings & structures	250,000	-	-	250,000
Machinery, furniture, & equipment	196,858	-	-	196,858
Utility property and improvements	1,117,970	-	-	1,117,970
Total	1,585,128	-	-	1,585,128
Less accumulated depreciation	1,292,672	20,358	-	1,313,030
Fixed assets, net	\$ 292,456	\$ (20,358)	\$ -	\$ 272,098

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	\$ 56,200
Public Safety	7,359
Transportation	12,980
Cultural, parks & recreation	303
Total governmental activities depreciation expense	\$ 76,842

Depreciation expense charges to business-type activities:

Water	12,757
Sewer	7,601
Total business-type activities depreciation expense	\$ 20,358

CITY OF SNYDER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

C. LONG-TERM DEBT

The following is a summary of long-term debt for the year ended June 30, 2010:

NOTES PAYABLE

Governmental Activities:

Lease for police vehicles with the option to purchase ending January 2012. Monthly payments of \$981.69 over 36 months	\$	17,912
		\$ 17,912

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	\$	85,351
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		38,436
2006 Revenue Bond Payable for \$717,840 maturing January 2026		607,920
		\$ 731,707

Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year ended June 30, 2010:

<u>Type of Debt</u>	<u>Balance at July 1, 2009</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2010</u>	<u>Due Within One Year</u>
Governmental activities:					
Note payable	\$ 1,445	\$ -	\$ 1,445	\$ -	\$ -
Lease payable	27,999	-	10,087	17,912	11,151
Total governmental activities	\$ 29,444	\$ -	\$ 11,532	\$ 17,912	\$ 11,151
Business-type activities:					
<i>Notes Payable</i>					
Note payable	\$ 156,718	\$ -	\$ 32,931	\$ 123,787	\$ 34,615
Total notes payable	156,718	-	32,931	123,787	34,615
<i>Bonds Payable</i>					
Revenue bonds payable	633,120	-	25,200	607,920	26,160
Total business-type activities	\$ 789,838	\$ -	\$ 58,131	\$ 731,707	\$ 60,775
Total primary government debt	\$ 819,282	\$ -	\$ 69,663	\$ 749,619	\$ 71,926

CITY OF SNYDER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Annual Debt Service Requirements:

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2010 follow:

Year Ending June 30	Governmental Activities		Business-type Activities			
	Lease Payable		Notes Payable		Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 11,151	\$ 842	\$ 34,615	\$ 5,403	\$ 26,160	\$ 30,579
2012	6,761	148	36,388	3,632	27,600	29,415
2013	-	-	38,250	1,770	28,560	28,173
2014	-	-	14,534	185	30,000	26,859
2015	-	-	-	-	31,200	25,449
2016-2020	-	-	-	-	181,680	102,234
2021-2025	-	-	-	-	233,760	50,407
2026	-	-	-	-	48,960	2,546
Totals	<u>\$ 17,912</u>	<u>\$ 990</u>	<u>\$ 123,787</u>	<u>\$ 10,990</u>	<u>\$ 607,920</u>	<u>\$ 295,662</u>

D. INTERFUND TRANSACTIONS AND BALANCES

Operating transfers for the year ended June 30, 2010 were as follows:

Operating Transfers	Transfers In	Transfers Out
GENERAL FUND:		
Public Works Authority	621,821	-
ENTERPRISE FUND: Public Works Authority		
General Fund	-	621,821
Grand Total	<u>\$ 621,821</u>	<u>\$ 621,821</u>

(4) RETIREMENT PLANS

The City does not participate in pension or retirement plans.

(5) COMMITMENTS AND CONTINGENCIES

A. Litigation

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

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

B. Grant Program Involvement

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

City of Snyder, Oklahoma
General Fund
Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES					
Sales taxes	\$ 722,645	\$ (490,645)	\$ 232,000	\$ 235,757	\$ 3,757
Use taxes	-	34,000	34,000	14,341	(19,659)
Beverage tax	-	7,500	7,500	18,698	11,198
Franchise taxes	-	25,000	25,000	36,748	11,748
Fines and forfeitures	-	33,500	33,500	7,567	(25,933)
Investment income	-	150	150	1,072	922
Charges for services	-	82,700	82,700	33,243	(49,457)
Intergovernmental	-	36,785	36,785	138,789	102,004
Miscellaneous	-	16,850	16,850	8,550	(8,300)
Total revenues before carryover	722,645	(254,160)	468,485	494,765	26,280
Budgeted carryover (1)	-	-	-	-	-
Total revenues and budgeted carryover	722,645	(254,160)	468,485	494,765	26,280
EXPENDITURES					
Current:					
General government:					
General government					
Personal services	75,000	(39,000)	36,000	33,934	2,066
Materials & supplies	57,326	(27,326)	30,000	6,719	23,281
Other services & charges	60,000	17,250	77,250	132,883	(55,633)
Capital outlay	57,326	(57,326)	-	-	-
Debt Service	5,000	3,000	8,000	-	8,000
Total general government	254,652	(103,402)	151,250	173,536	(30,286)
Public safety and judiciary:					
Police					
Personal services	122,760	27,240	150,000	154,937	(4,937)
Materials & supplies	45,354	(30,000)	15,354	31,423	(16,069)
Other services & charges	5,000	17,000	22,000	673	21,327
Debt service	12,000	(12,000)	-	-	-
Fire					
Personal services	20,000	(15,000)	5,000	33,360	(28,360)
Materials & supplies	6,260	28,000	34,260	2,041	32,219
Capital outlay	6,260	31,000	37,260	888	36,372
Ambulance					
Other services & charges	-	57,000	57,000	48,759	8,241
Animal Control					
Personal services	18,000	(9,000)	9,000	-	9,000
Materials & supplies	5,760	(4,260)	1,500	105,097	(103,597)
Other services & charges	3,000	-	3,000	-	3,000
Capital outlay	5,760	(5,760)	-	-	-
Total public safety and judiciary	250,152	84,221	334,373	377,178	(42,805)
Cultural, parks and recreation:					
Park					
Personal services	2,000	(2,000)	-	-	-
Materials & supplies	2,000	500	2,500	2,482	18
Capital outlay	3,500	(3,500)	-	13,808	(13,808)
Cemetery					
Personal services	900	(900)	-	-	-
Materials & supplies	3,550	(2,300)	1,250	850	400
Other services & charges	3,550	(3,550)	-	-	-
Swimming Pool					
Personal services	16,000	10,000	26,000	5,624	20,376
Materials & supplies	10,000	(4,500)	5,500	-	5,500
Other services & charges	3,260	-	3,260	-	3,260
Capital outlay	3,260	(3,260)	-	-	-
Community Building					
Materials & supplies	-	3,000	3,000	503	2,497
Total cultural, parks and recreation	48,019	(6,510)	41,510	23,267	18,243

City of Snyder, Oklahoma
General Fund
Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Transportation:					
Street					
Personal services	30,000	(30,000)	-	-	-
Materials & supplies	20,000	(5,000)	15,000	3,425	11,575
Other services & charges	17,557	(9,000)	8,557	-	8,557
Capital outlay	30,000	(14,265)	15,735	-	15,735
Total transportation	<u>97,557</u>	<u>(58,265)</u>	<u>39,292</u>	<u>3,425</u>	<u>35,867</u>
 Total expenditures	 <u>650,380</u>	 <u>(83,956)</u>	 <u>566,425</u>	 <u>577,406</u>	 <u>(18,982)</u>
 Revenue over (under) expenditures	 72,265	 (170,205)	 (97,940)	 (82,641)	 7,299
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	-	-	120,000		(120,000)
Sale of assets	-	-	-		-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>120,000</u>	<u>-</u>	<u>(120,000)</u>
 Revenues and other financing sources over (under) expenditures and other uses	 72,265	 (170,205)	 22,061	 (82,641)	 (112,702)
 Fund balance at beginning of year (Non-GAAP budgetary basis)					
Less budgeted carryover (1)	-			<u>20,489</u>	<u>20,489</u>
 Fund balance at end of year (Non-GAAP budgetary basis)				 \$ (62,152)	 <u>\$ (92,213)</u>
 ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Expenditure and transfer accruals				61,302	
 Fund balance at end of year (GAAP basis)				 <u>\$ (850)</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.

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

City Council
City of Snyder
Snyder, Oklahoma

I have audited the financial statements of the governmental activities, business-type activities, and the aggregate remaining fund information of the City of Snyder, Oklahoma as of and for the year ended June 30, 2010, which collectively comprise the City of Snyder, Oklahoma's basic financial statements, and have issued my report thereon dated November 19, 2011. I conducted my 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 of America.

Internal Control Over Financial Reporting

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

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses and other deficiencies that I consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management of 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. We consider the deficiency described in the accompanying schedule of findings to be a material weakness.

10-001, 10-002

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. I consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies.

10-003

Compliance

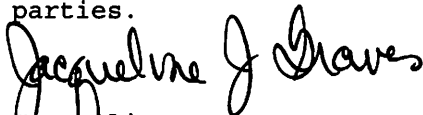
As part of obtaining reasonable assurance about whether the City of Snyder's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings.

10-004, 10-005

I noted certain other matters that I reported to management of City of Snyder in a separate letter dated November 19, 2011.

City of Snyder, Oklahoma's response to the findings identified in my audit is described in the accompanying schedule of findings. I did not audit City of Snyder, Oklahoma's response and accordingly, I express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and the City Council and is not intended to be and should not be used by anyone other than these specified parties.



Jacqueline J. Graves, CPA
Snyder, Oklahoma
November 18, 2011

SCHEDULE OF FINDINGS AND RESPONSES

Reference Number: 10-001

Other Information: Internal Control System

Criteria:

An effective internal control system should provide reasonable assurance that accounting records are accurate and reliable by established written policies and procedures for financial reporting purposes.

Condition:

The City does not appear to have a system of internal control operating in the area of cash receipts or disbursements.

Cause/Effect:

Receipts and disbursement are not recorded in proper amounts, in proper accounts, or in a timely manner.

Recommendation:

A system of internal control be implemented to assure the proper recording of receipts and disbursements.

Response:

An independent CPA firm has been hired to supervise the handling of cash receipts and disbursements.

Reference Number: 10-002

Other Information: Disbursements

Criteria:

An effective internal control system provides for, correct and prompt payment and accurate postings to the general ledger.

Condition:

Of the 154 checks tested, I noted the following:

13 checks were paid from the incorrect bank account.

71 payments were not substantiated by an invoice.

59 payments were not substantiated by a purchase order.

Of the remaining 67 purchase orders tested, 50 did not have proper approval.

Cause/Effect:

Management did not have an adequate control system in place to ensure that payments were properly made and supported by an invoice.

Recommendation:

A system of internal control be implemented to assure the proper payment and recording of cash disbursements.

Response:

An independent CPA firm has been hired to supervise the handling of cash disbursements.

Reference Number 10-003
Other Information: Cash Withdrawals

Criteria:

An effective internal control system should provide reasonable assurance that all cash withdrawals are properly approved.

Condition:

A cash withdrawal was made from the General Fund in the amount of \$580.00 by an employee. The withdrawal had only the signature of that employee.

Cause/Effect:

Management did not have an adequate control system in place to ensure that cash withdrawals are properly approved.

Recommendation:

Management should exercise diligence in reviewing all cash withdrawals.

Response:

An independent CPA firm has been hired to supervise the handling of cash withdrawals.

Reference Number 10-004
Other Information: Payroll Taxes

Criteria:

Federal law requires timely filing and payment of all payroll taxes.

Condition:

The Internal Revenue Service filed a tax lien of \$124,567 for non filing and non payment of payroll taxes for 2008 and 2009.

Cause/Effect:

Payroll reports and tax deposits were not made for the years 2008 and 2009.

Recommendation:

All payroll reports and tax deposits should be made on a timely basis.

Response:

Payment of the back taxes was made in October 2010 and the tax liens were released. Payroll deposits and reports are current for the fiscal year ended 6-30-2011.

Reference Number 10-005
Other Information: Payroll Reports

Criteria:

Federal law requires timely filing of all payroll taxes.

Condition:

The current City Clerk was not able to provide copies of the Forms 941 for the fiscal year ended 6-30-2010.

Cause/Effect:

The payroll reports were not timely filed in prior years and it appears that copies were not maintained with the reports were later filed.

Recommendation:

Payroll reports should be timely file and copies maintained to show proper filing.

Response:

An independent CPA firm has been hired to supervise the preparation of payroll reports.