

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

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

**FOR THE YEAR ENDED
JUNE 30, 2016**

CITY OF SNYDER, OKLAHOMA
TABLE OF CONTENTS
For the fiscal year ended JUNE 30, 2016

	<u>Page</u>
LIST OF PRINCIPAL OFFICIALS	1
INDEPENDENT AUDITOR'S REPORT	2-3
REQUIRED SUPPLEMENTARY INFORMATION: Management's Discussion and Analysis	4-11
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	12
Statement of Activities	13-14
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16-17
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Notes to Basic Financial Statements	21-32
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	33
Schedule of City's Proportionate Share of Net Pension Liability – Oklahoma Fire Pension Retirement Plan	34
INDEPENDENT AUDITOR'S 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	35-36

CITY OF SNYDER, OKLAHOMA

LIST OF PRINCIPAL OFFICIALS

CITY COUNCIL

Dale Saul, Mayor

Rodney Bartlett, Vice Mayor

Marty Quinlan

Bob Sproat

Connie Tubbs

CITY CLERK

Penny Ray

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Snyder, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Snyder, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Snyder, Oklahoma'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, and each major fund of the City of Snyder, Oklahoma, as of June 30, 2016, 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, budgetary comparison information and net liability pension schedules on pages 4–11, 33 and 34 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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2016, on our consideration of the City of Snyder, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Snyder, Oklahoma's internal control over financial reporting and compliance.

FSW&B CPAs-PLLC

FSW&B CPAs-PLLC
Woodward, Oklahoma
December 16, 2016

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, 2016. 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 \$2,156,737 for fiscal year 2016 compared to \$1,888,945 (net position) in fiscal year 2015. The City realized an increase of \$267,792 in net position.
- Restricted assets of \$247,369 represent cash balances restricted largely for debt service payments and meter deposit obligations.
- Total liabilities of the City decreased by \$45,774 to \$576,745 during the fiscal year due to payments on existing debt obligations offset by an increase in the accrual of the firefighter's pension plan obligation of \$11,935.
- The City's governmental funds reported total ending fund balance of \$193,244 in the current fiscal year. Governmental funds remained consistent when compared to prior year, after restatement for deferred inflows and outflows related to the net pension obligation of the fire department.
- At the end of the current fiscal year unassigned fund balance for the General Fund was \$130,113 down \$4,607 from prior year.

ABOUT THE CITY

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

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

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

The City's Financial Reporting Entity

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

The City has two kinds of funds:

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the

governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide 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 \$2,156,737. The following table provides a summary of the City's net position at June 30:

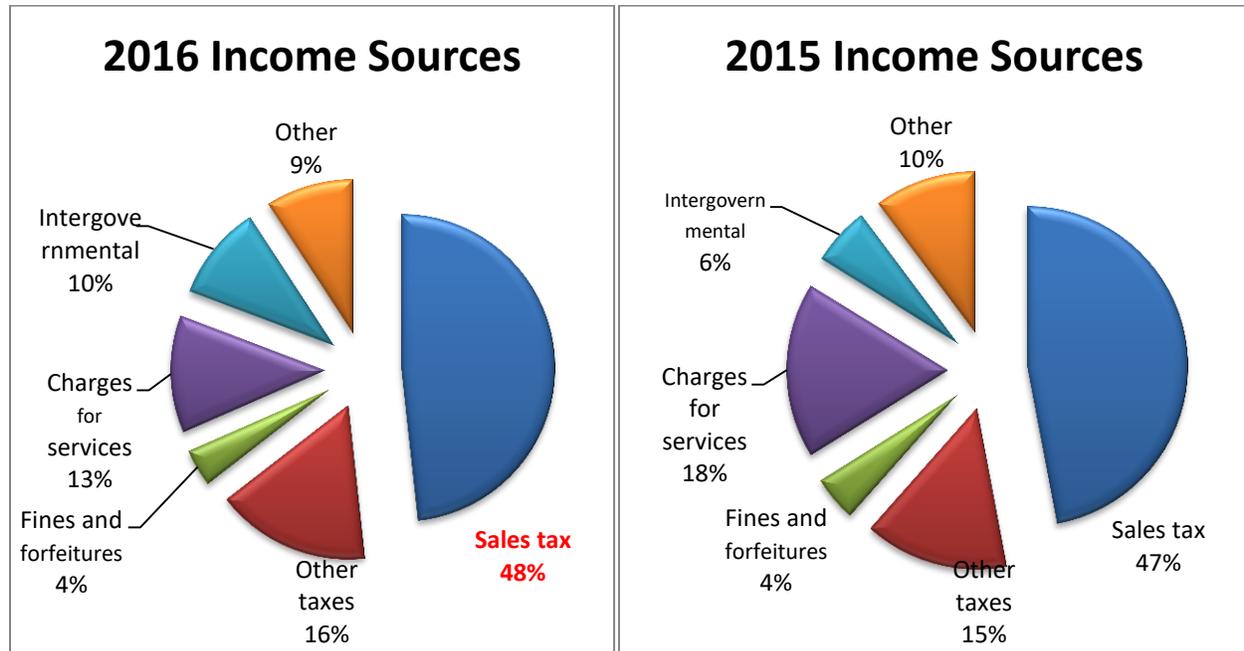
	Governmental Activities		Business-Type Activities		Totals		Change	
	2016	2015	2016	2015	2016	2015	\$	%
Current assets	\$ 189,280	\$ 199,092	\$ 1,167,199	\$ 896,276	\$ 1,356,479	\$ 1,095,368	\$ 261,111	24%
Restricted assets	63,131	59,374	246,901	228,047	310,032	287,421	22,611	8%
Capital assets, net	647,532	718,037	411,905	414,849	1,059,437	1,132,886	(73,449)	-6%
Total assets	899,943	976,503	1,826,005	1,539,172	2,725,948	2,515,675	210,273	8%
Deferred outflows	12,478	787	-	-	12,478	787	11,691	100%
Current liabilities	59,167	64,372	19,605	(5,629)	78,772	58,743	20,029	34%
Liabilities Payable from								
Restricted Assets	-	-	52,595	47,525	52,595	47,525	5,070	11%
Non-current liabilities	46,978	39,629	398,400	476,622	445,378	516,251	(70,873)	-14%
Total liabilities	106,145	104,001	470,600	518,518	576,745	622,519	(45,774)	-7%
Deferred inflows	4,944	4,998	-	-	4,944	4,998	(54)	100%
Net investment in capital assets	640,140	706,059	(20,815)	(61,773)	619,325	644,286	(24,961)	-4%
Restricted	53,063	52,329	194,306	180,522	247,369	232,851	14,518	100%
Unrestricted	108,129	109,903	1,181,914	901,905	1,290,043	1,011,808	278,235	27%
Total net position	\$ 801,332	\$ 868,291	\$ 1,355,405	\$ 1,020,654	\$ 2,156,737	\$ 1,888,945	\$ 256,047	14%

The City reported positive balances in net position for governmental and business-type activities. Total assets noted an 8% increase year over year due to an increase in liquid assets. Total liabilities decreased 7% over prior year due to payments made on outstanding debt offset by an increase in the firefighter's pension liability. Net position increased \$334,571 for business-type activities. Governmental activities decreased \$66,959. The City's overall financial position improved during fiscal year 2016.

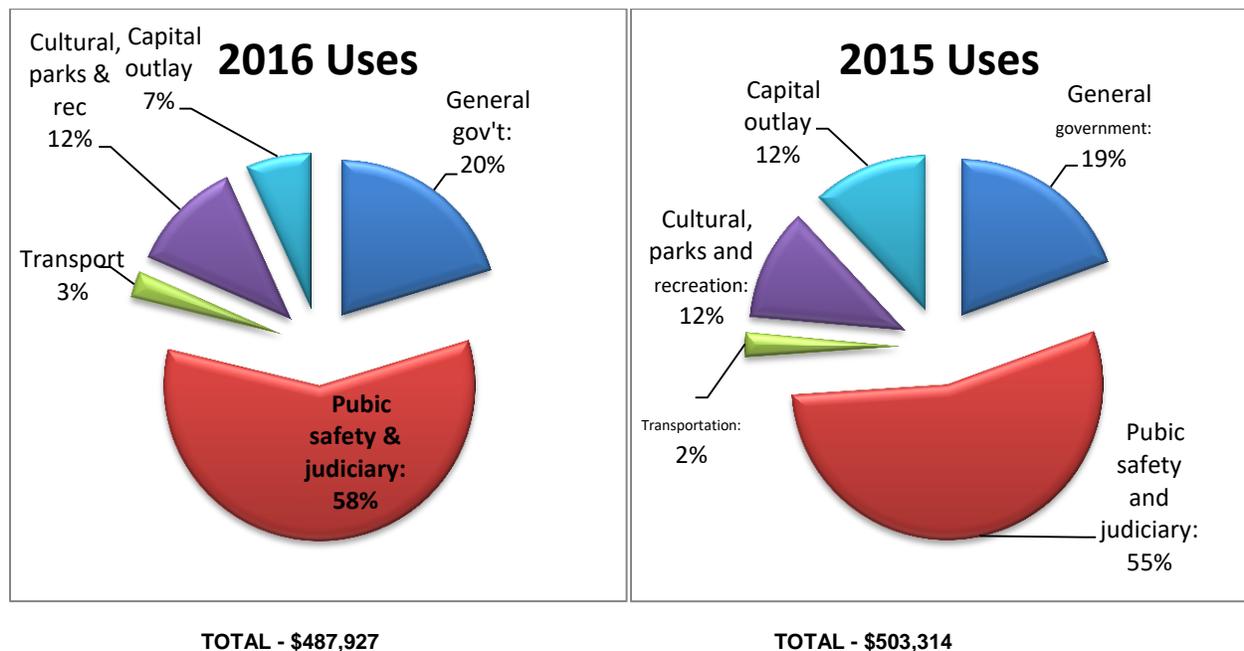
	Governmental Activities		Business-type Activities		Totals		Change	
	2016	2015	2016	2015	2016	2015	\$	%
Revenues								
Program revenues	\$ 162,508	\$ 192,103	\$ 1,029,814	\$ 965,225	\$ 1,192,322	\$ 1,157,328	\$ 34,994	3%
Taxes and other general revenues	322,378	334,160	35,365	30,274	357,743	364,434	(6,691)	-2%
Total revenues	484,886	526,263	1,065,179	995,499	1,550,065	1,521,762	28,303	2%
Expenses								
General government	159,361	159,131	-	-	159,361	159,131	230	0%
Public safety and judiciary	302,678	298,508	-	-	302,678	298,508	4,170	1%
Transportation	33,568	36,429	-	-	33,568	36,429	(2,861)	-8%
Cultural, parks, and recreation	58,238	59,681	-	-	58,238	59,681	(1,443)	-2%
Water	-	-	482,723	462,663	482,723	462,663	20,060	4%
Sewer	-	-	18,922	23,878	18,922	23,878	(4,956)	-21%
Sanitation	-	-	142,740	162,830	142,740	162,830	(20,090)	-12%
Customer service	-	-	84,223	106,582	84,223	106,582	(22,359)	-21%
Total expenses	553,845	553,749	728,608	755,953	1,282,453	1,309,702	(27,249)	-2%
Excess (deficiency) before transfers:	(68,959)	(27,486)	336,571	239,546	267,612	212,060	55,552	26%
Transfers	2,000	-	(2,000)	-	-	-	-	0%
Increase (decrease) in net assets	\$ (66,959)	\$ (27,486)	\$ 334,571	\$ 239,546	\$ 267,612	\$ 212,060	\$ 55,552	26%

Revenues remained consistent between years, reflecting a 2% increase resulting from utility billing collections in business type activities. Expenses remained consistent with prior year, noting a 2% change.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the City's activities for fiscal year 2016.



Sales tax provided for 48% of the City's governmental revenues in fiscal year 2016, consistent with the 47% in 2015. Other revenue sources remained consistent between fiscal years.

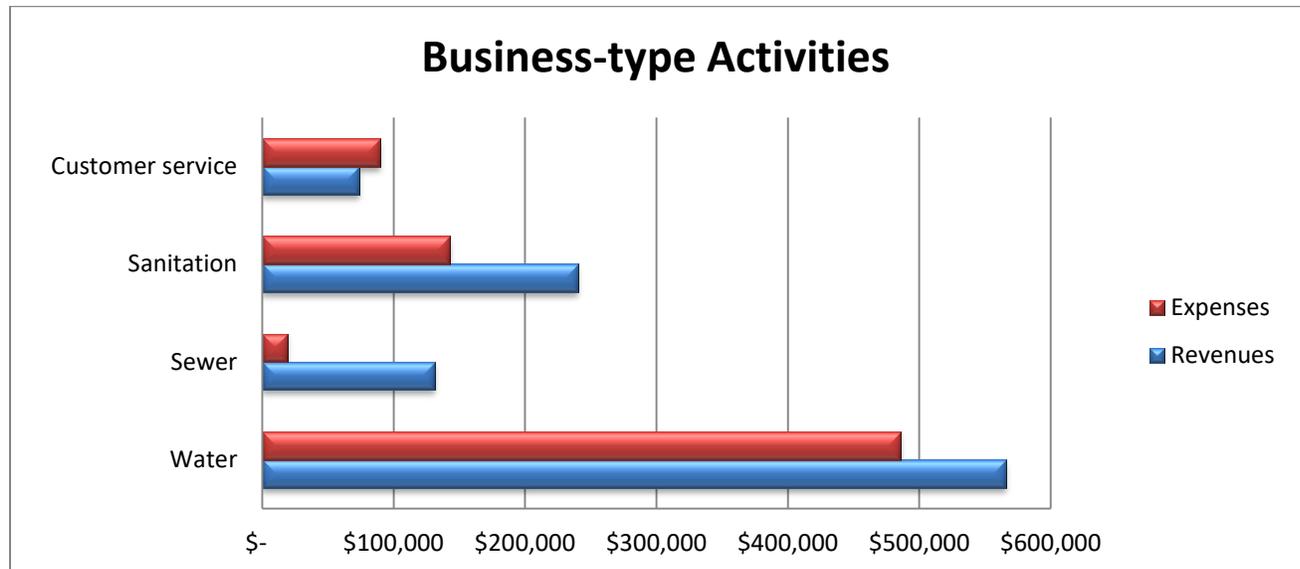


TOTAL - \$487,927

TOTAL - \$503,314

This graph shows the total governmental activities cost of \$487,927 for 2016. Of this amount, public safety and judiciary of \$285,355 was the largest operating service cost, at 58% of total cost of services in 2016. General government expenses were the next largest use of funds at 20%. These costs, as well as 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 2016 was \$578,196. Amendments totaling \$3,150 were made during the fiscal year, increasing the budget to \$581,346. The City's expenses did not exceed the established legal level of control.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2016, the City had \$519,325 invested in capital assets, net of related debt. Refer to the table below for a summary of assets.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land and construction in process	\$ 18,500	\$ 18,500	\$ 124,911	\$ 65,211	\$ 143,411	\$ 83,711
Buildings	1,066,018	1,066,018	250,000	250,000	1,316,018	1,316,018
Other improvements	423,069	394,069	-	-	423,069	394,069
Machinery & equipment	314,360	310,559	326,147	323,848	640,507	634,407
Utility property & improvements	-	-	1,276,800	1,276,800	1,276,800	1,276,800
Less Accumulated depreciation	(1,174,415)	(1,071,109)	(1,565,953)	(1,501,010)	(2,740,368)	(2,572,119)
Totals	\$ 647,532	\$ 718,037	\$ 411,905	\$ 414,849	\$ 1,059,437	\$ 1,132,886

Significant additions for the City include the following:

- In Governmental Activities – street improvements, police tasers, and work on the municipal swimming pool
- In Business-type Activities - water plant improvements and John Deere mower

Long-Term Debt

At year-end, the City had \$438,132 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	
	2016	2015	2016	2015	2016	2015
Revenue Bonds	-	-	432,720	464,400	432,720	464,400
Lease Payable	7,392	11,978	-	-	7,392	11,978
Notes payable	-	-	-	12,222	-	12,222
Subtotal	7,392	11,978	432,720	476,622	440,112	488,600
less current portion	(5,366)	(5,366)	(34,320)	(45,102)	(39,686)	(50,468)
Totals	\$ 2,026	\$ 6,612	\$ 398,400	\$ 431,520	\$ 400,426	\$ 438,132

ECONOMIC FACTORS AND NEXT YEARS'S BUDGET AND RATES

Economic Environment

According to the Tulsa World newspaper, "gross revenue for the state of Oklahoma continued a downward spiral for the 18th consecutive month in August, as unemployment figures show the state's jobless numbers exceeded the national rate for the first time in almost 26 years." "We keep scouring through the data to find signs of an impending turnaround, but it's just not there," Miller said. "Some aspects of the August report aren't as negative as in prior months. A few revenue streams have ticked back up, but we can't yet point to a positive trend." The economic environment of the state sheds light on the local economy of the City.

Fees and Rates

Recurring tax revenues are budgeted at 90. If collected, this would represent \$35,000 additional revenue.

The budget includes a 1.2% (this year's CPI) rate increase for all utility services. This results in approximately \$10,000 in additional revenue.

An amount equal to 2% in salaries is budgeted for pay increases to be divided amongst employees based as merit, as determined by management.

The addition of a part-time Animal Control employee is included for approximately \$12,500.

The budget includes the City contributing to a retirement plan (which is a standard benefit at cities in Oklahoma) for all full-time employees. The estimated cost of a retirement plan is approximately \$38,000.

As the swimming pool will remain closed this year, no swimming pool revenues are budgeted. However, management has recently been made aware of grant funds that are available with a 50% match for the swimming pool. The grants wouldn't be awarded until 2017, so it would likely be 2018 before the pool could reopen. Thus, we have not budgeted any capital improvement funds for swimming pool improvements for the current fiscal year.

Additionally, management has been made aware of park grants which are available with a 20%

match. Management will continue to pursue this possibility and future budget amendments will be made, if needed.

Capital requests in the sewer department include \$800,000 in capital outlay to complete the wastewater project. The project is proposed to be funded with a \$350,000 in CDBG funds (approved), bank financing \$250,000 (awaiting approval), and \$200,000 from existing cash on hand.

The City will cover the rising cost of providing services to its citizens through the use of savings carried forward from fiscal year 2016.

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, 2016

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 158,950	\$ 1,094,158	\$ 1,253,108
Taxes receivable	22,271	-	22,271
Grant receivable	2,815	-	2,815
Accounts receivable (net)	5,244	73,041	78,285
Total current assets	<u>189,280</u>	<u>1,167,199</u>	<u>1,356,479</u>
Restricted assets:			
Cash and cash equivalents	16,123	83,713	99,836
Investments, including time deposits	47,008	163,188	210,196
Total restricted assets	<u>63,131</u>	<u>246,901</u>	<u>310,032</u>
Noncurrent Assets:			
Land and construction in progress	18,500	65,211	83,711
Other capital assets (net of accumulated depreciation)	629,032	346,694	975,726
Total noncurrent assets	<u>647,532</u>	<u>411,905</u>	<u>1,059,437</u>
Total assets	<u>\$ 899,943</u>	<u>\$ 1,826,005</u>	<u>\$ 2,725,948</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges on pension obligations	<u>12,478</u>	<u>-</u>	<u>12,478</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 4,612	\$ 18,059	\$ 22,671
Salaries and benefits payable	7,889	7,836	15,725
Payroll liabilities	334	356	690
Due to other funds	40,966	(40,966)	-
Bonds payable, current	5,366	34,320	39,686
Total current liabilities	<u>59,167</u>	<u>19,605</u>	<u>78,772</u>
Liabilities payable from restricted assets:			
Customer deposits payable	-	52,595	52,595
Total liabilities payable from restricted assets	<u>-</u>	<u>52,595</u>	<u>52,595</u>
Noncurrent liabilities:			
Pension liability	44,952	-	44,952
Bonds payable, non-current	2,026	398,400	400,426
Total noncurrent liabilities	<u>46,978</u>	<u>398,400</u>	<u>445,378</u>
Total liabilities	<u>106,145</u>	<u>470,600</u>	<u>576,745</u>
DEFERRED INFLOW OF RESOURCES			
Deferred charges on pension obligations	<u>4,944</u>	<u>-</u>	<u>4,944</u>
NET POSITION			
Net investment in capital assets	640,140	(20,815)	619,325
Restricted	53,063	194,306	247,369
Unrestricted	108,129	1,181,914	1,290,043
Total net position	<u>\$ 801,332</u>	<u>\$ 1,355,405</u>	<u>\$ 2,156,737</u>

City of Snyder, Oklahoma
Statement of Activities
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
General government	\$ 159,361	\$ 2,480	\$ -	\$ 19,948	\$ (136,933)
Total general government	159,361	2,480	-	19,948	(136,933)
Public safety and judiciary:					
Police	184,383	19,073	-	-	(165,310)
Fire	40,929	27,932	4,290	-	(8,707)
Ambulance	59,820	-	-	-	(59,820)
Code enforcement	16,184	-	-	-	(16,184)
Animal control	1,362	-	-	-	(1,362)
Total public safety and judiciary	302,678	47,005	4,290	-	(251,383)
Transportation:					
Street	33,568	23,285	12,634	-	2,351
Total transportation	33,568	23,285	12,634	-	2,351
Cultural, parks and recreation:					
Park	1,896	5,821	-	-	3,925
Swimming pool	1,545	-	-	-	(1,545)
Cemetery	3,223	5,821	-	-	2,598
Community building	4,916	-	-	-	(4,916)
Sr. Citizens	42,039	26,161	15,063	-	(815)
Library	4,619	-	-	-	(4,619)
Total cultural, parks and recreation	58,238	37,803	15,063	-	(5,372)
Total governmental activities	553,845	110,573	31,987	19,948	(391,337)
Business-type activities:					
Utility services:					
Water	482,723	566,037	-	51,305	134,619
Sewer	18,922	131,254	-	-	112,332
Sanitation	142,740	240,295	-	-	97,555
Customer service	84,043	40,923	-	-	(43,120)
Total business-type activities	728,428	978,509	-	51,305	301,386
Total primary government	\$ 1,282,273	\$ 1,089,082	\$ 31,987	\$ 71,253	\$ (89,951)

City of Snyder, Oklahoma
Statement of Activities (continued)
Year Ended June 30, 2016

Changes in Net Position:	Primary Government		
	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (391,337)	\$ 301,386	\$ (89,951)
General revenues:			
Taxes:			
Sales tax	234,809	-	234,809
Use tax	26,520	-	26,520
Franchise taxes	28,721	-	28,721
Alcoholic beverage tax	21,043	-	21,043
Cigarette tax	2,859	-	2,859
Investment income	543	2,972	3,515
Miscellaneous	8,073	32,393	40,466
Changes in pension obligation	(190)	-	(190)
Transfers - Internal activity, net	2,000	(2,000)	-
Total general revenues and transfers	324,378	33,365	357,743
 Change in net position	 (66,959)	 334,751	 267,792
 Net position-beginning	 868,291	 1,020,654	 1,888,945
Net position-ending	\$ 801,332	\$ 1,355,405	\$ 2,156,737

**City of Snyder, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2016**

	<u>General Fund</u>	<u>Street & Alley Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 158,950	\$ 6,055	\$ 165,005
Investments, including time deposits	-	47,008	47,008
Restricted cash	10,068	-	10,068
Taxes receivable	22,271	-	22,271
Grant receivable	2,815	-	2,815
Accounts receivable	5,244	-	5,244
Total assets	<u>\$ 199,348</u>	<u>\$ 53,063</u>	<u>\$ 252,411</u>
LIABILITIES			
Accounts payable	\$ 4,612	\$ -	\$ 4,612
Salaries and benefits payable	7,889	-	7,889
Due to other funds	40,966	-	40,966
Payroll liabilities	334	-	334
Current portion of note payable	5,366	-	5,366
Total liabilities	<u>59,167</u>	<u>-</u>	<u>59,167</u>
FUND BALANCES			
Nonspendable	\$ -	\$ -	\$ -
Restricted	-	53,063	53,063
Committed	10,068	-	10,068
Unassigned	130,113	-	130,113
Total fund balances	<u>140,181</u>	<u>53,063</u>	<u>193,244</u>
Total liabilities and fund balances	<u>\$ 199,348</u>	<u>\$ 53,063</u>	<u>\$ 252,411</u>
Total fund balance- total governmental funds			\$ 193,244

Amounts reported for governmental activities in the Statement of Net Position 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	1,803,445	
Less: Accumulated depreciation	<u>(1,174,413)</u>	647,532

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

Notes payable	(2,026)	
Net pension deferred outflows/(inflows)	7,534	
Pension liability	<u>(44,952)</u>	<u>(39,444)</u>

Net position of governmental activities \$ 801,332

City of Snyder, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

	General Fund	Street & Alley Fund	Total Governmental Funds
<u>REVENUES</u>			
Sales tax	\$ 234,809	\$ -	\$ 234,809
Use tax	26,520	-	26,520
Beverage tax	21,043	-	21,043
Franchise taxes	28,721	-	28,721
Cigarette tax	2,859	-	2,859
Licenses and permits	430	-	430
Fines and forfeitures	19,073	-	19,073
Investment income	543	-	543
Charges for services	59,915	-	59,915
Rental income	2,050	-	2,050
Intergovernmental	39,224	12,634	51,858
Donations	540	-	540
Administrative fees	5,821	23,285	29,106
Miscellaneous	11,398	423	11,821
Total revenues	<u>452,946</u>	<u>36,342</u>	<u>489,288</u>
<u>EXPENDITURES</u>			
General government:			
General government	98,982	-	98,982
Total general government	<u>98,982</u>	<u>-</u>	<u>98,982</u>
Public safety and judiciary:			
Police	177,809	-	177,809
Fire	30,180	-	30,180
Ambulance	59,820	-	59,820
Code enforcement	16,184	-	16,184
Animal control	1,362	-	1,362
Total public safety and judiciary	<u>285,355</u>	<u>-</u>	<u>285,355</u>
Transportation:			
Street	-	13,451	13,451
Total transportation	<u>-</u>	<u>13,451</u>	<u>13,451</u>
Cultural, parks and recreation:			
Park	1,593	-	1,593
Swimming pool	1,545	-	1,545
Cemetery	3,223	-	3,223
Community building	4,916	-	4,916
Sr. Citizens	41,444	-	41,444
Library	4,619	-	4,619
Total cultural, parks and recreation	<u>57,340</u>	<u>-</u>	<u>57,340</u>
Capital outlay	3,799	29,000	32,799
Total expenditures	<u>445,476</u>	<u>42,451</u>	<u>487,927</u>
Excess (deficiency) of revenues over expenditures	<u>7,470</u>	<u>(6,109)</u>	<u>1,361</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	2,000	6,843	8,843
Transfers out	(6,843)	-	(6,843)
Total other financing sources and uses	<u>(4,843)</u>	<u>6,843</u>	<u>2,000</u>
Net change in fund balances	(1,584)	734	(850)
Fund balances - beginning, restated	141,765	52,329	194,094
Fund balances - ending	<u>\$ 140,181</u>	<u>\$ 53,063</u>	<u>\$ 193,244</u>

City of Snyder, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds \$ (850)
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	32,799
Depreciation expense	(103,304)

Principal debt payments reported as expenditures in the governmental funds
Principle capital lease payments

4,586

In the statement of activities, the cost of pension benefits earned net of
employee contributions are reported as an component of pension expense.
The fund financial statements report pension contributions as expenditures.

(190)

Change in Net Position of Governmental Activities	<u><u>\$ (66,959)</u></u>
---	---------------------------

City of Snyder, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2016

	Public Works Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,094,158
Accounts receivable (net)	73,041
Grant receivable	-
Due from other funds	40,966
Prepaid Assets	-
Total current assets	1,208,165
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	83,713
Investments	163,188
Total restricted assets	246,901
Noncurrent assets:	
Capital assets (net)	411,905
Total noncurrent assets	411,905
Total assets	\$ 1,866,971
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 18,059
Salaries and benefits payable	7,836
Payroll liabilities	356
Bonds payable, current	34,320
Total current liabilities	60,571
Liabilities payable from restricted assets:	
Customer deposits payable	52,595
Total liabilities payable from restricted assets	52,595
Noncurrent liabilities:	
Bonds payable, non-current	398,400
Total noncurrent liabilities	398,400
Total liabilities	511,566
NET POSITION	
Net investment in capital assets	(20,815)
Restricted	194,306
Unrestricted	1,181,914
Total net position	\$ 1,355,405

City of Snyder, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2016

	<u>Public Works Authority</u>
<u>Operating revenues:</u>	
Charges for services:	
Water charges	\$ 566,037
Sewer charges	131,254
Sanitation charges	240,295
Total charges for services	<u>937,586</u>
Miscellaneous	32,393
Surcharge revenue	26,389
Penalty	14,534
Total operating revenues	<u><u>1,010,902</u></u>
 <u>Operating expenses:</u>	
Personal services	253,606
Materials and supplies	128,152
Other services and charges	257,393
Depreciation and amortization	64,944
Total operating expenses	<u>704,095</u>
 Net operating income	 \$ 306,807
 <u>Nonoperating revenue (expense):</u>	
Investment income	2,972
Grant Income	51,305
Interest expense	(24,333)
Total nonoperating revenue (expense)	<u>29,944</u>
 Net income before contributions and transfers	 336,751
 Transfers to other funds, net	 <u>(2,000)</u>
 Change in net position	 334,751
 Net position-beginning of year	 <u>1,020,654</u>
Net position-end of year	<u><u>\$ 1,355,405</u></u>

**City of Snyder, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2016**

	Public Works Authority
<u>Cash flows from operating activities:</u>	
Receipts from customers	\$ 1,026,071
Payments to suppliers	(386,571)
Payments to employees	(258,773)
Net cash provided (used) by operating activities	380,727
<u>Cash flows from non-capital financing activities:</u>	
Transfers to other funds	(2,000)
Net cash provided (used) by non-capital financing activities	(2,000)
<u>Cash flows from capital and related financing activities:</u>	
Purchase of capital assets	(62,000)
Principal paid on capital debt	(42,925)
Interest paid on capital debt	(23,133)
Capital grants	51,305
Net cash provided (used) by capital and related financing activities	(76,753)
<u>Cash flows from investing activities:</u>	
Investment income	2,483
Net cash provided (used) by investing activities	2,483
Net increase (decrease) in cash and cash equivalents	304,457
Cash and cash equivalents, July 1, 2015	873,414
Cash and cash equivalents, June 30, 2016	\$ 1,177,871
Cash, including time deposits	\$ 1,094,158
Restricted cash, including time deposits	83,713
Total cash and cash equivalents, end of year	\$ 1,177,871
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 306,807
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	64,944
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	7,569
(Increase) decrease in grant receivable	7,600
Increase (decrease) in accounts payable	(1,026)
Increase (decrease) in wages & benefits payable	(5,167)
Net cash provided (used) by operating activities	\$ 380,727

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

A. Organization

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

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

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

The Reporting Entity

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

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

Blended Component Units Reported with Primary Government

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

B. Basis of Presentation

Government-Wide Financial Statements:

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

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

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

Fund Financial Statements

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

Measurement Focus and Basis of Accounting

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America, GAAP. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting. Proprietary and fiduciary fund financial statements and financial statements of the City's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

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

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

Restricted Assets

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

Unrestricted Fund Balance

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

Use of Estimates

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

Interfund Balances

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

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. Net investment in capital assets and legally restricted amounts are separated from unrestricted net position.

Net investment in capital assets

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 position 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.

Unrestricted net position

This consists of net position that does not meeting the criteria of "restricted" or "net investment in capital assets".

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets and liabilities, the statement of financial position and the governmental fund balance sheet may report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future period which will not be recognized as an inflow of resources until that time.

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, 2016, 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 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 Months to Maturity (2)</u>
Governmental Activities				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 47,008	\$ 47,008	N/A	7.6
Total investments	47,008	47,008		
 Total governmental investments	 \$ 47,008	 \$ 47,008		
 Business-type Activities				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 163,188	\$ 163,188	N/A	8.5
Total investments	163,188	163,188		
 Total business-type investments	 \$ 163,188	 \$ 163,188		

(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.

CITY OF SNYDER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Restricted assets consist of the following:

	Restricted Assets		
	Cash and cash equivalents	Investments	Total
Governmental Activities			
Fire department	\$ 3,788	\$ -	\$ 3,788
Street department	6,055	47,008	53,063
Payroll	4,180	-	4,180
Senior Citizen's	2,100	-	2,100
	<u>\$ 16,123</u>	<u>\$ 47,008</u>	<u>\$ 63,131</u>
Business-type Activities			
Debt service	\$ 32,483	\$ 124,151	\$ 156,634
Council specific purpose	24,578	-	24,578
Meter deposits	26,652	39,037	65,689
	<u>\$ 83,713</u>	<u>\$ 163,188</u>	<u>\$ 246,901</u>

B. PROPERTY, PLANT AND EQUIPMENT

Governmental Activities:

A summary of the changes in the governmental activities fixed assets at June 30, 2016 follows:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Land	\$ 18,500	\$ -	\$ -	\$ 18,500
Buildings & structures	1,066,018	-	-	1,066,018
Machinery, furniture, & equipment	394,069	3,799	-	397,868
Improvements other than land	310,559	29,000	-	339,559
Total	1,789,146	32,799	-	1,821,945
Less accumulated depreciation	1,071,109	103,304	-	1,174,413
Fixed assets, net	<u>\$ 777,980</u>	<u>\$ 136,103</u>	<u>\$ -</u>	<u>\$ 647,532</u>

Business-Type Activities:

A summary of the proprietary fund types fixed assets at June 30, 2016 follows:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Land and construction in process	\$ 65,211	\$ -	\$ -	\$ 65,211
Buildings & structures	250,000	-	-	250,000
Machinery, furniture, & equipment	323,848	4,100	-	327,948
Utility property and improvements	1,276,800	57,900	-	1,334,700
Total	1,915,859	62,000	-	1,977,859
Less accumulated depreciation	1,501,010	64,944	-	1,565,954
Fixed assets, net	<u>\$ 414,849</u>	<u>\$ (2,944)</u>	<u>\$ -</u>	<u>\$ 411,905</u>

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

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

Depreciation expense charges to governmental activities:

General government	\$	60,379
Public Safety		21,910
Transportation		20,117
Cultural, parks & recreation		898
Total governmental activities depreciation expense	\$	103,304

Depreciation expense charges to business-type activities:

Water		54,414
Sewer		10,530
Total business-type activities depreciation expense	\$	64,944

C. LONG-TERM DEBT

The following is a summary of long-term debt for the year ended June 30, 2016:

Governmental Activities:

In October 2013, the City entered into a capital lease with the Bank of the Wichitas for a 1994 International Fire Truck and related equipment, total cost \$20,000. The lease is payable in monthly installments of \$447.14 over a one year period with a corresponding balloon payment for the unpaid balance due. The interest rate is variable resetting each period. For the year ended June 30, 2016, the rate was 3.5%. The original lease was established with a balloon payment of the unpaid balance due on June 30. Management's intention is to renew the loan each fiscal period to finance the balloon payment due to be paid in full October 2017.

\$ 7,392

Business-Type Activities:

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.

432,720

CITY OF SNYDER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

<u>Type of Debt</u>	<u>Balance at July 1, 2015</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2016</u>	<u>Due Within One Year</u>
Governmental activities:					
Lease payable Fire	\$ 11,978	\$ -	\$ 4,586	\$ 7,392	\$ 5,366
Total governmental activities	<u>\$ 11,978</u>	<u>\$ -</u>	<u>\$ 4,586</u>	<u>\$ 7,392</u>	<u>\$ 5,366</u>
Business-type activities:					
<i>Notes Payable</i>					
Note payable	\$ 12,222	\$ -	\$ 12,222	\$ -	\$ -
Total notes payable	12,222	-	12,222	-	-
<i>Bonds Payable</i>					
Revenue bonds payable	464,400	-	31,680	432,720	34,320
Total business-type activities	<u>\$ 476,622</u>	<u>\$ -</u>	<u>\$ 43,902</u>	<u>\$ 432,720</u>	<u>\$ 34,320</u>
Total primary government debt	<u>\$ 488,600</u>	<u>\$ -</u>	<u>\$ 48,488</u>	<u>\$ 440,112</u>	<u>\$ 39,686</u>

The amount of interest expense included as a direct function expense in the Statement of Activities is \$24,333.

Annual Debt Service Requirements:

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2016 follow:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
	<u>Lease Payable</u>	<u>Bonds Payable</u>	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 5,366	\$ 34,320	\$ 22,290
2018	2,026	36,240	20,540
2019	-	38,160	18,692
2020	-	40,080	16,746
2021	-	42,240	14,701
2022-2026	-	241,680	38,251
Totals	<u>\$ 7,392</u>	<u>\$ 432,720</u>	<u>\$ 131,220</u>

D. INTERFUND TRANSACTIONS AND BALANCES

Operating transfers for the year ended June 30, 2016 were as follows:

	<u>Due From</u>	<u>Due To</u>
GENERAL FUND		
Public Works Authority	\$ 40,966	\$ -
PUBLIC WORKS AUTHORITY		
General Fund	-	40,966
	<u>\$ 40,966</u>	<u>\$ 40,966</u>
	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND		
Street & Alley Fund	\$ -	\$ 6,843
Public Works Authority	2,000	-
Total General Fund	<u>2,000</u>	<u>6,843</u>
STREET & ALLEY FUND		
General Fund	6,843	-
Total Street & Alley Fund	<u>6,843</u>	<u>-</u>
PUBLIC WORKS AUTHORITY		
General Fund	-	2,000
	<u>-</u>	<u>2,000</u>
GRAND TOTAL	<u>\$ 8,843</u>	<u>\$ 8,843</u>

(4) RETIREMENT PLANS

The City participates in the Oklahoma Firefighter Pension and Retirement Fund which is a cost sharing multiple employer defined benefit plan.

Plan Description – The City of Snyder, as the employer, participates in the Firefighters Pension & Retirement – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs.

Benefits provided – FPRS provides retirement, disability and death benefits to members of the plan.

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per years of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$1,200 (fiscal year contributions).

CITY OF SNYDER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the City reported a liability of \$44,952 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2015. Based upon this information the City's proportion was 0.0042%.

For the year ended June 30, 2016, the City recognized pension expense of \$5,701. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 888	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,594	4,944
Changes in proportion and differences between City contributions and proportionate share of contributions	9,996	-
City contributions subsequent to the measurement date	-	-
Total	\$ 12,478	\$ 4,944

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 1,908
2018	1,908
2019	1,908
2020	662
2021	1,153
2022	(3)

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.48%
Domestic equity	37%	9.61%
International equity	20%	9.24%
Real Estate	10%	7.76%
Other assets	13%	6.88%

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future

benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percent point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability/(asset)	58,364	44,952	33,701

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at www.ok.gov/fprs.

(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.

(6) PRIOR PERIOD ADJUSTMENT

The beginning fund balance of the General Fund was restated for the deferred inflows and outflows in the amount of \$4,211 resulting from the City's net pension obligation.

City of Snyder, Oklahoma
General Fund
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES					
Sales taxes	\$ 225,292	\$ 13,950	\$ 239,242	\$ 234,809	\$ (4,433)
Use taxes	20,153	7,170	27,323	26,520	(803)
Beverage tax	17,303	-	17,303	21,043	3,740
Franchise taxes	27,320	(320)	27,000	28,721	1,721
Fines and forfeitures	32,000	(13,400)	18,600	19,073	473
Investment income	400	-	400	543	143
Charges for services	73,000	11,750	84,750	60,345	(24,405)
Intergovernmental	49,577	9,500	59,077	42,083	(16,994)
Miscellaneous	850	-	850	19,809	18,959
Total revenues	<u>445,895</u>	<u>28,650</u>	<u>474,545</u>	<u>452,946</u>	<u>(21,599)</u>
EXPENDITURES					
General government:					
General government	113,860	-	113,860	98,982	14,878
Total general government	<u>113,860</u>	<u>-</u>	<u>113,860</u>	<u>98,982</u>	<u>14,878</u>
Public safety and judiciary:					
Police	217,399	(250)	217,149	177,809	39,340
Fire	54,952	-	54,952	30,180	24,772
Ambulance	61,123	-	61,123	59,820	1,303
Code Enforcement	18,439	-	18,439	16,184	2,255
Animal Control	1,500	-	1,500	1,362	138
Total public safety and judiciary	<u>353,413</u>	<u>(250)</u>	<u>353,163</u>	<u>285,355</u>	<u>67,808</u>
Cultural, parks and recreation:					
Park	1,350	650	2,000	1,593	407
Swimming pool	1,000	2,500	3,500	1,545	1,955
Cemetery	7,238	-	7,238	3,223	4,015
Community Building	4,750	250	5,000	4,916	84
Sr. Citizens	46,085	-	46,085	41,444	4,641
Library	5,500	-	5,500	4,619	881
Total cultural, parks and recreation	<u>65,923</u>	<u>3,400</u>	<u>69,323</u>	<u>54,202</u>	<u>9,621</u>
Transportation:					
Street	45,000	-	45,000	-	45,000
Total transportation	<u>45,000</u>	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Total expenditures	<u>578,196</u>	<u>3,150</u>	<u>581,346</u>	<u>438,539</u>	<u>137,307</u>
Revenue over (under) expenditures	(132,301)	25,500	(106,801)	14,407	(158,906)
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	96,474	(25,500)	70,974	(4,843)	(75,817)
Net other financing sources (uses)	<u>96,474</u>	<u>(25,500)</u>	<u>70,974</u>	<u>(4,843)</u>	<u>(75,817)</u>
Revenues and other financing sources over (under) expenditures and other uses	(35,827)	-	(35,827)	9,564	(234,723)
Fund balance at beginning of year (Non-GAAP budgetary basis)				<u>124,228</u>	
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 133,792	
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue, expenditure and transfer accruals				6,389	
Fund balance at end of year (GAAP basis)				<u>\$ 140,181</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.

Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Fire Pension Retirement Plan
Year Ended June 30, 2016**

	<u>2015*</u>	<u>2016*</u>
City's portion of the net pension liability (asset)	0.0032%	0.0042%
City's proportionate share of the net pension liability (asset)	\$33,017	\$ 44,952
City's covered-employee payroll	\$13,485	\$ 9,517
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	245%	472%
Plan fiduciary net position as a percentage of the total pension liability	74.41%	95.76%

* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

**SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Fire Pension Retirement Plan**

	<u>2015*</u>	<u>2016*</u>
Contractually required contribution	\$ 1,200	\$ 1,620
Contributions in relation to the contractually required contribution	<u>(1,200)</u>	<u>(1,620)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$13,485	\$ 9,517
Contributions as a percentage of covered-employee payroll	8.90%	17.02%

Only the current 2 fiscal years are presented because 10 year data is not yet available.



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

To the City Council
City of Snyder, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Snyder, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Snyder, Oklahoma's basic financial statements, and have issued our report thereon dated December 16, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the City of Snyder, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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 CPAs-PLLC

FSW&B CPAs-PLLC
Woodward, Oklahoma
December 16, 2016