

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

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

**FOR THE YEAR ENDED
JUNE 30, 2013**

CITY OF SNYDER, OKLAHOMA
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CITY OF SNYDER, OKLAHOMA

LIST OF PRINCIPAL OFFICIALS

CITY COUNCIL

Stanley H. Moddie, Mayor

Rodney Bartlett, Vice Mayor

Jessica Anderson

Bob Sproat

Connie Tubbs

CITY CLERK

Penny Ray



205 West McElroy
Stillwater, OK 74075
(405) 624-9500

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of City Council
City of Snyder, Oklahoma

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, 2013, 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, 2013, 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 30–31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013, on our consideration of the City of Snyder, OK's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

FSW&B CPA's-PLLC

FSW&B CPA's-PLLC

Stillwater, OK

December 16, 2013

Our discussion and analysis of the City of Snyder's ("City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2013. 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 \$1,393,594 for fiscal year 2013 compared to \$1,083,855 (net position) in fiscal year 2012. The City realized an increase of \$309,739 in net position.
- Total liabilities of the City decreased by \$107,521 to \$719,347 during the fiscal year due to payments on debt during the year.
- The City's governmental funds reported total ending fund balance of \$168,490 this year. This compares favorably to the prior year ending fund balance of \$116,370.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$81,516.

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 \$309,739 increase over last year's net position of \$1,083,866. The following table provides a summary of the City's net position at June 30:

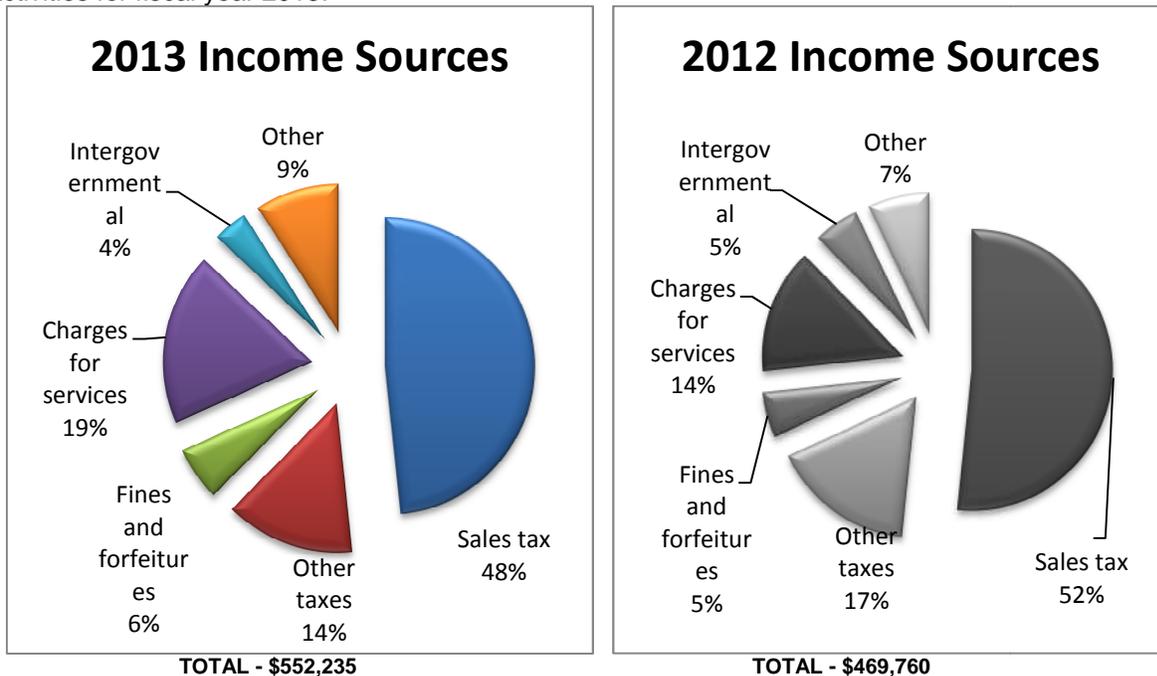
	Governmental		Business-Type		Totals		Change	
	2013	2012	2013	2012	2013	2012	\$	%
Current assets	\$ 150,490	\$ 84,117	\$ 559,494	\$ 396,646	\$ 709,984	\$ 480,763	\$ 229,221	48%
Restricted assets	79,754	80,925	226,620	221,319	306,374	302,244	4,130	1%
Capital assets, net	806,442	855,760	290,141	271,966	1,096,583	1,127,726	(31,143)	-3%
Total assets	1,036,686	1,020,802	1,076,255	889,931	2,112,941	1,910,733	202,208	11%
Current liabilities	61,754	48,672	64,371	132,790	126,125	181,462	(55,337)	-30%
Liabilities Payable from Restricted Assets	-	-	43,115	36,780	43,115	36,780	6,335	17%
Non-current liabilities	13,659	-	536,448	608,626	550,107	608,626	(58,519)	-10%
Total liabilities	75,413	48,672	643,934	778,196	719,347	826,868	(107,521)	-13%
Net assets								
Invested in capital assets, net of related debt	785,657	855,760	(303,954)	271,966	481,703	1,127,726	(646,023)	-57%
Restricted	53,689	-	183,505	-	237,194	-	237,194	100%
Unrestricted	121,927	116,370	552,770	(160,231)	674,697	(43,861)	718,558	-1638%
Total net assets	\$ 961,273	\$ 972,130	\$ 432,321	\$ 111,735	\$ 1,393,594	\$ 1,083,865	\$ 309,729	29%

The City reported positive balances in net position for governmental and business-type activities. Net position increased \$320,586 for business-type activities. Governmental activities decreased \$10,847. The City's overall financial position improved during fiscal year 2013.

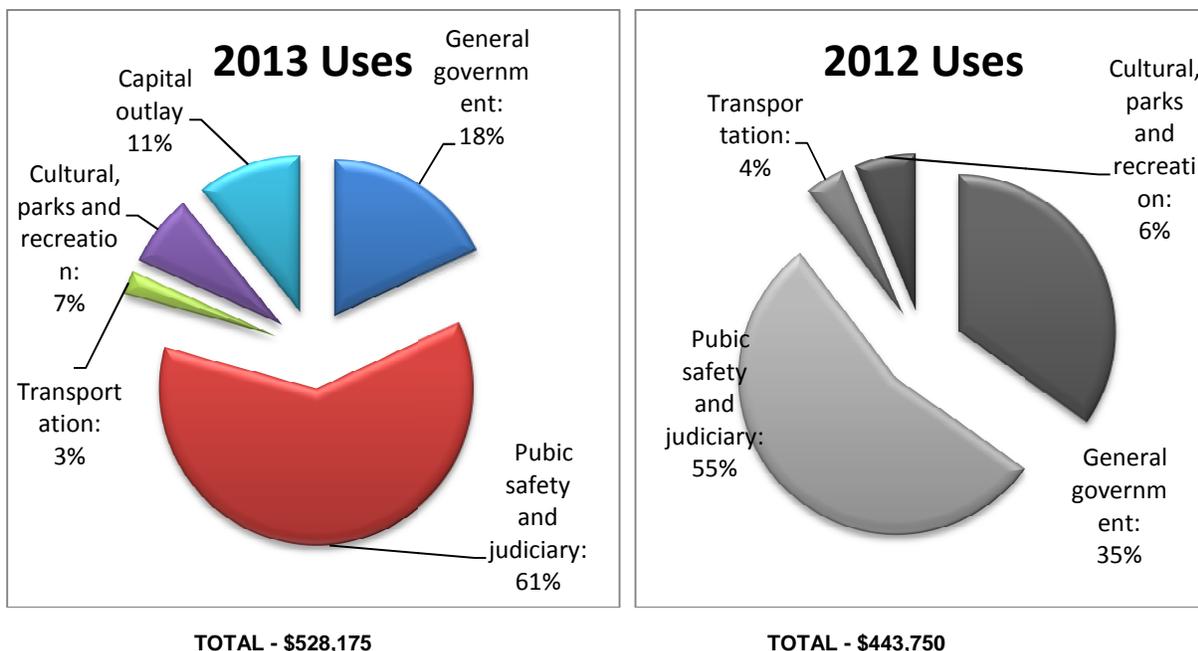
	Governmental Activities		Business-type Activities		Totals		Change	
	2013	2012	2013	2012	2013	2012	\$	%
Revenues								
Program revenues	\$ 190,343	\$ 138,007	\$ 1,005,679	\$ 1,164,286	\$ 1,196,022	\$ 1,302,293	\$ (106,271)	-8%
Taxes and other general revenues	361,892	331,752	38,969	14,801	400,861	346,553	54,308	16%
Total revenues	552,235	469,759	1,044,648	1,179,087	1,596,883	1,648,846	(51,963)	-3%
Expenses								
General government	152,465	212,882	-	-	152,465	212,882	(60,417)	-28%
Public safety and judiciary	337,914	262,784	-	-	337,914	262,784	75,130	29%
Transportation	33,220	38,148	-	-	33,220	38,148	(4,928)	-13%
Cultural, parks, and recreation	39,633	28,272	-	-	39,633	28,272	11,361	40%
Water	-	-	450,192	476,476	450,192	476,476	(26,284)	-6%
Sewer	-	-	14,088	14,628	14,088	14,628	(540)	-4%
Sanitation	-	-	171,847	171,847	171,847	171,847	-	0%
Customer service	-	-	87,785	105,135	87,785	105,135	(17,350)	-17%
Total expenses	563,232	542,086	723,912	768,086	1,287,144	1,310,172	(23,028)	-2%
Excess (deficiency) before transfers	(10,997)	(72,327)	320,736	411,001	309,739	338,674	(28,935)	-9%
Transfers	150	18,000	(150)	(18,000)	-	-	-	0%
Increase (decrease) in net assets	\$ (10,847)	\$ (54,327)	\$ 320,586	\$ 393,001	\$ 309,739	\$ 338,674	\$ (28,935)	-9%

Revenues remained consistent with prior year, noting a 3% year over year change. Governmental taxes noted a slight increase when compared to prior year. Program revenues of business-type activities noted a slight decrease due to a decline utility usage. Expenses moved consistent with revenues at a 2% change when compared to prior year. Fiscal year 2012 noted additional maintenance expenses for the general government, whereby fiscal year 2013 reflected a shift in costs to the police and fire departments.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the City's activities for fiscal year 2013.

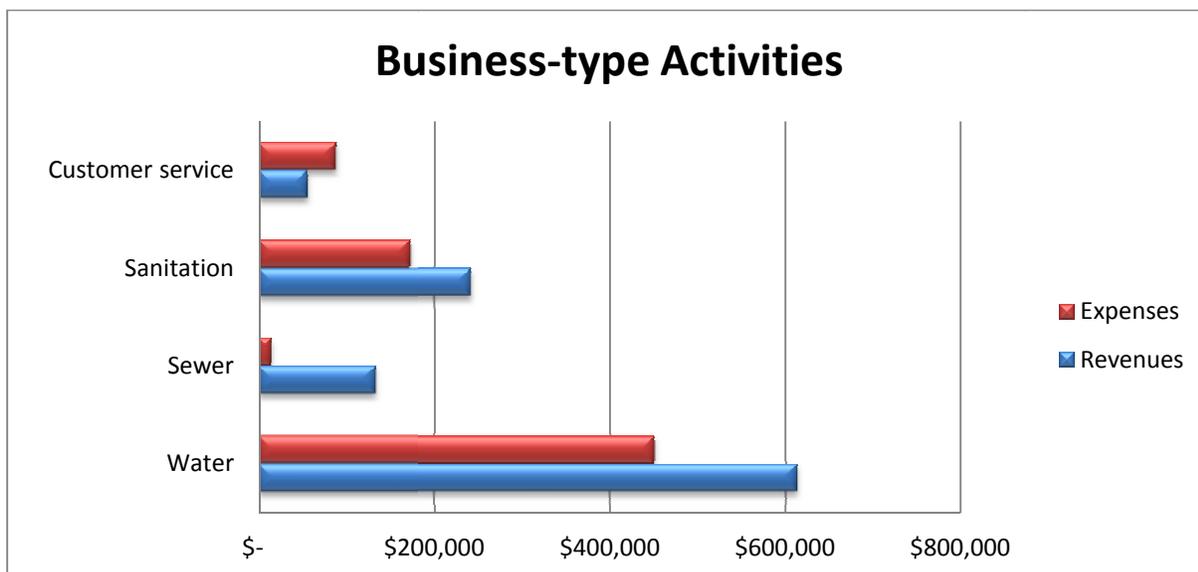


Sales tax provided for 48% of the City's governmental revenues in fiscal year 2013, down from 52% in 2012. Charges for services noted a slight increase of 5% resulting from the community kitchen effort. Other revenue sources remained consistent between fiscal years.



This graph shows the total governmental activities cost of \$528,175 for 2013. Of this amount, public safety and judiciary with \$323,133 was the largest operating service cost, at 61% of total cost of services in 2013. General government expenses were the next largest use of funds at 18%. 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 2013 was \$573,693. Amendments totaling \$11,513 were made during the fiscal year, increasing the budget to \$585,206. In total, the City's expenditures did not exceed the amended budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2013, the City had \$481,703 of capital assets, net of depreciation, including vehicles and equipment for police and fire operations, park facilities, and street activities in governmental activities and water lines and sewer lines in business-type activities. See table below.

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 18,500	\$ 18,500	\$ 20,300	\$ 20,300	\$ 38,800	\$ 38,800
Construction in process	-	-	-	-	-	-
Buildings	1,053,578	1,053,578	250,000	250,000	1,303,578	1,303,578
Other improvements	304,158	295,349	-	-	304,158	295,349
Machinery & equipment	275,575	227,465	288,906	221,207	564,481	448,672
Utility property & improvements	-	-	1,117,970	1,117,970	1,117,970	1,117,970
Less Accumulated depreciation	(845,369)	(739,132)	(1,386,335)	(1,355,512)	(2,231,704)	(2,094,644)
Totals	\$ 806,442	\$ 855,760	\$ 290,841	\$ 253,965	\$ 1,097,283	\$ 1,109,725

Significant additions for the City include the following:

- In Governmental Activities, F-150 vehicle for the Police department, 1992 F-350 for the Fire department, and community building improvements.
- In Business-type Activities, several improvements to the water and sewer systems, including chlorination system, lift station pump, and hydraulic dump trailer

Long-Term Debt

At year-end, the City had \$550,448 in long-term debt outstanding. The City's changes in long-term debt by type of debt are as follows:

Primary Government Long-Term Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenue Bonds	-	-	525,600	554,160	525,600	554,160
Lease Payable	20,785	-	-	-	20,785	-
Notes payable	-	-	68,495	147,973	68,495	147,973
Subtotal	20,785	-	594,095	702,133	614,880	702,133
less current portion	(7,126)	-	(57,647)	(93,507)	(64,773)	(93,507)
Totals	\$ 13,659	\$ -	\$ 536,448	\$ 608,626	\$ 550,107	\$ 608,626

ECONOMIC FACTORS AND NEXT YEARS'S BUDGET AND RATES

Economic Environment

According to the Oklahoma Economic Report, the state's twelve-month gross receipts have reached an all time high, surpassing the previous record set in December 2008. State Treasurer, Ken Miller, Oklahoma has "regained and moved past the ground it lost during the Great Recession". Although the national economy has been sluggish, Oklahoma has shown significant improvement. The economic environment of the state sheds light on that local economy, as the City has also seen improvement.

The City of Snyder has noted increase in sales and other tax revenues when compared to prior year. Utility billing has remained strong due to an increasing customer base. Continued improvement in the City's economic position is cautiously projected.

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 2013.

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, 2013

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 102,436	\$ 465,708	\$ 568,144
Taxes receivable	27,365	-	27,365
Accounts receivable (net)	5,953	89,596	95,549
Prepaid Assets	14,736	4,190	18,926
Total current assets	<u>150,490</u>	<u>559,494</u>	<u>709,984</u>
Restricted assets:			
Cash and cash equivalents	33,285	65,455	98,740
Investments, including time deposits	46,469	161,165	207,634
Total restricted assets	<u>79,754</u>	<u>226,620</u>	<u>306,374</u>
Noncurrent Assets:			
Land and construction in progress	18,500	20,300	38,800
Other capital assets (net of accumulated depreciation)	787,942	269,841	1,057,783
Total noncurrent assets	<u>806,442</u>	<u>290,141</u>	<u>1,096,583</u>
Total assets	<u>\$ 1,036,686</u>	<u>\$ 1,076,255</u>	<u>\$ 2,112,941</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 7,248	\$ 33,741	\$ 40,989
Salaries and benefits payable	10,221	9,525	19,746
Payroll liabilities	324	293	617
Due to other funds	36,835	(36,835)	-
Notes payable, current	7,126	57,647	64,773
Total current liabilities	<u>61,754</u>	<u>64,371</u>	<u>126,125</u>
Liabilities payable from restricted assets:			
Customer deposits payable	-	43,115	43,115
Total liabilities payable from restricted assets	<u>-</u>	<u>43,115</u>	<u>43,115</u>
Noncurrent liabilities:			
Notes payable, non-current	13,659	536,448	550,107
Total noncurrent liabilities	<u>13,659</u>	<u>536,448</u>	<u>550,107</u>
Total liabilities	<u>75,413</u>	<u>643,934</u>	<u>719,347</u>
NET POSITION			
Invested in capital assets, net of related debt	785,657	(303,954)	481,703
Restricted	53,689	183,505	237,194
Unrestricted	121,927	552,770	674,697
Total net position	<u>\$ 961,273</u>	<u>\$ 432,321</u>	<u>\$ 1,393,594</u>

City of Snyder, Oklahoma
Statement of Activities
June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
General government	\$ 152,465	\$ 1,664	\$ 1,794	\$ -	\$ (149,007)
Total general government	152,465	1,664	1,794	-	(149,007)
Public safety and judiciary:					
Police	173,658	32,211	-	-	(141,447)
Fire	86,780	80,749	4,484	-	(1,547)
Ambulance	65,874	-	-	-	(65,874)
Code enforcement	9,595	289	-	-	(9,306)
Animal control	2,007	-	-	-	(2,007)
Total public safety and judiciary	337,914	113,249	4,484	-	(220,181)
Transportation:					
Street	33,220	23,972	12,344	-	3,096
Total transportation	33,220	23,972	12,344	-	3,096
Cultural, parks and recreation:					
Park	3,186	5,993	-	-	2,807
Cemetery	5,238	5,993	-	-	755
Community building	29,772	17,040	3,810	-	(8,922)
Library	1,437	-	-	-	(1,437)
Total cultural, parks and recreation	39,633	29,026	3,810	-	(6,797)
Total governmental activities	563,232	167,911	22,432	-	(372,889)
Business-type activities:					
Utility services:					
Water	450,192	613,611	-	-	163,419
Sewer	14,088	132,771	-	-	118,683
Sanitation	171,847	241,492	-	-	69,645
Customer service	87,785	17,805	-	-	(69,980)
Total business-type activities	723,912	1,005,679	-	-	281,767
Total primary government	\$ 1,287,144	\$ 1,173,590	\$ 22,432	\$ -	\$ (91,122)

City of Snyder, Oklahoma
Statement of Activities (continued)
June 30, 2013

Changes in Net Assets:	Primary Government		
	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (372,889)	\$ 281,767	\$ (91,122)
General revenues:			
Taxes:			
Sales tax	266,879	-	266,879
Use tax	27,375	-	27,375
Franchise taxes	24,865	-	24,865
Alcoholic beverage tax	22,204	-	22,204
Cigarette tax	3,404	-	3,404
Investment income	321	1,359	1,680
Gain on sale of assets	931	-	931
Miscellaneous	15,913	37,610	53,523
Transfers - Internal activity, net	150	(150)	-
Total general revenues and transfers	362,042	38,819	400,861
Change in net position	(10,847)	320,586	309,739
Net position-beginning	972,120	111,735	1,083,855
Net position-ending	\$ 961,273	\$ 432,321	\$ 1,393,594

**City of Snyder, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2013**

	<u>General Fund</u>	<u>Street & Alley Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 96,260	\$ 6,176	\$ 102,436
Investments, including time deposits	-	46,469	46,469
Restricted cash	33,285	-	33,285
Prepaid Assets	14,736	-	14,736
Taxes Receivable	26,321	1,044	27,365
Accounts Receivable	5,953	-	5,953
Total assets	<u>\$ 176,555</u>	<u>\$ 53,689</u>	<u>\$ 230,244</u>
LIABILITIES			
Accounts payable	\$ 7,248	\$ -	\$ 7,248
Salaries and benefits payable	10,221	-	10,221
Due to other funds	36,835	-	36,835
Payroll liabilities	324	-	324
Current portion of note payable	7,126	-	7,126
Total liabilities	<u>61,754</u>	<u>-</u>	<u>61,754</u>
FUND BALANCES			
Nonspendable	\$ -	\$ -	\$ -
Restricted	-	53,689	53,689
Committed	33,285	-	33,285
Unassigned	81,516	-	81,516
Total fund balances	<u>114,801</u>	<u>53,689</u>	<u>168,490</u>
Total liabilities and fund balances	<u>\$ 176,555</u>	<u>\$ 53,689</u>	<u>\$ 230,244</u>
 Total fund balance- total governmental funds			 \$ 168,490
 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		1,633,311	
Less: Accumulated depreciation		<u>(845,369)</u>	806,442
Certain long-term liabilities are not due and payable from current financial resources and therefore, are not reported in the funds:			<u>(13,659)</u>
Net position of governmental activities			<u>\$ 961,273</u>

City of Snyder, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2013

	General Fund	Street & Alley Fund	Total Governmental Funds
REVENUES			
Sales tax	\$ 266,879	\$ -	\$ 266,879
Use tax	27,375	-	27,375
Beverage tax	22,204	-	22,204
Franchise taxes	24,865	-	24,865
Cigarette tax	3,404	-	3,404
Licenses and permits	564	-	564
Fines and forfeitures	32,500	-	32,500
Investment income	321	-	321
Charges for services	103,782	-	103,782
Rental income	1,100	-	1,100
Intergovernmental	8,439	12,344	20,783
Donations	1,649	-	1,649
Administrative fees	5,993	23,972	29,965
Sale of assets	931	-	931
Issuance of debt	27,910	-	27,910
Miscellaneous	15,913	-	15,913
Total revenues	<u>543,829</u>	<u>36,316</u>	<u>580,145</u>
EXPENDITURES			
General government:			
General government	95,573	-	95,573
Total general government	<u>95,573</u>	<u>-</u>	<u>95,573</u>
Public safety and judiciary:			
Police	175,366	-	175,366
Fire	70,291	-	70,291
Ambulance	65,874	-	65,874
Code enforcement	9,595	-	9,595
Animal control	2,007	-	2,007
Total public safety and judiciary	<u>323,133</u>	<u>-</u>	<u>323,133</u>
Transportation:			
Street	-	13,220	13,220
Total transportation	<u>-</u>	<u>13,220</u>	<u>13,220</u>
Cultural, parks and recreation:			
Park	2,883	-	2,883
Cemetery	5,238	-	5,238
Community building	29,772	-	29,772
Library	1,437	-	1,437
Total cultural, parks and recreation	<u>39,330</u>	<u>-</u>	<u>39,330</u>
Capital outlay	56,919	-	56,919
Total expenditures	<u>514,955</u>	<u>13,220</u>	<u>528,175</u>
Excess (deficiency) of revenues over expenditures	<u>28,874</u>	<u>23,096</u>	<u>51,970</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	41,626	-	41,626
Transfers out	-	(41,476)	(41,476)
Total other financing sources and uses	<u>41,626</u>	<u>(41,476)</u>	<u>150</u>
Net change in fund balances	70,500	(18,380)	52,120
Fund balances - beginning	44,301	72,069	116,370
Fund balances - ending	<u>\$ 114,801</u>	<u>\$ 53,689</u>	<u>\$ 168,490</u>

City of Snyder, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2013

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 \$ 52,120
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	56,919
Depreciation expense	(106,237)

Principal debt payments reported as expenditures in the governmental funds

Issuance of new debt	(27,910)
Principal debt payments	14,261

	14,261
Change in Net Assets of Governmental Activities	\$ (10,847)

City of Snyder, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2013

	Total Enterprise Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 465,708
Accounts receivable (net)	89,596
Due from other funds	36,835
Prepaid Assets	4,190
Total current assets	596,329
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	65,455
Investments	161,165
Total restricted assets	226,620
Noncurrent assets:	
Capital assets (net)	290,141
Total noncurrent assets	290,141
Total assets	\$ 1,113,090
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 33,741
Salaries and benefits payable	9,525
Payroll liabilities	293
Notes payable, current	57,647
Total current liabilities	101,206
Liabilities payable from restricted assets:	
Customer deposits payable	43,115
Total liabilities payable from restricted assets	43,115
Noncurrent liabilities:	
Notes payable, non-current	536,448
Total noncurrent liabilities	536,448
Total liabilities	680,769
NET POSITION	
Invested in capital assets, net of related debt	(303,954)
Restricted	183,505
Unrestricted	552,770
Total net position	\$ 432,321

City of Snyder, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2013

	Public Works Authority
<u>Operating revenues:</u>	
Charges for services:	
Water charges	\$ 613,611
Sewer charges	132,771
Sanitation charges	241,492
Total charges for services	987,874
Miscellaneous	37,611
Penalty	17,805
Total operating revenues	1,043,290
<u>Operating expenses:</u>	
Personal services	176,971
Materials and supplies	175,735
Other services and charges	305,903
Depreciation and amortization	30,824
Total operating expenses	689,433
Net operating income	\$ 353,857
<u>Nonoperating revenue (expense):</u>	
Investment income	1,359
Bad debt	(1,952)
Interest expense	(32,528)
Total nonoperating revenue (expense)	(33,121)
Net Income before contributions and transfers	320,736
Transfers to other funds, net	(150)
Change in net position	320,586
Net position-beginning of year	111,735
Net position-end of year	\$ 432,321

City of Snyder, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2013

	Public Works Authority
<u>Cash flows from operating activities:</u>	
Receipts from customers	\$ 1,043,602
Payments to suppliers	(480,677)
Payments to employees	(180,286)
Net cash provided (used) by operating activities	382,639
<u>Cash flows from non-capital financing activities:</u>	
Transfers to other funds	(150)
Net cash provided (used) by non-capital financing activities	(150)
<u>Cash flows from capital and related financing activities:</u>	
Purchase of capital assets	(44,999)
Principal paid on capital debt	(108,038)
Interest paid on capital debt	(32,528)
Net cash provided (used) by capital and related financing activities	(185,565)
<u>Cash flows from investing activities:</u>	
Purchase of investments	(158,495)
Investment income	1,359
Net cash provided (used) by investing activities	(157,136)
Net increase (decrease) in cash and cash equivalents	39,788
Cash and cash equivalents, July 1, 2012	491,375
Cash and cash equivalents, June 30, 2013	\$ 531,163
Cash, including time deposits	\$ 465,708
Restricted cash, including time deposits	65,455
Total cash and cash equivalents, end of year	\$ 531,163
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>	
Operating income (loss)	\$ 353,857
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	30,824
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	312
Increase (decrease) in accounts payable	961
Increase (decrease) in wages & benefits payable	(3,315)
Net cash provided (used) by operating activities	\$ 382,639

(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 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 16, 2013, 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, 2013, the City did not materially overspend in any department-level category.

C. Revenue Restrictions

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

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

(3) DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. Cash and Investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's deposits are secured by collateral values at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance

CITY OF SNYDER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service.

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

Investments

The City invests primarily in certificates of deposit.

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Days to Maturity (2)</u>
Governmental Activities				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 46,469	\$ 46,469	N/A	228
Total investments	<u>46,469</u>	<u>46,469</u>		
Total governmental investments	<u>\$ 46,469</u>	<u>\$ 46,469</u>		
 Business-type Activities				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 161,165	\$ 161,165	N/A	255
Total investments	<u>161,165</u>	<u>161,165</u>		
Total business-type investments	<u>\$ 161,165</u>	<u>\$ 161,165</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	\$ 29,948	\$ -	\$ 29,948
Street department	1,133	46,469	47,602
Senior Citizen's	2,204	-	2,204
	<u>\$ 33,285</u>	<u>\$ 46,469</u>	<u>\$ 79,754</u>
 Business-type Activities			
Debt service	\$ 11,486	\$ 122,612	\$ 134,098
Council specific purpose	29,458	-	29,458
Meter deposits	24,511	38,553	63,064
	<u>\$ 65,455</u>	<u>\$ 161,165</u>	<u>\$ 226,620</u>

B. PROPERTY, PLANT AND EQUIPMENT

Governmental Activities:

A summary of the changes in the governmental activities fixed assets at June 30, 2013 follows:

	Balance at June 30, 2012	Additions	Deletions	Balance at June 30, 2013
Land	\$ 18,500	\$ -	\$ -	\$ 18,500
Buildings & structures	1,053,578	-	-	1,053,578
Machinery, furniture, & equipment	227,465	48,109	-	275,574
Improvements other than land	295,349	8,810	-	304,159
Total	1,594,892	56,919	-	1,651,811
Less accumulated depreciation	739,132	106,237	-	845,369
Fixed assets, net	\$ 954,094	\$ 163,156	\$ -	\$ 806,442

Business-Type Activities:

A summary of the proprietary fund types fixed assets at June 30, 2013 follows:

	Balance at June 30, 2012	Additions	Deletions	Balance at June 30, 2013
Land	\$ 20,300	\$ -	\$ -	\$ 20,300
Buildings & structures	250,000	-	-	250,000
Machinery, furniture, & equipment	221,207	-	-	221,207
Utility property and improvements	1,117,970	45,000	-	1,162,970
Total	1,585,128	45,000	-	1,654,477
Less accumulated depreciation	1,355,512	30,824	-	1,386,336
Fixed assets, net	\$ 252,480	\$ 14,176	\$ -	\$ 268,141

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	\$ 56,892
Public Safety	29,042
Transportation	20,000
Cultural, parks & recreation	303
Total governmental activities depreciation expense	\$ 106,237

Depreciation expense charges to business-type activities:

Water	23,154
Sewer	7,670
Total business-type activities depreciation expense	\$ 30,824

CITY OF SNYDER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

C. LONG-TERM DEBT

The following is a summary of long-term debt for the year ended June 30, 2013:

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 a interest rate of 3.25%. \$ 20,784

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 \$ 68,495

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. 525,600

Total Long-Term Debt \$ 594,095

Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year ended June 30, 2013:

<u>Type of Debt</u>	<u>Balance at June 30, 2012</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2013</u>	<u>Due Within One Year</u>
Governmental activities:					
Lease payable	\$ -	\$ 27,910	\$ 7,126	\$ 20,784	\$ 7,126
Total governmental activities	<u>\$ -</u>	<u>\$ 27,910</u>	<u>\$ 7,126</u>	<u>\$ 20,784</u>	<u>\$ 7,126</u>
Business-type activities:					
<i>Notes Payable</i>					
Note payable	\$ 147,973	\$ -	\$ 79,478	\$ 68,495	\$ 27,647
Total notes payable	147,973	-	79,478	68,495	27,647
<i>Bonds Payable</i>					
Revenue bonds payable	554,160	-	28,560	525,600	30,000
Total business-type activities	<u>\$ 702,133</u>	<u>\$ -</u>	<u>\$ 108,038</u>	<u>\$ 594,095</u>	<u>\$ 57,647</u>
Total primary government debt	<u>\$ 702,133</u>	<u>\$ 27,910</u>	<u>\$ 115,164</u>	<u>\$ 614,879</u>	<u>\$ 64,773</u>

The amount of interest expense included as a direct function expense in the Statement of Activities is \$32,528.

CITY OF SNYDER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Annual Debt Service Requirements:

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2013 follow:

Year Ending June 30	Governmental Activities		Business-type Activities			
	Lease Payable	Notes Payable		Bonds Payable		
	Principal	Principal	Interest	Principal	Interest	
2014	\$ 7,126	\$ 27,647	\$ 1,957	\$ 30,000	\$ 26,859	
2015	7,126	28,631	973	32,880	25,449	
2016	6,532	12,217	107	32,880	23,967	
2017	-	-	-	34,320	22,290	
2018	-	-	-	36,240	20,540	
2019-2023	-	-	-	211,440	72,840	
2022-2026	-	-	-	147,840	15,550	
Totals	<u>\$ 20,784</u>	<u>\$ 68,495</u>	<u>\$ 3,037</u>	<u>\$ 525,600</u>	<u>\$ 207,495</u>	

D. INTERFUND TRANSACTIONS AND BALANCES

Operating transfers for the year ended June 30, 2013 were as follows:

Operating Transfers	Transfers In	Transfers Out
GENERAL FUND:		
Street and Alley	41,476	-
Public Works Authority	150	-
GOVERNMENTAL ACTIVITIES		
General Fund	-	41,476
ENTERPRISE FUND: Public Works Authority		
General Fund	-	150
Grand Total	<u>\$ 41,626</u>	<u>\$ 41,626</u>

E. GOVERNMENTAL FUND BALANCES

Fund balances for the year ended June 30, 2013 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, 2013

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES					
Sales taxes	\$ 227,119	\$ 25,000	\$ 252,119	\$ 266,879	\$ 14,760
Use taxes	27,211	-	27,211	27,375	164
Beverage tax	17,018	5,000	22,018	22,204	186
Franchise taxes	28,020	(5,000)	23,020	24,865	1,845
Fines and forfeitures	34,500	4,500	39,000	32,500	(6,500)
Investment income	425	-	425	321	(104)
Charges for services	61,000	82,563	143,563	103,782	(39,781)
Intergovernmental	6,500	15,285	21,785	8,439	(13,346)
Miscellaneous	6,235	(4,485)	1,750	25,586	23,836
Total revenues	<u>408,028</u>	<u>122,863</u>	<u>530,891</u>	<u>511,951</u>	<u>(18,940)</u>
EXPENDITURES					
General government:					
General government	154,250	(35,000)	119,250	95,573	23,677
Total general government	<u>154,250</u>	<u>(35,000)</u>	<u>119,250</u>	<u>95,573</u>	<u>23,677</u>
Public safety and judiciary:					
Police	222,713	(20,466)	202,247	206,091	(3,844)
Fire	29,500	68,179	97,679	71,083	26,596
Ambulance	56,780	12,750	69,530	65,874	3,656
Code Enforcement	16,000	(3,000)	13,000	9,595	3,405
Animal Control	1,000	750	1,750	2,007	(257)
Total public safety and judiciary	<u>325,993</u>	<u>58,213</u>	<u>384,206</u>	<u>354,650</u>	<u>29,556</u>
Cultural, parks and recreation:					
Park	64,100	(56,000)	8,100	2,883	5,217
Cemetery	3,600	3,400	7,000	5,238	1,762
Community Building	2,000	40,900	42,900	29,772	13,128
Library	2,750	-	2,750	1,437	1,313
Total cultural, parks and recreation	<u>72,450</u>	<u>(11,700)</u>	<u>60,750</u>	<u>36,447</u>	<u>16,203</u>
Transportation:					
Street	21,000	-	21,000	-	21,000
Total transportation	<u>21,000</u>	<u>-</u>	<u>21,000</u>	<u>-</u>	<u>21,000</u>
Total expenditures	<u>573,693</u>	<u>11,513</u>	<u>585,206</u>	<u>486,670</u>	<u>90,436</u>
Revenue over (under) expenditures	(165,665)	111,350	(54,315)	25,281	(109,376)
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	166,000	-	166,000	41,626	(124,374)
Net other financing sources (uses)	<u>166,000</u>	<u>-</u>	<u>166,000</u>	<u>41,626</u>	<u>(124,374)</u>
Revenues and other financing sources over (under) expenditures and other uses	335	111,350	111,685	66,907	(233,750)
Fund balance at beginning of year (Non-GAAP budgetary basis)					
Less budgeted carryover (1)				43,510	
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 110,417	
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				4,282	
Expenditure and transfer accruals				102	
Fund balance at end of year (GAAP basis)				<u>\$ 114,801</u>	

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



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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 Honorable Members of 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Snyder, Oklahoma, as of and for the year ended June 30, 2013, 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 16, 2013.

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 16, 2013