

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

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

**FOR THE YEAR ENDED  
JUNE 30, 2015**

**CITY OF SNYDER, OKLAHOMA**  
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**For the fiscal year ended JUNE 30, 2015**

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**CITY OF SNYDER, OKLAHOMA**

LIST OF PRINCIPAL OFFICIALS

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CITY COUNCIL

Dale Saul, Mayor

Rodney Bartlett, Vice Mayor

Jessica Anderson

Bob Sproat

Connie Tubbs

CITY CLERK

Penny Ray

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Snyder, Oklahoma

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Snyder, Oklahoma, as of and for the year ended June 30, 2015, 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, 2015, 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 schedule of pension liability on pages 4–10, 32 and 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015, 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 11, 2015

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, 2015. 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 \$1,888,945 for fiscal year 2015 compared to \$1,676,885 (net position) in fiscal year 2014, as restated for the implementation of GASB No. 68 Accounting and Financial Reporting for Pensions. The City realized an increase of \$212,060 in net position.
- Restricted assets of \$232,851 represent cash balances restricted largely for debt service payments and meter deposit obligations.
- Total liabilities of the City decreased by \$32,949 to \$622,519 during the fiscal year due to payments on existing debt obligations offset by the accrual of the firefighter's pension plan obligation of \$33,017.
- The City's governmental funds reported total ending fund balance of \$141,765 this year. This compares favorably to the prior year ending fund balance of \$123,882.
- At the end of the current fiscal year unassigned fund balance for the General Fund was \$134,720 up from \$19,706 in prior year.

## ABOUT THE CITY

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

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

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

### ***The City's Financial Reporting Entity***

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

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

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

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

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### ***Government-wide Financial Statements***

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

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

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

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

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

### ***Fund Financial Statements***

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

The City has two kinds of funds:

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

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

governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the General Fund. This statement demonstrates compliance with the City's adopted and final revised budget.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City has one type of proprietary fund: enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as water and electric utilities.

Proprietary fund statements and statements for discretely presented component units (reporting similarly to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

### ***Notes to the financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. Those notes to the financial statement begin immediately following the basic financial statements.

### ***Other information***

In addition to the basic financial statements and accompanying notes, this report presents certain *Required Supplementary Information* concerning the City's compliance with the approved and revised budget for the General Fund.

**A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

Changes in net position may be used to discuss the changing financial position of the City as a whole. The City's net position at fiscal yearend was \$11,888,945. The following table provides a summary of the City's net position at June 30:

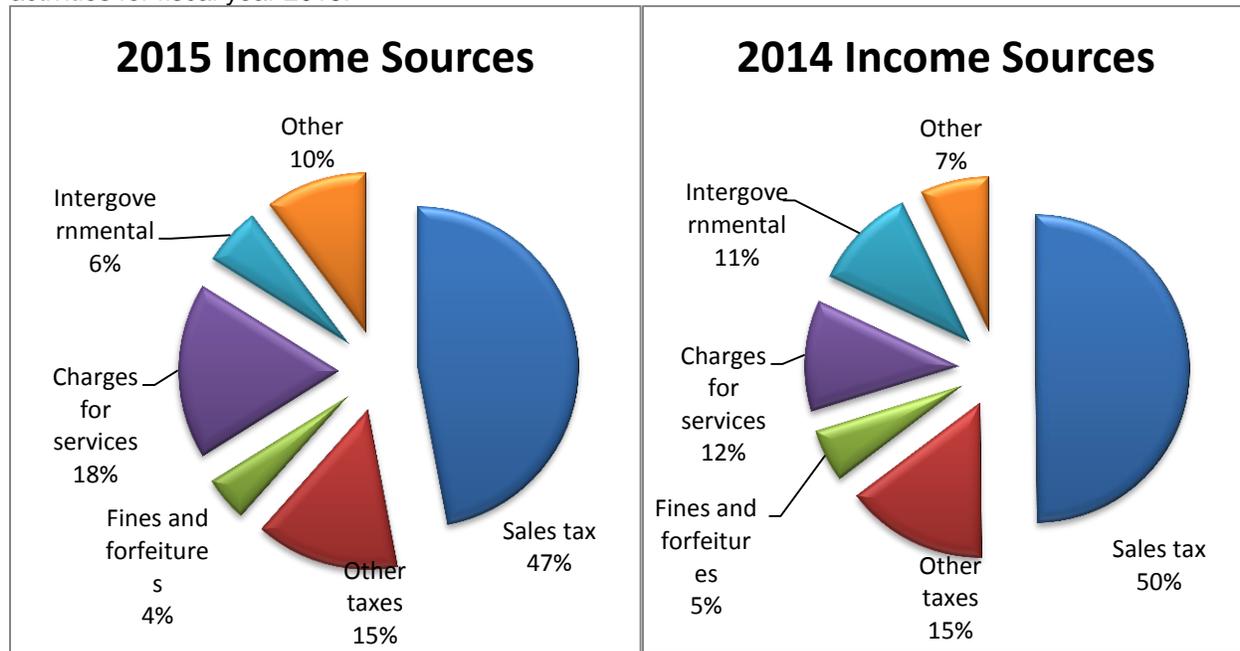
	2015	2014	2015	2014	2015	2014	\$	%
Current assets	\$ 199,092	\$ 177,463	\$ 896,276	\$ 714,966	\$ 1,095,368	\$ 892,429	\$ 202,939	23%
Restricted assets	59,374	58,131	228,047	228,274	287,421	286,405	1,016	0%
Capital assets, net	718,037	777,980	414,849	412,767	1,132,886	1,190,747	(57,861)	-5%
<b>Total assets</b>	<b>976,503</b>	<b>1,013,574</b>	<b>1,539,172</b>	<b>1,356,007</b>	<b>2,515,675</b>	<b>2,369,581</b>	<b>146,094</b>	<b>6%</b>
Deferred outflows	787	-	-	-	787	-	787	100%
Current liabilities	64,372	62,449	(5,629)	56,684	58,743	119,133	(60,390)	-51%
Liabilities Payable from Restricted Assets	-	-	47,525	41,595	47,525	41,595	5,930	14%
Non-current liabilities	39,629	18,120	476,622	476,620	516,251	494,740	21,511	4%
<b>Total liabilities</b>	<b>104,001</b>	<b>80,569</b>	<b>518,518</b>	<b>574,899</b>	<b>622,519</b>	<b>655,468</b>	<b>(32,949)</b>	<b>-5%</b>
Deferred inflows	4,998	-	-	-	4,998	-	4,998	100%
Net investment in capital assets	706,059	747,368	(61,773)	(123,684)	644,286	623,684	20,602	3%
Restricted	52,329	49,263	180,522	186,679	232,851	235,942	(3,091)	100%
Unrestricted	109,903	136,374	901,905	718,113	1,011,808	854,487	157,321	18%
<b>Total net position</b>	<b>\$ 868,291</b>	<b>\$ 933,005</b>	<b>\$ 1,020,654</b>	<b>\$ 781,108</b>	<b>\$ 1,888,945</b>	<b>\$ 1,714,113</b>	<b>\$ 179,043</b>	<b>10%</b>

The City reported positive balances in net position for governmental and business-type activities. Total assets noted a 6% increase year over year due to an increase in liquid assets. Total liabilities decreased 5% over prior year due to payments made on outstanding debt offset by the firefighter's pension liability. Net position increased \$239,546 for business-type activities. Governmental activities decreased \$27,486. The City's overall financial position improved during fiscal year 2015.

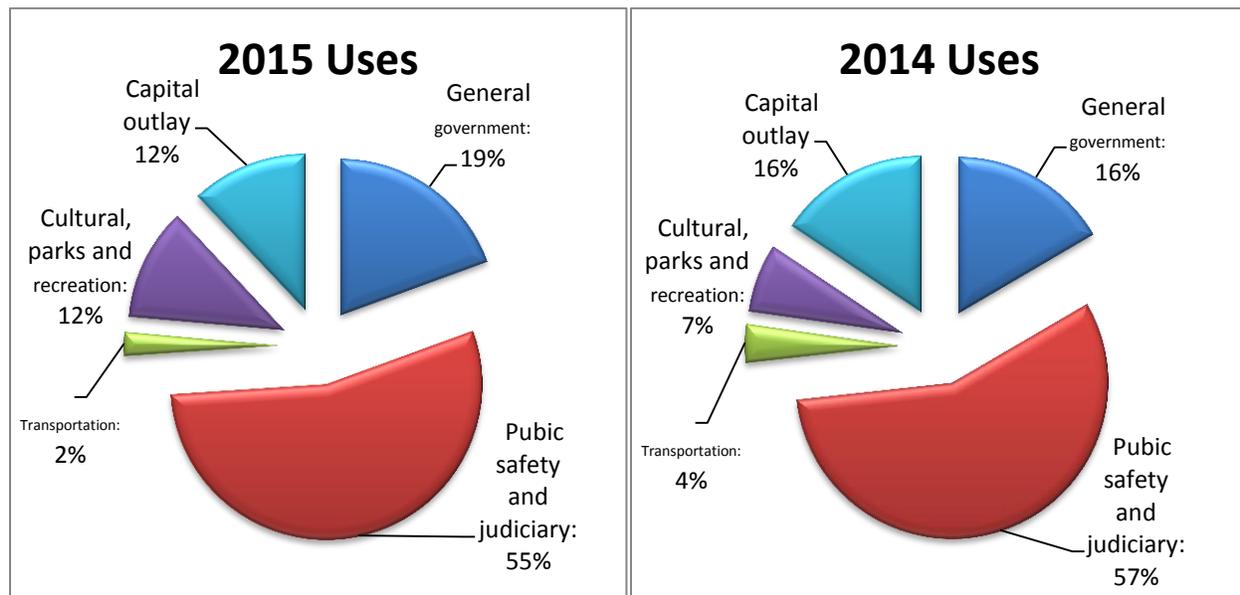
	Governmental Activities		Business-type Activities		Totals		Change	
	2015	2014	2015	2014	2015	2014	\$	%
<b>Revenues</b>								
Program revenues	\$ 192,103	\$ 175,989	\$ 965,225	\$ 1,083,980	\$ 1,157,328	\$ 1,259,969	\$ (102,641)	-8%
Taxes and other general revenues	334,160	356,191	30,274	13,919	364,434	370,110	(5,676)	-2%
<b>Total revenues</b>	<b>526,263</b>	<b>532,180</b>	<b>995,499</b>	<b>1,097,899</b>	<b>1,521,762</b>	<b>1,630,079</b>	<b>(108,317)</b>	<b>-7%</b>
<b>Expenses</b>								
General government	159,131	149,053	-	-	159,131	149,053	10,078	7%
Public safety and judiciary	298,508	331,647	-	-	298,508	331,647	(33,139)	-10%
Transportation	36,429	44,885	-	-	36,429	44,885	(8,456)	-19%
Cultural, parks, and recreation	59,681	39,098	-	-	59,681	39,098	20,583	53%
Water	-	-	462,663	440,017	462,663	440,017	22,646	5%
Sewer	-	-	23,878	24,183	23,878	24,183	(305)	-1%
Sanitation	-	-	162,830	172,132	162,830	172,132	(9,302)	-5%
Customer service	-	-	106,582	108,545	106,582	108,545	(1,963)	-2%
<b>Total expenses</b>	<b>553,749</b>	<b>564,683</b>	<b>755,953</b>	<b>744,877</b>	<b>1,309,702</b>	<b>1,309,560</b>	<b>142</b>	<b>0%</b>
Excess (deficiency) before transfers	(27,486)	(32,503)	239,546	353,022	212,060	320,519	(108,459)	-34%
Transfers	-	4,235	-	(4,235)	-	-	-	0%
<b>Increase (decrease) in net assets</b>	<b>\$ (27,486)</b>	<b>\$ (28,268)</b>	<b>\$ 239,546</b>	<b>\$ 348,787</b>	<b>\$ 212,060</b>	<b>\$ 320,519</b>	<b>\$ (108,459)</b>	<b>-34%</b>

Revenues reflected a 7% decrease year over year due to a decrease in sales tax collections in governmental activities and utility billing collections in business type activities. Expenses remained consistent with prior year, noting a 0% change.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the City's activities for fiscal year 2015.



Sales tax provided for 47% of the City's governmental revenues in fiscal year 2015, down from 50% in 2014. Charges for services noted a slight increase of 6% resulting from the community kitchen effort. Intergovernmental revenues decreased 5% when compared to prior year due to funds received for capital projects in prior year. Other revenue sources remained consistent between fiscal years.

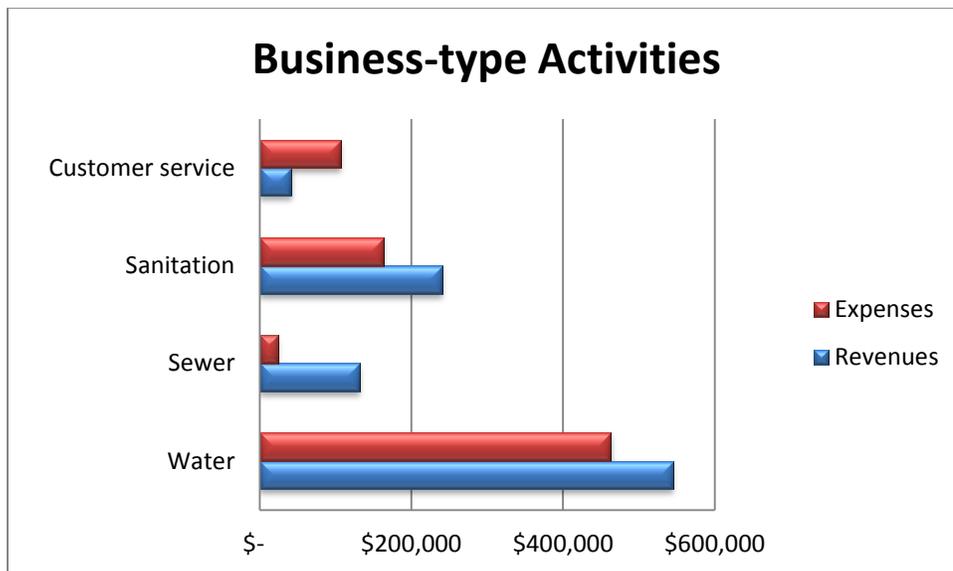


TOTAL - \$503,314

TOTAL - \$546,393

This graph shows the total governmental activities cost of \$503,314 for 2015. Of this amount, public safety and judiciary with \$275,514 was the largest operating service cost, at 55% of total cost of services in 2015. General government expenses were the next largest use of funds at 19%. 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 2015 was \$568,936. Amendments totaling \$70,779 were made during the fiscal year, increasing the budget to \$639,715. 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, 2015, the City had \$644,286 invested in capital assets, net of related debt. Refer to the table below for a summary of assets.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land and construction in process	\$ 18,500	\$ 18,500	\$ 65,211	\$ 49,392	\$ 83,711	\$ 67,892
Buildings	1,066,018	1,053,578	250,000	250,000	1,316,018	1,303,578
Other improvements	394,069	304,158	-	-	394,069	304,158
Machinery & equipment	310,559	361,285	323,848	318,161	634,407	679,446
Utility property & improvements	-	-	1,276,800	1,227,345	1,276,800	1,227,345
Less Accumulated depreciation	(1,071,109)	(959,541)	(1,501,010)	(1,432,131)	(2,572,119)	(2,391,672)
<b>Totals</b>	<b>\$ 718,037</b>	<b>\$ 777,980</b>	<b>\$ 414,849</b>	<b>\$ 412,767</b>	<b>\$ 1,132,886</b>	<b>\$ 1,190,747</b>

Significant additions for the City include the following:

- In Governmental Activities – 2000 Ford 650 Brush Truck and roof at City Hall
- In Business-type Activities - water plant improvements and sewer infrastructure

**Long-Term Debt**

At year-end, the City had \$488,600 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	
	2015	2014	2015	2014	2015	2014
Revenue Bonds	-	-	464,400	495,600	464,400	495,600
Lease Payable	11,978	30,612	-	-	11,978	30,612
Notes payable	-	-	12,222	40,401	12,222	40,401
Subtotal	11,978	30,612	476,622	536,001	488,600	566,613
less current portion	(5,366)	(12,492)	(45,102)	(59,381)	(50,468)	(71,873)
<b>Totals</b>	<b>\$ 6,612</b>	<b>\$ 18,120</b>	<b>\$ 431,520</b>	<b>\$ 476,620</b>	<b>\$ 438,132</b>	<b>\$ 494,740</b>

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

Economic Environment

According to the Oklahoma Economic Report, "revenue growth from the past year has been erased and indications are the situation is going to get worse before it gets better" stated by State Treasurer, Ken Miller in October 2015. The economic environment of the state sheds light on the local economy.

Fees and Rates

The projected budget for fiscal year 2016 forecasts sales and use tax at 90% of current collections and Utility revenues are expected to increase moderately due to a 1% increase in trash and sewer services; water revenues are proposed to increase 3%.

Expenses are budgeted consistent with prior year, noting the inclusion of 4 full time police officers. Capital outlay for the City is budgeted in excess of \$975,000, the majority of which will be funded with grants on the wastewater project.

The City will cover the rising cost of providing services to its citizens through the use of savings carried forward from fiscal year 2015.

**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, 2015**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current Assets:			
Cash and cash equivalents	\$ 168,106	\$ 808,066	\$ 976,172
Taxes receivable	25,524	-	25,524
Accounts receivable (net)	5,462	80,610	86,072
Grant receivable	-	7,600	7,600
Total current assets	<u>199,092</u>	<u>896,276</u>	<u>1,095,368</u>
Restricted assets:			
Cash and cash equivalents	12,497	65,348	77,845
Investments, including time deposits	46,877	162,699	209,576
Total restricted assets	<u>59,374</u>	<u>228,047</u>	<u>287,421</u>
Noncurrent Assets:			
Land and construction in progress	18,500	49,392	67,892
Other capital assets (net of accumulated depreciation)	699,537	365,457	1,064,994
Total noncurrent assets	<u>718,037</u>	<u>414,849</u>	<u>1,132,886</u>
Total assets	<u>\$ 976,503</u>	<u>\$ 1,539,172</u>	<u>\$ 2,515,675</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred charges on pension obligations	<u>787</u>	<u>-</u>	<u>787</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 7,491	\$ 19,085	\$ 26,576
Salaries and benefits payable	13,040	13,033	26,073
Payroll liabilities	402	326	728
Due to other funds	38,073	(38,073)	-
Notes payable, current	5,366	-	5,366
Total current liabilities	<u>64,372</u>	<u>(5,629)</u>	<u>58,743</u>
Liabilities payable from restricted assets:			
Customer deposits payable	-	47,525	47,525
Total liabilities payable from restricted assets	<u>-</u>	<u>47,525</u>	<u>47,525</u>
Noncurrent liabilities:			
Pension liability	33,017	-	33,017
Notes payable, non-current	6,612	476,622	483,234
Total noncurrent liabilities	<u>39,629</u>	<u>476,622</u>	<u>516,251</u>
Total liabilities	<u>104,001</u>	<u>518,518</u>	<u>622,519</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred charges on pension obligations	<u>4,998</u>	<u>-</u>	<u>4,998</u>
<b>NET POSITION</b>			
Net investment in capital assets	706,059	(61,773)	644,286
Restricted	52,329	180,522	232,851
Unrestricted	109,903	901,905	1,011,808
Total net position	<u>\$ 868,291</u>	<u>\$ 1,020,654</u>	<u>\$ 1,888,945</u>

**City of Snyder, Oklahoma**  
**Statement of Activities**  
**Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
General government	\$ 159,131	\$ 2,659	\$ 3,298	\$ 8,073	\$ (145,101)
Total general government	159,131	2,659	3,298	8,073	(145,101)
Public safety and judiciary:					
Police	164,586	23,925	-	-	(140,661)
Fire	57,722	15,660	8,149	42,750	8,837
Ambulance	61,864	-	-	-	(61,864)
Code enforcement	12,597	-	-	-	(12,597)
Animal control	1,739	-	-	-	(1,739)
Total public safety and judiciary	298,508	39,585	8,149	42,750	(208,024)
Transportation:					
Street	36,429	23,527	12,990	-	88
Total transportation	36,429	23,527	12,990	-	88
Cultural, parks and recreation:					
Park	3,099	5,882	-	-	2,783
Cemetery	7,477	5,882	-	-	(1,595)
Community building	44,145	25,251	14,057	-	(4,837)
Library	4,960	-	-	-	(4,960)
Total cultural, parks and recreation	59,681	37,015	14,057	-	(8,609)
Total governmental activities	553,749	102,786	38,494	50,823	(361,646)
Business-type activities:					
Utility services:					
Water	462,663	545,083	-	7,600	90,020
Sewer	23,878	131,527	-	-	107,649
Sanitation	162,830	240,602	-	-	77,772
Customer service	106,582	40,413	-	-	(66,169)
Total business-type activities	755,953	957,625	-	7,600	209,272
<b>Total primary government</b>	<b>\$ 1,309,702</b>	<b>\$ 1,060,411</b>	<b>\$ 38,494</b>	<b>\$ 58,423</b>	<b>\$ (152,374)</b>

**City of Snyder, Oklahoma**  
**Statement of Activities (continued)**  
**Year Ended June 30, 2015**

<b>Changes in Net Position:</b>	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Net (expense)/revenue	\$ (361,646)	\$ 209,272	\$ (152,374)
General revenues:			
Taxes:			
Sales tax	247,424	-	247,424
Use tax	21,913	-	21,913
Franchise taxes	30,536	-	30,536
Alcoholic beverage tax	21,312	-	21,312
Cigarette tax	2,918	-	2,918
Investment income	663	2,378	3,041
Miscellaneous	9,394	27,896	37,290
Transfers - Internal activity, net	-	-	-
Total general revenues and transfers	334,160	30,274	364,434
 <b>Change in net position</b>	 (27,486)	 239,546	 212,060
 <b>Net position-beginning, restated</b>	 895,777	 781,108	 1,676,885
<b>Net position-ending</b>	<b>\$ 868,291</b>	<b>\$ 1,020,654</b>	<b>\$ 1,888,945</b>

**City of Snyder, Oklahoma  
Balance Sheet  
Governmental Funds  
June 30, 2015**

	<u>General Fund</u>	<u>Street &amp; Alley Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 168,106	\$ 5,452	\$ 173,558
Investments, including time deposits	-	46,877	46,877
Restricted cash	7,045	-	7,045
Prepaid Assets	-	-	-
Taxes Receivable	25,524	-	25,524
Accounts Receivable	5,462	-	5,462
Total assets	<u>\$ 206,137</u>	<u>\$ 52,329</u>	<u>\$ 258,466</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred charges on pension obligations	\$ 787	-	\$ 787
<b>LIABILITIES</b>			
Accounts payable	\$ 7,491	-	\$ 7,491
Salaries and benefits payable	13,040	-	13,040
Due to other funds	38,073	-	38,073
Payroll liabilities	402	-	402
Current portion of note payable	5,366	-	5,366
Total liabilities	<u>64,372</u>	<u>-</u>	<u>64,372</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred charges on pension obligations	\$ 4,998	-	\$ 4,998
<b>FUND BALANCES</b>			
Nonspendable	\$ -	\$ -	\$ -
Restricted	-	52,329	52,329
Committed	7,045	-	7,045
Unassigned	130,509	-	130,509
Total fund balances	<u>137,554</u>	<u>52,329</u>	<u>189,883</u>
Total liabilities and fund balances	<u>\$ 201,926</u>	<u>\$ 52,329</u>	<u>\$ 254,255</u>
Total fund balance- total governmental funds			\$ 189,883

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	1,770,647	
Less: Accumulated depreciation	<u>(1,071,110)</u>	718,037

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

Notes payable	(6,612)	
Pension liability	<u>(33,017)</u>	<u>(39,629)</u>

Net position of governmental activities \$ 868,291

**City of Snyder, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2015**

	General Fund	Street & Alley Fund	Total Governmental Funds
<b><u>REVENUES</u></b>			
Sales tax	\$ 247,424	\$ -	\$ 247,424
Use tax	21,913	-	21,913
Beverage tax	21,312	-	21,312
Franchise taxes	30,536	-	30,536
Cigarette tax	2,918	-	2,918
Licenses and permits	1,059	-	1,059
Fines and forfeitures	23,925	-	23,925
Investment income	663	-	663
Charges for services	93,206	-	93,206
Rental income	1,600	-	1,600
Intergovernmental	18,089	12,990	31,079
Donations	3,661	-	3,661
Administrative fees	5,882	23,527	29,409
Miscellaneous	17,558	-	17,558
Total revenues	<u>489,746</u>	<u>36,517</u>	<u>526,263</u>
<b><u>EXPENDITURES</u></b>			
General government:			
General government	98,200	-	98,200
Total general government	<u>98,200</u>	<u>-</u>	<u>98,200</u>
Public safety and judiciary:			
Police	165,092	-	165,092
Fire	34,222	-	34,222
Ambulance	61,864	-	61,864
Code enforcement	12,597	-	12,597
Animal control	1,739	-	1,739
Total public safety and judiciary	<u>275,514</u>	<u>-</u>	<u>275,514</u>
Transportation:			
Street	-	12,192	12,192
Total transportation	<u>-</u>	<u>12,192</u>	<u>12,192</u>
Cultural, parks and recreation:			
Park	2,201	-	2,201
Cemetery	7,477	-	7,477
Community building	44,145	-	44,145
Library	4,960	-	4,960
Total cultural, parks and recreation	<u>58,783</u>	<u>-</u>	<u>58,783</u>
Capital outlay	54,225	6,400	60,625
Total expenditures	<u>486,722</u>	<u>18,592</u>	<u>505,314</u>
Excess (deficiency) of revenues over expenditures	3,024	17,925	20,949
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	14,859	-	14,859
Transfers out	-	(14,859)	(14,859)
Total other financing sources and uses	<u>14,859</u>	<u>(14,859)</u>	<u>-</u>
Net change in fund balances, restated	13,672	3,066	16,738
Fund balances - beginning	123,882	49,263	173,145
Fund balances - ending	<u>\$ 137,554</u>	<u>\$ 52,329</u>	<u>\$ 189,883</u>

**City of Snyder, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2015**

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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	\$ 16,738
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	60,625
Depreciation expense	(120,568)

Principal debt payments reported as expenditures in the governmental funds	
Principle capital lease payments	11,508

Change in Net Position of Governmental Activities	\$ (31,697)
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**City of Snyder, Oklahoma**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	<b>Public Works Authority</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 808,066
Accounts receivable (net)	80,610
Grant receivable	7,600
Due from other funds	38,073
Total current assets	934,349
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	65,348
Investments	162,699
Total restricted assets	228,047
Noncurrent assets:	
Capital assets (net)	414,849
Total noncurrent assets	414,849
<b>Total assets</b>	<b>\$ 1,577,245</b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 19,085
Salaries and benefits payable	13,033
Payroll liabilities	326
Notes payable, current	-
Total current liabilities	32,444
Liabilities payable from restricted assets:	
Customer deposits payable	47,525
Total liabilities payable from restricted assets	47,525
Noncurrent liabilities:	
Notes payable, non-current	476,622
Total noncurrent liabilities	476,622
<b>Total liabilities</b>	<b>556,591</b>
<b>NET POSITION</b>	
Net investment in capital assets	(61,773)
Restricted	180,522
Unrestricted	901,905
<b>Total net position</b>	<b>\$ 1,020,654</b>

**City of Snyder, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2015**

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	<u><b>Public Works Authority</b></u>
<b><u>Operating revenues:</u></b>	
Charges for services:	
Water charges	\$ 545,083
Sewer charges	131,527
Sanitation charges	240,602
Total charges for services	<u>917,212</u>
Miscellaneous	27,896
Surcharge revenue	26,766
Penalty	13,647
Total operating revenues	<u><u>985,521</u></u>
 <b><u>Operating expenses:</u></b>	
Personal services	232,009
Materials and supplies	146,061
Other services and charges	282,582
Depreciation and amortization	68,878
Total operating expenses	<u>729,530</u>
Net operating income	\$ 255,991
 <b><u>Nonoperating revenue (expense):</u></b>	
Investment income	2,378
Grant Income	7,600
Interest expense	(26,423)
Total nonoperating revenue (expense)	<u>(16,445)</u>
<b>Net Income before contributions and transfers</b>	239,546
Transfers to other funds, net	<u>-</u>
<b>Change in net position</b>	239,546
Net position-beginning of year	781,108
Net position-end of year	<u><u>\$ 1,020,654</u></u>

City of Snyder, Oklahoma  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2015

	<b>Public Works Authority</b>
<b><u>Cash flows from operating activities:</u></b>	
Receipts from customers	\$ 977,924
Payments to suppliers	(434,656)
Payments to employees	(227,340)
<b>Net cash provided (used) by operating activities</b>	<b>315,928</b>
<b><u>Cash flows from non-capital financing activities:</u></b>	
Transfers to other funds	-
<b>Net cash provided (used) by non-capital financing activities</b>	<b>-</b>
<b><u>Cash flows from capital and related financing activities:</u></b>	
Purchase of capital assets	(70,960)
Principal paid on capital debt	(59,829)
Interest paid on capital debt	(30,230)
Capital grants	7,600
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(153,419)</b>
<b><u>Cash flows from investing activities:</u></b>	
Investment income	2,378
<b>Net cash provided (used) by investing activities</b>	<b>2,378</b>
Net increase (decrease) in cash and cash equivalents	164,887
Cash and cash equivalents, July 1, 2014	708,527
Cash and cash equivalents, June 30, 2015	\$ 873,414
Cash, including time deposits	\$ 808,066
Restricted cash, including time deposits	65,348
Total cash and cash equivalents, end of year	\$ 873,414
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>	
Operating income (loss)	\$ 255,991
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	68,878
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(7,597)
Increase (decrease) in accounts payable	(6,013)
Increase (decrease) in wages & benefits payable	4,669
<b>Net cash provided (used) by operating activities</b>	<b>\$ 315,928</b>

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

**A. Organization**

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

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

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

***The Reporting Entity***

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

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

**Blended Component Units Reported with Primary Government**

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

**B. Basis of Presentation**

***Government-Wide Financial Statements:***

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

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

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

***Fund Financial Statements***

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

***Measurement Focus and Basis of Accounting***

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

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

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

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

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

***Restricted Assets***

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

***Unrestricted Fund Balance***

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

***Use of Estimates***

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

***Interfund Balances***

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

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

Subsequent events were evaluated through December 11, 2015, 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. 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, 2015, the City did not materially overspend in any department-level category.

**C. Revenue Restrictions**

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

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

**(3) DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

**A. Cash and Investments**

**Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's deposits are secured by collateral values at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance 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>
<b>Governmental Activities</b>				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 46,877	\$ 46,877	N/A	7.63
Total investments	46,877	46,877		
 Total governmental investments	\$ 46,877	\$ 46,877		
 <b>Business-type Activities</b>				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 162,699	\$ 162,699	N/A	8.53
Total investments	162,699	162,699		
 Total business-type investments	\$ 162,699	\$ 162,699		

(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, 2015**

Restricted assets consist of the following:

	<b>Restricted Assets</b>		
	<b>Cash and cash equivalents</b>	<b>Investments</b>	<b>Total</b>
<b>Governmental Activities</b>			
Fire department	\$ 4,387	\$ -	\$ 4,387
Street department	5,452	46,877	52,329
Senior Citizen's	2,658	-	2,658
	<u>\$ 12,497</u>	<u>\$ 46,877</u>	<u>\$ 59,374</u>
<b>Business-type Activities</b>			
Debt service	\$ 31,593	\$ 123,779	\$ 155,372
Council specific purpose	7,680	-	7,680
Meter deposits	26,075	38,920	64,995
	<u>\$ 65,348</u>	<u>\$ 162,699</u>	<u>\$ 228,047</u>

**B. PROPERTY, PLANT AND EQUIPMENT**

**Governmental Activities:**

A summary of the changes in the governmental activities fixed assets at June 30, 2015 follows:

	<b>Balance at July 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2015</b>
Land	\$ 18,500	\$ -	\$ -	\$ 18,500
Buildings & structures	1,053,578	12,440	-	1,066,018
Machinery, furniture, & equipment	352,284	41,785	-	394,069
Improvements other than land	304,159	6,400	-	310,559
Total	1,728,521	60,625	-	1,789,146
Less accumulated depreciation	950,541	120,568	-	1,071,109
Fixed assets, net	<u>\$ 777,980</u>	<u>\$ 181,193</u>	<u>\$ -</u>	<u>\$ 718,037</u>

**Business-Type Activities:**

A summary of the proprietary fund types fixed assets at June 30, 2015 follows:

	<b>Balance at July 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2015</b>
Land and construction in process	\$ 49,392	\$ 15,819	\$ -	\$ 65,211
Buildings & structures	250,000	-	-	250,000
Machinery, furniture, & equipment	273,162	50,686	-	323,848
Utility property and improvements	1,272,345	4,455	-	1,276,800
Total	1,844,899	70,960	-	1,915,859
Less accumulated depreciation	1,432,132	68,878	-	1,501,010
Fixed assets, net	<u>\$ 412,767</u>	<u>\$ 2,082</u>	<u>\$ -</u>	<u>\$ 414,849</u>

**CITY OF SNYDER, OKLAHOMA**  
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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	\$ 60,931
Public Safety	34,502
Transportation	24,237
Cultural, parks & recreation	898
Total governmental activities depreciation expense	\$ 120,568

Depreciation expense charges to business-type activities:

Water	56,015
Sewer	12,863
Total business-type activities depreciation expense	\$ 68,878

**C. LONG-TERM DEBT**

The following is a summary of long-term debt for the year ended June 30, 2015:

***Governmental Activities:***

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

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, 2015, the rate was 3%. The original lease was established with a balloon payment of the unpaid balance due on June 30. Management's intention is to renew the loan each fiscal period to finance the balloon payment due to be paid in full October 2017. 11,978

***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 12,222

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. 464,400

Total Long-Term Debt \$ 488,600

**CITY OF SNYDER, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Changes in Long-Term Debt:**

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

<u>Type of Debt</u>	<u>Balance at July 1, 2014</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2015</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Lease payable Police	\$ 13,779	\$ -	\$ 13,779	\$ -	\$ -
Lease payable Fire	16,833	-	4,855	11,978	5,366
Total governmental activities	<u>\$ 30,612</u>	<u>\$ -</u>	<u>\$ 18,634</u>	<u>\$ 11,978</u>	<u>\$ 5,366</u>
<b>Business-type activities:</b>					
<i>Notes Payable</i>					
Note payable	\$ 40,851	\$ -	\$ 28,629	\$ 12,222	\$ 12,222
Total notes payable	40,851	-	28,629	12,222	12,222
<i>Bonds Payable</i>					
Revenue bonds payable	495,600	-	31,200	464,400	32,880
Total business-type activities	<u>\$ 536,451</u>	<u>\$ -</u>	<u>\$ 59,829</u>	<u>\$ 476,622</u>	<u>\$ 45,102</u>
<b>Total primary government debt</b>	<u>\$ 567,063</u>	<u>\$ -</u>	<u>\$ 78,463</u>	<u>\$ 488,600</u>	<u>\$ 50,468</u>

The amount of interest expense included as a direct function expense in the Statement of Activities is \$26,423.

**Annual Debt Service Requirements:**

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2015 follow:

Year Ending June 30	<u>Governmental Activities</u>	<u>Business-type Activities</u>			
	<u>Lease Payable</u>	<u>Notes Payable</u>		<u>Bonds Payable</u>	
	Principal	Principal	Interest	Principal	Interest
2016	\$ 5,366	\$ 12,222	\$ 107	\$ 32,880	\$ 23,967
2017	6,612	-	-	34,320	22,290
2018	-	-	-	36,240	20,540
2019	-	-	-	38,160	18,692
2020	-	-	-	40,080	16,746
2021-2025	-	-	-	233,760	50,407
2026	-	-	-	48,960	2,546
Totals	<u>\$ 11,978</u>	<u>\$ 12,222</u>	<u>\$ 107</u>	<u>\$ 464,400</u>	<u>\$ 155,188</u>

**D. INTERFUND TRANSACTIONS AND BALANCES**

Operating transfers for the year ended June 30, 2015 were as follows:

	<b>Due From</b>	<b>Due To</b>
GENERAL FUND		
Utility Authority	\$ 38,073	\$ -
UTILITY AUTHORITY		
General Fund	-	38,073
	\$ 38,073	\$ 38,073
	<b>Transfers In</b>	<b>Transfers Out</b>
GENERAL FUND		
Street & Alley Fund	\$ 14,859	\$ -
Total General Fund	14,859	-
STREET & ALLEY FUND		
General Fund	-	14,859
Total Street & Alley Fund	-	14,859
GRAND TOTAL	\$ 14,859	\$ 14,859

**(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](http://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).

*Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* – At June 30, 2015, the City reported a liability of \$33,017 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension liability was based on the City's contributions

**CITY OF SNYDER, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information the City's proportion was 0.0032%.

For the year ended June 30, 2015, the City recognized pension expense of \$2,965. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 787	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	4,998
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 787</b>	<b>\$ 4,998</b>

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:	
2016	\$ 842
2017	842
2018	842
2019	842
2020	842

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2014, 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, 2014, 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, 2014, 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:

**CITY OF SNYDER, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability/(asset)	42,970	33,017	24,471

*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](http://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) RESTATEMENT OF BEGINNING NET POSITION**

Effective July 1, 2014, the City implemented GASB No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27. GASB No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. The Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plans and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost sharing plans, and recognition and disclosure requirements are addressed for each classification.

Implementation of GASB No. 68 resulted in the restatement of beginning year net position to recognize the net pension obligation of the City. The changes were as follows:

	<b>Governmental Activities</b>
Beginning Net Position	\$ 933,005
Net pension obligations	(33,017)
Net deferred outflows/(inflows) on pension charges	(4,211)
<b>Restated Beginning Net Position</b>	<b>\$ 895,777</b>

**City of Snyder, Oklahoma  
General Fund  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b>REVENUES</b>					
Sales taxes	\$ 244,526	\$ 4,000	\$ 248,526	\$ 247,424	\$ (1,102)
Use taxes	26,186	(5,000)	21,186	21,913	727
Beverage tax	18,932	-	18,932	21,312	2,380
Franchise taxes	25,025	7,000	32,025	30,536	(1,489)
Fines and forfeitures	31,500	(6,800)	24,700	23,925	(775)
Investment income	50	600	650	663	13
Charges for services	61,600	15,850	77,450	94,265	16,815
Intergovernmental	32,874	47,750	80,624	21,007	(59,617)
Miscellaneous	11,400	15,100	26,500	28,701	2,201
Total revenues	<u>452,093</u>	<u>78,500</u>	<u>530,593</u>	<u>489,746</u>	<u>(40,847)</u>
<b>EXPENDITURES</b>					
General government:					
General government	107,750	21,440	129,190	112,425	16,765
Total general government	<u>107,750</u>	<u>21,440</u>	<u>129,190</u>	<u>112,425</u>	<u>16,765</u>
Public safety and judiciary:					
Police	245,328	(37,800)	207,528	165,092	42,436
Fire	53,227	47,639	100,866	74,222	26,644
Ambulance	61,131	2,500	63,631	61,864	1,767
Code Enforcement	15,500	1,000	16,500	12,597	3,903
Animal Control	3,800	700	4,500	1,739	2,761
Total public safety and judiciary	<u>378,986</u>	<u>14,039</u>	<u>393,025</u>	<u>315,514</u>	<u>77,511</u>
Cultural, parks and recreation:					
Park	2,000	2,250	4,250	2,201	2,049
Cemetery	6,250	1,250	7,500	7,477	23
Community Building	31,250	21,800	53,050	44,145	8,905
Library	1,700	4,500	6,200	4,960	1,240
Total cultural, parks and recreation	<u>41,200</u>	<u>29,800</u>	<u>71,000</u>	<u>56,582</u>	<u>10,168</u>
Transportation:					
Street	41,000	5,500	46,500	-	46,500
Total transportation	<u>41,000</u>	<u>5,500</u>	<u>46,500</u>	<u>-</u>	<u>46,500</u>
Total expenditures	<u>568,936</u>	<u>70,779</u>	<u>639,715</u>	<u>484,521</u>	<u>150,944</u>
Revenue over (under) expenditures	(116,843)	7,721	(109,122)	5,225	(191,791)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in/(out)	100,000	-	100,000	14,859	(85,141)
Net other financing sources (uses)	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>14,859</u>	<u>(85,141)</u>
Revenues and other financing sources over (under) expenditures and other uses	(16,843)	7,721	(9,122)	20,084	(276,932)
Fund balance at beginning of year (Non-GAAP budgetary basis)				<u>104,144</u>	
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 124,228	
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>					
Revenue, expenditure and transfer accruals				13,326	
Fund balance at end of year (GAAP basis)				<u>\$ 137,554</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, 2015**

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

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



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, 2015, 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 11, 2015.

**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 11, 2015