

CITY OF SNYDER, TEXAS

Comprehensive Annual Financial Report

For the Year Ended September 30, 2016

Prepared by: Finance Department
Patricia Warren
Director of Finance

CITY OF SNYDER, TEXAS
 Comprehensive Annual Financial Report
 Year Ended September 30, 2016

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THE CITY OF SNYDER, TEXAS

P.O. Box 1341 • 1925 24th Street • 79550-1341
325/573-4957 • 325/573-7505 Fax

March 6, 2017

Honorable Mayor, Members of the City Council,
and City Manager, and Citizens of the City of Snyder

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Snyder for the fiscal year ended September 30, 2016.

This report consists of management's representations concerning the finances of the City of Snyder. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Snyder has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Snyder's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Snyder's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Snyder's financial statements have been audited by Davis, Kinard & Co., P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Snyder for the fiscal year ended September 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Snyder's financial statements for the fiscal year ended September 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Snyder's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Snyder, incorporated in 1907, is located in the northwestern part of the state. The City of Snyder currently occupies a land area of 8.73 square miles and serves a population of 11,768. The City of Snyder is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Snyder is a home rule city that operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager and attorney. The government's manager is responsible for carrying out the policies and ordinances of the governing council,

for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve two-year staggered terms, with four single-member district council members elected every two years, and the mayor and two at-large council members elected every two years also.

The City of Snyder provides a full range of services, including police and fire protection; animal control; the maintenance of highways, streets, and other infrastructure; water and sewer services; and sanitation services. The City of Snyder is also financially accountable for the Development Corporation of Snyder, which is funded by the City's additional sales tax of 3/8% to be used for economic development. The Development Corporation is reported separately within the City of Snyder's financial statements.

The annual budget serves as the foundation for the City of Snyder's financial planning and control. All agencies of the City of Snyder are required to submit requests for appropriation to the government's manager on or before the first Monday in May each year. The government's manager uses these requests as the starting point for developing a proposed budget. The government's manager then presents this proposed budget to the council for review prior to August 1. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 1. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the City Manager's approval. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as Exhibit B-3 as part of the basic financial statements for the governmental funds.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Snyder operates.

Local economy. Snyder is approximately 100 miles from four major cities: Lubbock, Abilene, Midland and San Angelo. The Price Daniel State Prison is now in its twenty seven year of operation. This facility has provided employment for approximately 224 full time people. The Texas Department of Criminal Justice operates the Snyder Distribution Center, a distribution site for multiple prisons in the West Texas area. Snyder is also supported by the wind energy. Snyder and Scurry County are already home to a section of the second largest wind farm in the United States, the Roscoe Wind Farm. There are six wind farms located in the local area. There are approximately 400 wind turbines in the surrounding area, which would provide enough electricity to support 140,000 homes. Ranching and cotton farming also continue to employ a large part of the population.

The sales tax received for the fiscal year ending 2016 was 34.07% less than the budgeted amount. The actual amount received was \$709,805 less from 2015. The decline in the local oil industry has played a huge part in lower sales tax revenue and the unemployment rate increasing. There have been several large companies that have closed either relocating their business to another town or closing completely. This has reduced the number of people spending money in Snyder. There has also been a large decrease in the motel occupancy tax received this year 19.73% less compared to the previous year. Property valuations were approximately 10% higher than 2015. Tax increase from .4387 to .4410 per \$100 on property taxes. The water sales in the enterprise fund did increase this year, less restrictions on watering and an increase in the minimum charge for water account for this increase. Investments in the Water & Sewer Fund were liquidated to cover part of the expense for the renovation of the old water treatment plant.

The City of Snyder received a Texas Community Development Block Grant from the Texas Department of Agriculture for an infrastructure improvements project. The project was completed this year, connecting Chem Plex with the City of Snyder's water lines.

A new junior high school opened for the school year 2016-2017. There are sixteen hotels in Snyder with a total of eight hundred rooms. Western Texas College is in the final stages of their \$30,000,000 update to

their infrastructure and their HV/AC. Cogdell Memorial Hospital has remodeled their facility with a new surgical floor along with a new ob/gyn department.

West Texas State Bank now occupies the building that previously housed the family medical clinic. The bank did a complete renovation to the facility. Snyder is the home to five different banking institutions; Community Bank of Snyder, West Texas State Bank, Prosperity Bank, Aim Bank and First Bank and Trust.

A new retail shopping center is under construction along with the renovations of an existing restaurant into a new restaurant.

The water supplier for the City of Snyder is the Colorado River Municipal Water District; the main source of water for Snyder is Lake Thomas. The lake is currently 64% full. This lake offers boating, fishing and camping for this area.

An assisted living facility that now houses 30 apartments is in the process of constructing a new facility for memory care that will house 15 apartments for patients with Alzheimer's disease. This new facility is scheduled to open in May of 2017.

A new automobile dealership has recently moved to Snyder with the intention of breaking ground on the new facility in 2017.

The Economic Development Corporation developed a \$2.9 million dollar industrial rail park in 2012. This investment attracted W.L. Plastics to open their sixth North American location in Snyder. Additional acreage is available in the rail park. The Economic Development Corporation has sold eleven industrial lots to potential new companies in Snyder's Industrial Park.

The region (which includes the City of Snyder and the surrounding unincorporated area within the same county) has an employed labor force of approximately 5,948 with an unemployment rate of 5.1%. If the current level of services is to be maintained, the City will need to explore new methods of obtaining financial resources.

Long-term financial planning. The governing council awarded contracts for the replacement of the cast iron water lines, and also for the construction of two new water storage tanks. These projects are being funded with \$9,000,000 Certificate of Obligation that was issued in 2013.

Phase I and Phase II of the water line replacement is due to be completed at beginning of 2017. The contract for the renovation of the old water treatment plant was 99% completed at the end of the fiscal year. The project will be completed and the old plant back on line in January of 2017. This will produce an additional 4.5 million gallons of water a day. A portion of this cost was funded through a loan from the General Fund to the Enterprise Fund.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financing Reporting to the City of Snyder for its comprehensive annual financial report for the fiscal year ending September, 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

department who assisted and contributed to the preparation of this report. I would also like to thank the Mayor and City Council for their interest and unfailing support for maintaining the highest standards of professionalism in the management of the City of Snyder's finances.

Respectfully submitted,

Patricia Warren

Patricia Warren

Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Snyder
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Jeffrey R. Evans

Executive Director/CEO

CITY OF SNYDER, TEXAS
ORGANIZATIONAL CHART

MAYOR & COUNCIL (7) ----- BOARDS AND COMMISSIONS

----- CITY MANAGER (1)
----- SECRETARY (1)

----- FINANCE (1)
----- HUMAN RESOURCES/RISK MANAGEMENT (1)
----- SENIOR CLERK (1)
----- LABORER (1)

----- PLANNING & ZONING (1)
----- INSPECTOR (2)

----- MUNICIPAL COURT (1)
----- SENIOR CLERK (1)
----- CLERK 2 (1)

----- CITY SECRETARY/RECORDS MANAGEMENT (1)
----- SENIOR CLERK/DEPUTY CITY SECRETARY (1)

----- INFORMATION TECHNOLOGY/PURCHASING (1)

----- POLICE (25)

----- ANIMAL CONTROL (3)

----- FIRE (11)

----- PUBLIC WORKS (1)
----- STREETS (5)
----- SANITATION COLLECTION (5)
----- LANDFILL (5)
----- SANITARY SEWER (2)
----- WATER DISTRIBUTION (2)
----- INTERNAL SERVICE (1)

----- WATER & WASTEWATER (1)
----- SEWAGE TREATMENT (3)
----- WATER PRODUCTION (6)

----- UTILITY (1)
----- SENIOR CLERK (1)
----- CLERK (2)
----- METER CREW (2)

(90) NUMBER OF FULL TIME EQUIVALENT POSITIONS, EXCLUDING COMMISSION

CITY OF SNYDER, TEXAS

Principal Officials

City Council

Tony Wofford, Mayor
Stephen Highfield, Mayor Pro-Tem
Luann Burleson, Councilmember
Vernon Clay, Councilmember
Tom Strayhorn, Councilmember
Steve Rich, Councilmember
Rodney Dupree, Councilmember

Administrative Staff

Merle Taylor, City Manager
Patricia Warren, Director of Finance
Shai Green, City Secretary
Terry Luecke, Police Chief
Perry Wcstmoreland, Fire Chief
Underwood Law Firm, City Attorney

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the City Council
City of Snyder, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Snyder, Texas, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Snyder, Texas, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 3-10 and 45-46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Snyder, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules, capital asset schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary schedules, capital asset schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary schedules, capital asset schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2017, on our consideration of the City'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 the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Davis Kinard & Co., PC
Certified Public Accountants

Abilene, Texas
February 27, 2017

CITY OF SNYDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Snyder, we offer readers of the City of Snyder's financial statements this narrative overview and analysis of the financial activities of the City of Snyder for the fiscal year ended September 30, 2016. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

Entity-Wide

- The assets of the City of Snyder exceeded its liabilities at the close of the most recent fiscal year by \$22,745 (*net position*). Of this amount, \$4,003 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$220. 82% of this decrease is from governmental activities and a decrease of 18% from the business-type activities.

Fund Statements

- As of the close of the current fiscal year, the City of Snyder's governmental funds reported combined ending fund balances of \$8,283, a decrease of \$109 in comparison with the prior year. Approximately 86.68% of this total amount, \$7,180, is unassigned and *available for spending* at the government's discretion, and 13.32% is non-spendable for prepaid items and inventories and committed to economic development through Chapter 380 agreements or restricted for various purposes.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,183 or 105.4% of total general fund expenditures, excluding capital outlay.
- The City of Snyder's total bond debt decreased by \$400 (3.47%) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Snyder's basic financial statements. The City of Snyder's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *statement of net position* presents information on all of the City of Snyder's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Snyder is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Snyder that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Snyder include general government, public safety, public works, and culture and recreation. The business-type activities of the City of Snyder include a Water and Sewer Authority and Sanitation.

The government-wide financial statements can be found on pages 11-12 of this report.

CITY OF SNYDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

FUND FINANCIAL STATEMENTS

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Snyder, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Snyder can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus on governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Snyder maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Individual fund data for the nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The governmental fund financial statements can be found on pages 13-16 of this report.

The City of Snyder adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget on page 17.

Proprietary funds. The City of Snyder maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Snyder uses enterprise funds to account for its Water and Sewer Authority and for its sanitation operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Snyder's various functions. The City of Snyder uses an internal service fund to account for its garage. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund financial statements provide separate information for the Water and Sewer Authority and for the sanitation operation, both of which are considered to be major funds of the City of Snyder. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 18-22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-44 of this report.

CITY OF SNYDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Snyder's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 45-46 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Additional schedules related to major governmental and business-type funds are also included as supplementary information. Combining and individual fund statements and schedules can be found on pages 47-60 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Snyder, assets exceeded liabilities by \$22,745 at the close of the most recent fiscal year.

By far the largest portion of the City of Snyder's net position (84%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are outstanding. The City of Snyder uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Snyder's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF SNYDER'S Net Position

	Governmental Activities		Business Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Current and other assets	\$8,985	\$8,941	\$8,677	\$5,338	\$17,662	\$14,279
Capital assets	3,717	3,780	23,714	27,564	27,431	31,344
Total assets	12,702	12,721	32,391	32,902	45,093	45,623
Deferred outflows for pension	645	1,559	290	692	935	2,251
Long-term liabilities outstanding	2,635	3,475	17,422	17,215	20,057	20,690
Other liabilities	1,019	1,069	1,987	3,048	3,006	4,117
Total liabilities	3,654	4,544	19,409	20,263	23,063	24,807
Deferred inflow of resources		224		99		323
Net investment in capital assets	3,717	3,780	13,620	14,850	17,337	18,630
Restricted	83	112	-	-	83	112
Unrestricted	5,893	5,621	(348)	(1,618)	5,545	4,003
Total net position	\$9,693	\$9,513	\$13,272	\$13,232	\$22,965	\$22,745

The remaining balance of *unrestricted net position*, \$4,003 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Snyder is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its governmental activities.

The government's net position decreased by \$220 during the current fiscal year.

CITY OF SNYDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF SNYDER'S Changes in Net Position

	Governmental Activities		Business Type Activities		Total							
	2015	2016	2015	2016	2015	2016						
	Restated		Restated		Restated							
Revenues:												
Program revenues:												
Charges for services	\$ 1,724	\$1,636	\$ 9,380	\$9,674	\$11,104	\$11,452						
Operating grants and Contributions	143	134	-	-	143	134						
Capital grants and Contributions	23	-	24	517	47	517						
General revenues:												
Property taxes	2,173	2,448	-	-	2,173	2,448						
Other taxes	3,940	3,105	-	-	3,940	3,105						
Grants and contributions not restricted to specific programs	-	-	-	-	-	-						
Other	59	374	246	221	305	453						
Total revenues	8,062	7,697	9,650	10,412	17,712	18,109						
Expenses:												
General government	2,347	2,252	-	-	2,347	2,252						
Public safety	3,634	4,208	-	-	3,634	4,208						
Public works	1,231	1,061	-	-	1,231	1,061						
Culture and recreation	439	356	-	-	439	356						
Water & sewer	-	-	7,186	7,504	7,186	7,504						
Sanitation	-	-	2,812	2,948	2,812	2,948						
Total expenses	7,651	7,877	9,998	10,452	17,649	18,329						
Change in net position	411	(180)	(348)	(40)	63	(220)						
Net position – beginning of year	11,201	9,693	14,480	13,272	25,681	22,965						
Prior year adjustment	(1,919)		(860)		(2,779)							
Net position – ending of year	\$9,693	\$9,513	\$13,272	\$13,232	\$22,965	\$22,745						

GOVERNMENTAL ACTIVITIES

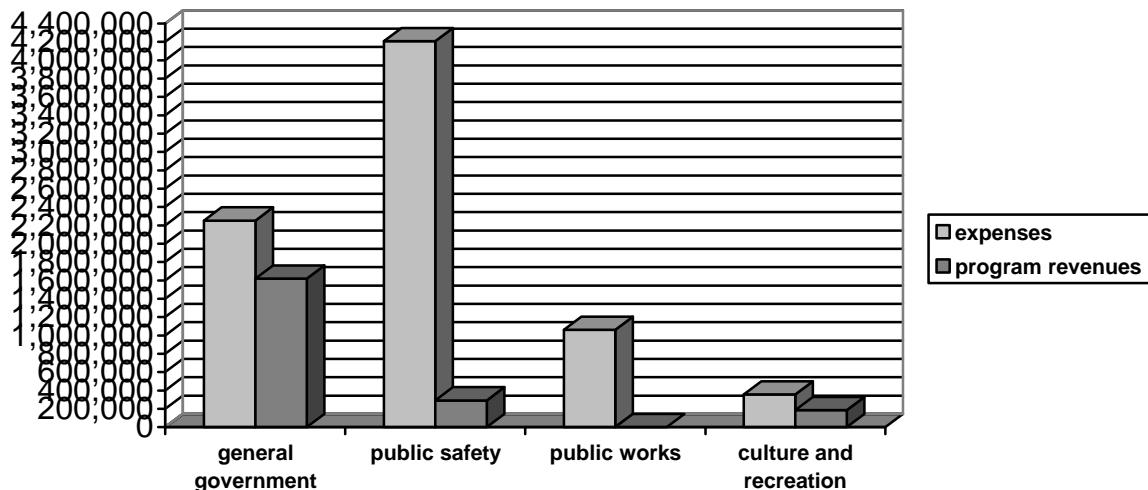
Governmental activities decreased the City of Snyder's net position by \$180. Key elements of this decrease are as follows:

- Charges for services decreased \$88 or 5% as building permits decreased as a result of the decline in the oil industry.
- Property taxes increased \$275 or 12.66% from prior year. Property tax rates remained the same of .4410 per One Hundred Dollars from 2015 to 2016. Sales taxes decreased (\$710) or 26% from prior year, as a result of the decline in the oil industry in the local economy. Other decreases include franchise taxes (\$35) or 4.6%.
- Public safety expenses were 53.42% of the City's governmental expenses. Public safety expenses increased \$574 from the prior year due to additional personnel in the fire department and additional capital outlay in the fire department and the police department.
- Public works expenses decreased \$170 or 13.81% from prior year due to a decrease in maintenance, seal coating projected was postponed this year.

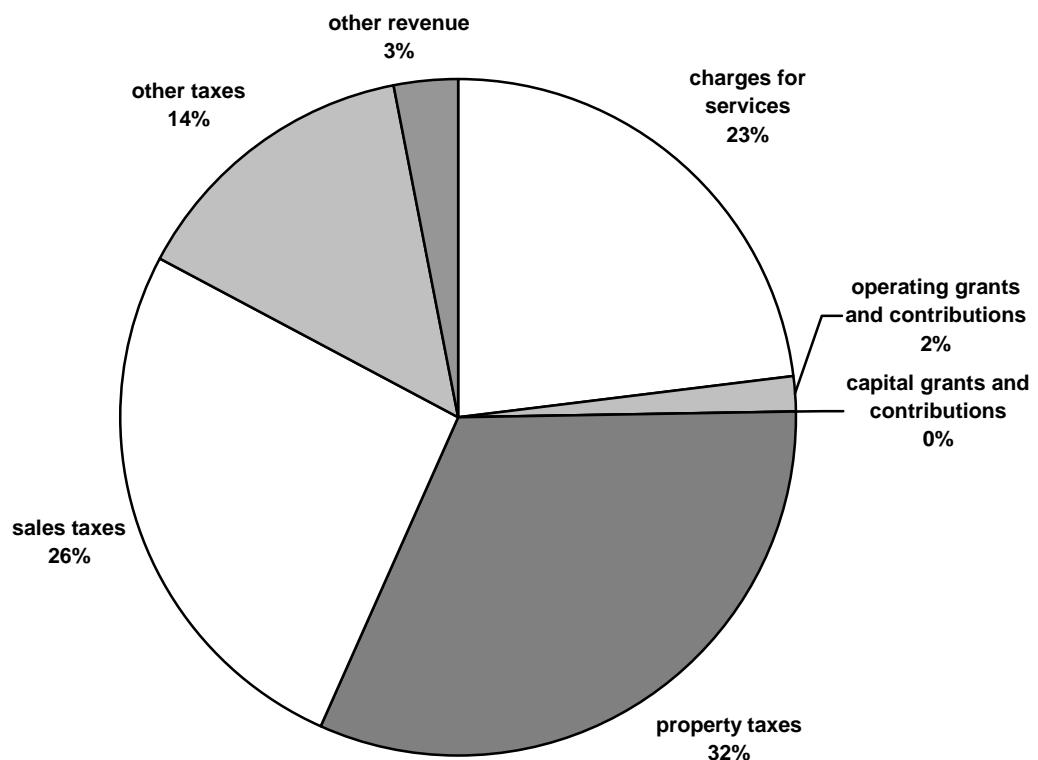
CITY OF SNYDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

- Culture and recreation revenue was below budget a result of decrease in motel taxes. Occupancy in local motels is down due to the local economy.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities

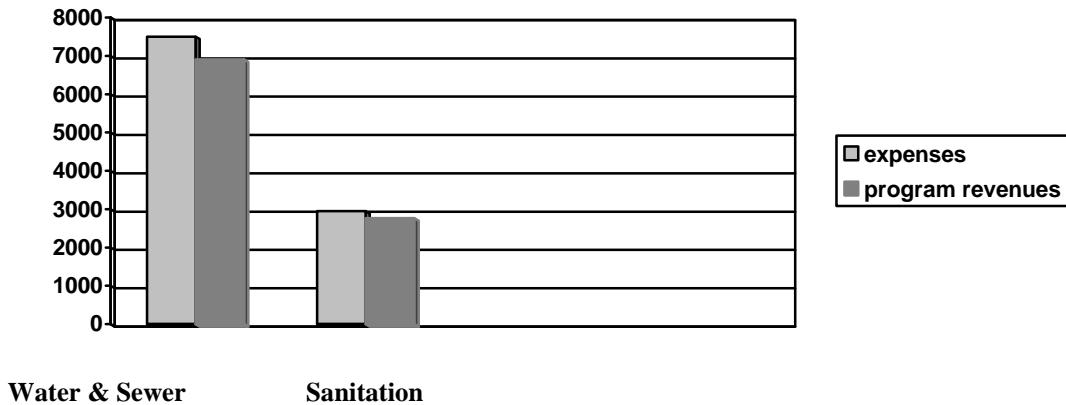


CITY OF SNYDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS-TYPE ACTIVITIES

Business-type activities decreased the City of Snyder's net position by \$40. Key elements of this decrease are as follows.

- The assets in the enterprise fund increased due to the increase in the projects for the water lines and the renovation of the old water treatment plant, also a decrease in restricted assets.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Snyder uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Snyder's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Snyder's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Snyder's governmental funds reported combined ending fund balances of \$8,283, a decrease of \$110 in comparison with the prior year. Approximately 86.68% of this total amount, \$7,180, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is made up of \$696 in *nonspendable fund balance* for prepaid items, inventories, and an advance to other funds, \$112 restricted for various purposes and \$295 committed to economic development through Chapter 380 agreements.

The general fund is the chief operating fund of the City of Snyder. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,183 while total fund balance reached \$8,235. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 97.79% of total general fund expenditures, while total fund balance represents 112% of that same amount. There were no major variances between the original and final budget.

The fund balance of the City of Snyder's general fund decreased by \$154 during the current fiscal year and increased \$129 in the prior fiscal year.

- Budgeted sales tax was decreased by 2.12% and the actual decrease was 7.00% from sales tax budgeted in 2015.
- Budgeted franchise tax was decreased by 1.25% and the actual decrease was 6.00% from franchise budgeted in 2015.

CITY OF SNYDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary funds. The City of Snyder's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Authority at the end of the year amounted to (\$1,770), and those for the Sanitation Fund amounted to \$151. The net decrease in unrestricted net position for the Water and Sewer Authority was (\$1,301) and the net increase for the Sanitation Fund was \$31. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Snyder's business-type activities.

General Fund Budgetary Highlights

Actual revenues and other financing sources were lower than final budgeted revenues by \$410 and actual expenditures were \$256 lower than final budgeted expenditures.

The key elements of actual revenue below budget were as follows:

- Sales tax \$1,034 below budget, the oil industry has had a huge impact on the reduction in sales tax for our community.
- Miscellaneous revenue was above budget \$235 a result of an auction and sale of property.
- Other financing sources was above budget \$169 a result of proceeds from insurance due to hail and wind damage to vehicles and to buildings.

The key elements of actual expenditures below budget were as follows:

- Administration \$152 over budget as a result of roof repair and for a comprehensive plan.
- Police \$97 below budget due to positions in police department that were opened during a large portion of the fiscal year.
- Public works \$271 below budget as result of the seal coating maintenance project for the streets that was canceled for fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Snyder's investment in capital assets for its governmental and business type activities as of September 30, 2016, amounts to \$31,343 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

CITY OF SNYDER'S Capital Assets
(net of depreciation)

	Governmental Activities		Business Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Land	\$ 524	\$ 553	\$ 306	\$307	\$ 830	\$ 860
Buildings	529	520	3,506	3,200	4,035	3,720
Improvements other than buildings	1,115	1,098	10,458	10,407	11,573	11,505
Machinery and equipment	1,458	1,609	4,910	4,936	6,368	6,545
Construction in progress	91	-	4,534	8,714	4,625	8,714
Total	\$3,717	\$3,780	\$23,714	\$27,564	\$27,431	\$31,344

Additional information on the City of Snyder's capital assets can be found in note III.C on pages 31-33 of this report.

**CITY OF SNYDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

LONG-TERM DEBT

Long-term debt. At the end of the current fiscal year, the City of Snyder had bond debt outstanding of \$11,130. Of this amount, \$11,130 comprises debt backed by the full faith and credit of the government. These bonds are paid by revenues of the Water and Sewer Funds.

The City of Snyder's total debt decreased by \$400 (3.47%) during the current fiscal year. The key factors in this decrease were principal payments of \$400.

Additional information on the City of Snyder's long-term debt can be found in note III.E on pages 34-37 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the City of Snyder is currently 5.1 percent. This is above the state's average unemployment rate of 4.7 percent and above the national average rate of 4.9 percent.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Snyder's budget for the 2017 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund decreased to \$7,183.

The budget for general fund total revenue for fiscal year 2017 is \$7,678. This is an increase of .92% from fiscal year 2016. The property tax rate is .4410 for fiscal year 2017. The minimum charge for water went up from \$31.16 to \$33.66, sewer rates went from \$10.48 to \$12.98, and the sanitation collection rates remained the same for the 2017 budget.

Requests for Information

This financial report is designed to provide a general overview of the City of Snyder's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, P.O. Box 1341, City of Snyder, Snyder, Texas, 79550.

CITY OF SNYDER, TEXAS

Statement of Net Position

September 30, 2016

	Primary Government			Component Unit
	Governmental Activities		Business-type Activities	DCOS
ASSETS				
Cash and cash equivalents	\$ 5,860,001	\$ 500,042	\$ 5,860,001	\$ 801,232
Investments	800,000	500,042	1,300,042	539,707
Receivables (net of allowance for uncollectibles)	1,490,915	1,229,028	2,719,943	502,416
Due from primary government	-	-	-	110,377
Internal balances	660,885	(660,885)	-	-
Inventories	43,295	145,908	189,203	-
Prepaid items	25,423	-	25,423	-
Restricted assets:				
Cash and cash equivalents	61,434	1,757,457	1,818,891	-
Investments	-	2,366,624	2,366,624	-
Capital assets (net of accumulated depreciation)				
Land	553,153	306,521	859,674	740,892
Buildings and system	520,172	3,199,625	3,719,797	-
Improvements other than buildings	1,097,238	10,406,872	11,504,110	2,696,731
Machinery and equipment	1,608,969	4,936,453	6,545,422	148,971
Construction in progress	-	8,714,260	8,714,260	-
Total assets	12,721,485	32,901,905	45,623,390	5,540,326
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows for pension	1,559,310	692,240	2,251,550	72,247
Total deferred outflows of resources	1,559,310	692,240	2,251,550	72,247
LIABILITIES				
Accounts payable and other liabilities	958,712	2,036,682	2,995,394	(360)
Accrued interest payable	-	38,156	38,156	-
Due to component unit	110,377	-	110,377	-
Retainage payable	-	411,616	411,616	-
Customer meter deposits	-	561,333	561,333	-
Noncurrent liabilities:				
Due within one year	29,948	598,764	628,712	351,364
Due in more than one year	3,444,972	16,616,638	20,061,610	3,287,667
Total liabilities	4,544,009	20,263,189	24,807,198	3,638,671
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows for pension	223,899	99,398	323,297	10,374
Total deferred inflows of resources	223,899	99,398	323,297	10,374
NET POSITION				
Net investment in capital assets	3,779,532	14,849,708	18,629,240	977,481
Restricted for various purposes	112,348	-	112,348	-
Unrestricted	5,621,007	(1,618,150)	4,002,857	986,047
Total net position	\$ 9,512,887	\$ 13,231,558	\$ 22,744,445	\$ 1,963,528

The notes to the financial statements are an integral part of this statement.

CITY OF SNYDER, TEXAS
Statement of Activities
For the Year ended September 30, 2016

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Operating		Capital	Primary Government		Primary Government	
		Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	DCOS
Primary government:								
Governmental activities:								
General government	\$ 2,252,281	\$ 1,477,484	\$ 134,256	\$ -	\$ (774,797)	\$ (774,797)		
Public safety	4,207,512	158,744	-	-	(3,914,512)	(3,914,512)		
Public works	1,061,527	-	-	-	(1,061,527)	(1,061,527)		
Culture and recreation	355,908	-	-	-	(355,908)	(355,908)		
Total governmental activities	<u>7,877,228</u>	<u>1,636,228</u>	<u>134,256</u>	<u>-</u>	<u>(6,106,744)</u>	<u>(6,106,744)</u>		
Business-type activities:								
Water and sewer	7,504,152	6,908,227	-	516,708	-	\$ (79,217)	(79,217)	
Sanitation	2,948,316	2,765,491	-	-	-	(182,825)	(182,825)	
Total business-type activities	<u>10,452,468</u>	<u>9,673,718</u>	<u>-</u>	<u>516,708</u>	<u>-</u>	<u>(262,042)</u>	<u>(262,042)</u>	
Total primary government	<u>\$ 18,329,696</u>	<u>\$ 11,309,946</u>	<u>\$ 134,256</u>	<u>\$ 516,708</u>	<u>(6,106,744)</u>	<u>(262,042)</u>	<u>(6,368,786)</u>	
Component unit:								
Development Corporation of Snyder	\$ 592,833	\$ 400	\$ -	\$ 120,870				
General revenues:								
Property taxes	2,447,999	-	-	-	2,447,999			
Sales taxes	2,000,496	-	-	-	2,000,496			
Franchise taxes	742,578	-	-	-	742,578			
Alcoholic beverage taxes	9,595	-	-	-	9,595			
Hotel/motel occupancy taxes	352,564	-	-	-	352,564			
Proceeds from insurance	186,096	27,455	-	-	213,551			
Unrestricted investment earnings	44,837	47,092	-	-	91,929			
Gain on sale of capital assets	142,008	147,300	-	-	289,308			
Total general revenues	<u>5,926,173</u>	<u>221,847</u>	<u>-</u>	<u>-</u>	<u>6,148,020</u>	<u>-</u>	<u>682,512</u>	
Change in net position	(180,571)	(40,195)	(220,766)	(220,766)	(210,949)			
Net position - beginning	<u>9,693,458</u>	<u>13,271,753</u>	<u>22,965,211</u>	<u>22,965,211</u>	<u>1,752,579</u>			
Net position - ending	<u>\$ 9,512,887</u>	<u>\$ 13,231,558</u>	<u>\$ 22,744,445</u>	<u>\$ 22,744,445</u>	<u>\$ 1,963,528</u>			

The notes to the financial statements are an integral part of this statement.

CITY OF SNYDER, TEXAS
Balance Sheet
Governmental Funds
September 30, 2016

	General	Nonmajor Governmental	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 5,809,087	\$ 50,914	\$ 5,860,001
Investments	800,000	-	800,000
Receivables (net of allowance for uncollectibles)	1,387,899	85,881	1,473,780
Advance to other funds	660,885	-	660,885
Prepaid items	25,423	-	25,423
Inventories	9,137	-	9,137
Restricted cash and cash equivalents	61,434	-	61,434
Total assets	<u>\$ 8,753,865</u>	<u>\$ 136,795</u>	<u>\$ 8,890,660</u>
LIABILITIES			
Accounts payable	\$ 299,645	\$ 89,263	\$ 388,908
Due to component unit	110,377	-	110,377
Total liabilities	<u>410,022</u>	<u>89,263</u>	<u>499,285</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue- property taxes	<u>108,521</u>	<u>-</u>	<u>108,521</u>
FUND BALANCES			
Nonspendable for:			
Prepaid items	25,423	-	25,423
Inventories	9,137	-	9,137
Advance to other funds	660,885	-	660,885
Restricted for various purposes	61,434	50,914	112,348
Committed for economic development	295,262	-	295,262
Unassigned	7,183,181	(3,382)	7,179,799
Total fund balances	<u>8,235,322</u>	<u>47,532</u>	<u>8,282,854</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 8,753,865</u>	<u>\$ 136,795</u>	<u>\$ 8,890,660</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SNYDER, TEXAS
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
September 30, 2016

Total Fund Balances - Governmental Funds	\$ 8,282,854
Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. At the beginning of the year, the cost of these assets was \$10,477,262 and the accumulated depreciation was \$7,127,363. The net effect of the beginning balance of the net investment in capital assets in the governmental activities is an increase to net position.	3,349,899
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays of \$537,078 is to increase net position.	537,078
Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of the current year depreciation expense of \$555,135 is to decrease net position.	(555,135)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. Deferred property tax revenue of \$108,521 is recognized in the government-wide financial statements. This results in an increase in net position.	108,521
Related to the City's net pension liability are deferred outflows of resources of \$1,533,845 and deferred inflows of resources of \$220,243, whose effect is to increase net position.	1,313,602
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(119,172)
Net pension liability	(3,300,341)
Internal service funds are used by management to charge the costs of the central garage to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. This results in a net decrease to net position.	<u>(104,419)</u>
Net Position of Governmental Activities	<u>\$ 9,512,887</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SNYDER, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2016

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes:			
Property	\$ 2,301,650	\$ 47,828	\$ 2,349,478
Sales	2,000,496	-	2,000,496
Franchise	742,578	-	742,578
Alcoholic beverage	9,595	-	9,595
Occupancy	-	352,564	352,564
Licenses and permits	36,967	-	36,967
Intergovernmental	134,256	-	134,256
Charges for services	1,332,617	-	1,332,617
Fines and forfeitures	158,744	-	158,744
Interest	44,837	-	44,837
Miscellaneous	266,895	-	266,895
Total Revenues	<u>7,028,635</u>	<u>400,392</u>	<u>7,429,027</u>
EXPENDITURES			
Current:			
General government	2,220,936	-	2,220,936
Public safety	3,978,895	-	3,978,895
Public works	1,151,916	-	1,151,916
Culture and recreation	-	355,908	355,908
Total Expenditures	<u>7,351,747</u>	<u>355,908</u>	<u>7,707,655</u>
Excess (deficiency) of revenues over (under) expenditures	(323,112)	44,484	(278,628)
OTHER FINANCING SOURCES (USES)			
Proceeds from insurance	169,109	-	169,109
Total other financing sources and uses	<u>169,109</u>	<u>-</u>	<u>169,109</u>
Net change in fund balances	(154,003)	44,484	(109,519)
Fund balances -- beginning	8,389,325	3,048	8,392,373
Fund balances -- ending	<u>\$ 8,235,322</u>	<u>\$ 47,532</u>	<u>\$ 8,282,854</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SNYDER, TEXAS
Reconciliation of Statement of Revenues, Expenditures and Changes
In Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2016

Net Change in Fund Balances - Governmental Funds	\$ (109,519)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays of \$537,078 is to increase net position.	
	537,078
Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of the current year depreciation expense of \$555,135 is to decrease net position.	(555,135)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the net decrease in compensated absences payable.	12,519
Internal service funds are used by management to charge the costs of the central garage to individual funds. The change in net position of the internal service funds are included in governmental activities in the statement of activities. This results in a net decrease to net position.	(2)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable property taxes of \$108,521 as revenue, reversing prior year's tax collection of \$10,000, and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to increase net position.	98,521
Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase. The City's share of the unrecognized deferred inflows and outflows for TMRS as of the measurement date must be amortized and the City's proportionate share of the pension expense must be recognized. These cause the change in net position to decrease. The net effect is a decrease in net position.	
	<u>(164,033)</u>
Change in net position of governmental activities	<u>\$ (180,571)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SNYDER, TEXAS

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2016

REVENUES	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts		Positive (Negative)
			Original	Final	
Taxes:					
Property	\$ 2,125,155	\$ 2,125,155	\$ 2,301,650	\$ 176,495	
Sales	3,034,395	3,034,395	2,000,496	(1,033,899)	
Franchise	817,000	817,000	742,578	(74,422)	
Alcoholic beverage	13,000	13,000	9,595	(3,405)	
Licenses and permits	63,715	63,715	36,967	(26,748)	
Intergovernmental	122,505	122,505	134,256	11,751	
Charges for services	1,236,305	1,236,305	1,332,617	96,312	
Fines and forfeitures	130,000	130,000	158,744	28,744	
Interest	34,000	34,000	44,837	10,837	
Miscellaneous	32,150	32,150	266,895	234,745	
Total Revenues	<u>7,608,225</u>	<u>7,608,225</u>	<u>7,028,635</u>	<u>(579,590)</u>	
 EXPENDITURES					
Current:					
General government:					
Administration	306,315	306,315	458,749	(152,434)	
Finance and personnel	393,060	393,060	389,491	3,569	
Planning and zoning	308,275	308,275	302,430	5,845	
Municipal court	303,335	303,335	304,399	(1,064)	
Community services	455,910	455,910	434,342	21,568	
City secretary/records	179,345	179,345	173,694	5,651	
IT/purchasing	137,510	137,510	157,831	(20,321)	
Total general government	<u>2,083,750</u>	<u>2,083,750</u>	<u>2,220,936</u>	<u>(137,186)</u>	
Public safety:					
Police	2,563,155	2,563,155	2,465,927	97,228	
Animal control	246,395	246,395	237,189	9,206	
Fire	1,292,345	1,292,345	1,275,779	16,566	
Total public safety	<u>4,101,895</u>	<u>4,101,895</u>	<u>3,978,895</u>	<u>123,000</u>	
Public works:					
Street maintenance	1,422,580	1,422,580	1,151,916	270,664	
Total expenditures	<u>7,608,225</u>	<u>7,608,225</u>	<u>7,351,747</u>	<u>256,478</u>	
Excess of revenues over expenditures	-	-	(323,112)	(323,112)	
 OTHER FINANCING SOURCES (USES)					
Proceeds from insurance	-	-	169,109	169,109	
Total other financing sources and uses	-	-	169,109	169,109	
Net change in fund balances	-	-	(154,003)	(154,003)	
Fund balances - beginning	8,389,325	8,389,325	8,389,325	-	
Fund balances - ending	<u>\$ 8,389,325</u>	<u>\$ 8,389,325</u>	<u>\$ 8,235,322</u>	<u>\$ (154,003)</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF SNYDER, TEXAS
Statement of Net Position
Proprietary Funds
September 30, 2016

ASSETS	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Fund	
	Water & Sewer Current Year	(memo only) Water & Sewer Prior Year	Sanitation Current Year		(memo only) Sanitation Prior Year	Totals Current Year
			\$	\$		
Current assets:						
Cash and cash equivalents						
Investments						
Interest receivable						
Accounts receivable	419	1,133	5,579	600,042	9,216	500,042
Inventories	872,263	788,722	350,767	324,343	1,223,030	17,135
Restricted cash	141,403	175,318	4,505	2,498	145,908	34,158
Restricted investments	1,744,611	4,889,097	-	-	1,744,611	-
Total current assets	400,000	400,000	-	-	400,000	-
	<u>3,158,696</u>	<u>6,549,792</u>	<u>860,893</u>	<u>936,057</u>	<u>4,019,589</u>	<u>51,293</u>
Noncurrent assets:						
Restricted cash					12,846	13,524
Restricted investments					1,966,624	1,953,100
Capital assets:						
Land	185,765	185,765	120,756	120,756	306,521	-
Buildings	9,649,480	9,970,707	430,794	425,406	10,080,274	275,385
Improvements other than buildings	16,185,624	18,907,750	3,845,813	3,845,813	20,031,437	-
Machinery and equipment	5,997,222	6,213,123	4,572,858	4,553,894	10,570,080	313,338
Construction in progress	8,714,260	4,533,813	-	-	8,714,260	-
Less accumulated depreciation	(16,559,081)	(19,545,718)	(5,579,760)	(5,497,308)	(22,138,841)	(141,033)
Total capital assets (net of accumulated depreciation)	24,173,270	20,265,440	3,390,461	3,448,561	27,563,731	447,690
Total noncurrent assets	<u>24,173,270</u>	<u>20,265,440</u>	<u>5,369,931</u>	<u>5,415,185</u>	<u>29,543,201</u>	<u>447,690</u>
Total assets	<u>27,331,966</u>	<u>26,815,232</u>	<u>6,230,824</u>	<u>6,351,242</u>	<u>33,562,790</u>	<u>498,983</u>
DEFERRED OUTFLOW OF RESOURCES						
Deferred Outflows of Resources	447,046	185,384	245,194	104,084	692,240	25,465
Total deferred outflows of resources	<u>447,046</u>	<u>185,384</u>	<u>245,194</u>	<u>104,084</u>	<u>692,240</u>	<u>25,465</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SNYDER, TEXAS
Statement of Net Position
Proprietary Funds
September 30, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities-Internal Service Fund	
	Water & Sewer Current Year	(memo only) Water & Sewer Prior Year	Sanitation Current Year	(memo only) Sanitation Prior Year	Totals Current Year	
LIABILITIES						
Current liabilities:						
Cash overdraft	\$ 1,119,475	\$ -	\$ 100,625	\$ 463,371	\$ 1,220,100	\$ 560,808
Accounts payable	542,336	716,521	274,246	37,477	816,582	8,996
Accrued compensated absences	7,910	8,570	4,237	3,810	12,147	155
Retainage payable					411,616	-
Payable from restricted assets:						
Customer meter deposits	561,333	542,834	-	-	561,333	-
Certificates of obligation payable	405,000	400,000	-	-	405,000	-
Municipal lease agreement payable	181,617	176,602	-	-	181,617	-
Accrued interest payable	38,156	39,471	-	-	38,156	-
Total current liabilities	<u>3,267,443</u>	<u>2,071,089</u>	<u>379,108</u>	<u>504,658</u>	<u>3,646,551</u>	<u>569,959</u>
Noncurrent liabilities:						
Accrued compensated absences	23,730	25,711	12,711	11,429	36,441	460
Certificates of obligation payable	10,863,108	11,277,783	-	-	10,863,108	-
Municipal lease agreement payable	2,248,141	2,429,758	-	-	2,248,141	-
Advances from other funds-General	660,885	775,297	-	-	660,885	-
Net pension liability	961,899	718,457	527,579	403,383	1,489,478	54,792
Landfill closure/post closure care					1,966,624	-
Total noncurrent liabilities	<u>14,757,763</u>	<u>15,227,006</u>	<u>1,979,470</u>	<u>1,979,470</u>	<u>17,277,523</u>	<u>55,252</u>
Total liabilities	<u>18,025,206</u>	<u>17,298,095</u>	<u>2,898,868</u>	<u>2,886,094</u>	<u>20,924,074</u>	<u>625,211</u>
DEFERRED INFLOW OF RESOURCES						
Deferred inflows of resources	<u>64,191</u>		<u>35,207</u>		<u>99,398</u>	<u>3,656</u>
Total deferred inflows of resources	<u>64,191</u>		<u>35,207</u>		<u>99,398</u>	<u>3,656</u>
NET POSITION						
Net investment in capital assets	11,459,247	10,171,469	3,390,461	3,448,561	14,849,708	447,690
Unrestricted	<u>(1,769,632)</u>	<u>(468,948)</u>	<u>151,482</u>	<u>120,671</u>	<u>(1,618,150)</u>	<u>(552,109)</u>
Total net position	<u>\$ 9,689,615</u>	<u>\$ 9,702,521</u>	<u>\$ 3,541,943</u>	<u>\$ 3,569,232</u>	<u>\$ 13,231,558</u>	<u>\$ (104,419)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SNYDER, TEXAS
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund	
	Water & Sewer		Sanitation		Sanitation Prior Year			
	Current Year	(memo only) Prior Year	Current Year	(memo only)	Prior Year	Totals		
Operating Revenues:								
Water sales	\$ 4,942,602	\$ 4,529,699	\$ -	\$ -	\$ -	\$ 4,942,602	\$ -	
Sewer charges	1,503,102	1,531,824	-	-	-	1,503,102	-	
Charges for billing & collections	374,948	363,221	-	-	-	374,948	369,732	
Sanitation charges	-	-	1,930,374	1,956,047	820,655	1,930,374	-	
Landfill gate fees	-	-	801,751	-	-	801,751	-	
Water & sewer taps	11,425	28,575	-	-	-	11,425	-	
Plumbing permits & inspections	17,427	14,981	-	-	-	17,427	-	
Other services	58,723	133,315	33,366	2,373	-	92,089	8,654	
Total operating revenues	<u>6,908,227</u>	<u>6,601,615</u>	<u>2,765,491</u>	<u>2,779,075</u>	<u>2,779,075</u>	<u>9,673,718</u>	<u>378,386</u>	
Operating Expenses:								
Personnel services	1,370,715	1,245,728	750,545	704,547	2,121,260	72,707		
Supplies	583,270	470,376	202,807	232,910	786,077	202,042		
Maintenance	598,585	634,600	163,188	182,923	761,773	32,095		
Services	2,962,302	2,888,055	841,231	857,033	3,803,533	38,079		
Sundry charges	46,012	57,108	69,107	58,861	115,119	2,745		
Non capitalized equipment	3,135	294	2,217	-	5,352	117		
Depreciation	1,455,654	1,389,854	919,221	775,554	2,374,875	47,590		
Total operating expenses	<u>7,019,673</u>	<u>6,686,015</u>	<u>2,948,316</u>	<u>2,811,828</u>	<u>9,967,989</u>	<u>395,375</u>		
Operating income (loss)	(111,446)	(84,400)	(182,825)	(32,753)	(294,271)	(16,989)		
Nonoperating revenues (expenses):								
Investment earnings	33,556	52,646	13,536	8,323	47,092	-		
Interest and fees expense	(484,479)	(499,865)	(640)	(484,479)	-	-		
Gain (loss) on sale of assets	5,300	-	142,000	185,000	147,300	-		
Proceeds from insurance	27,455	-	-	-	27,455	16,987		
Total nonoperating revenues (expenses)	<u>(418,168)</u>	<u>(447,219)</u>	<u>155,336</u>	<u>192,683</u>	<u>(262,632)</u>	<u>16,987</u>		
Capital grant contributions	516,708	-	-	23,740	516,708	-		
Change in net position	(12,906)	(531,619)	(27,289)	183,670	(40,195)	(2)		
Total net position - beginning	9,702,521	10,785,320	3,569,232	3,695,026	13,271,753	(104,417)		
Prior period adjustment	-	(551,180)	-	(309,464)	-	-		
Total net position - ending	<u>\$ 9,689,615</u>	<u>\$ 9,702,521</u>	<u>\$ 3,541,943</u>	<u>\$ 3,569,232</u>	<u>\$ 13,231,558</u>	<u>\$ (104,419)</u>		

The notes to the financial statements are an integral part of this statement

CITY OF SNYDER
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2016

		Business-type Activities - Enterprise Funds				Governmental Activities-Internal Service Funds	
		(memo only)		(memo only)			
		Water & Sewer Current Year	Water & Sewer Prior Year	Sanitation Current Year	Sanitation Prior Year	Totals	
		\$		\$		\$	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 6,468,237	\$ 6,232,019	\$ 2,739,067	\$ 2,787,479	\$ 9,207,304	\$ 8,654	
Receipts from interfund services provided	374,948	363,221	-	-	374,948	352,597	
Payments to suppliers	(3,194,267)	(3,000,949)	(655,994)	(1,133,962)	(3,850,261)	(279,605)	
Payments to employees	(1,327,385)	(1,268,784)	(730,543)	(713,212)	(2,057,928)	(74,239)	
Payments for interfund services used	(914,782)	(891,895)	(374,948)	(363,221)	(1,289,730)	-	
Net cash provided (used) by operating activities	<u>1,406,751</u>	<u>1,433,612</u>	<u>977,582</u>	<u>577,084</u>	<u>2,384,333</u>	<u>7,407</u>	
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES							
Interfund loans advanced (paid)	(114,412)	775,297	-	-	(114,412)	-	
Increase (decrease) in cash overdrafts	<u>1,119,475</u>	<u>-</u>	<u>(362,746)</u>	<u>316,789</u>	<u>756,729</u>	<u>103,653</u>	
Net cash provided (used) by noncapital financing activities	<u>1,005,063</u>	<u>775,297</u>	<u>(362,746)</u>	<u>316,789</u>	<u>642,317</u>	<u>103,653</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchases of capital assets	(5,363,484)	(5,635,601)	(861,121)	(1,090,959)	(6,224,605)	(128,047)	
Proceeds from sale of capital assets	5,300	142,000	185,000	147,300	27,455	16,987	
Proceeds from insurance	27,455	-	-	-	23,740	516,708	
Capital grant proceeds	516,708	-	-	-	(586,277)	(586,277)	
Principal paid on certificates of obligation	(586,277)	(666,400)	-	-	(485,794)	(485,794)	
Interest paid on debt obligations	(485,794)	(501,242)	-	(640)	-	-	
Net cash provided (used) by capital and related financing activities	<u>(5,886,092)</u>	<u>(6,803,243)</u>	<u>(719,121)</u>	<u>(882,859)</u>	<u>(6,605,213)</u>	<u>(111,060)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales and maturities of investments	200,000	-	86,434	-	286,434	-	
Purchase of investments	-	(100,000)	-	(11,992)	-	-	
Interest received	34,270	51,931	17,173	1,768	51,443	-	
Net cash provided (used) by investing activities	<u>234,270</u>	<u>(48,069)</u>	<u>103,607</u>	<u>(10,224)</u>	<u>337,877</u>	<u>-</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF SNYDER
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds						Governmental Activities-Internal Service Funds	
	Water & Sewer Current Year	Water & Sewer Prior Year	(memo only)		Sanitation Current Year	Sanitation Prior Year	Totals	
			Water & Sewer	Sanitation				
Net increase (decrease) in cash and cash equivalents	\$ (3,240,008)	\$ (4,642,403)			(678)	\$ 790	\$ (3,240,686)	-
Cash and cash equivalents, October 1 (including restricted cash)	4,984,619	9,627,022			13,524		12,734	4,998,143
Cash and cash equivalents, September 30 (including restricted cash)	<u>\$ 1,744,611</u>	<u>\$ 4,984,619</u>			<u>\$ 12,846</u>		<u>\$ 13,524</u>	<u>\$ 1,757,457</u>
Reconciliation of Operating Income to net cash provided by operating activities:								
Operating income	\$ (111,446)	\$ (84,400)			(182,825)	\$ (32,753)	\$ (294,271)	\$ (16,989)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:								
Depreciation expense	1,455,654	1,389,854			919,221		775,554	2,374,875
(Increase) decrease in accounts receivable	(83,541)	(52,075)			(26,424)		8,404	(109,965)
(Increase) decrease in inventories	33,915	327			(2,007)		6,002	31,908
Increase (decrease) in retained payable	224,525	146,466			-		-	224,525
Increase (decrease) in customer deposits	18,499	45,700			-		-	-
Increase (decrease) in accounts payable	(174,185)	10,796			236,769		(184,982)	62,584
Increase (decrease) in payroll liabilities	43,330	(23,056)			20,002		(8,665)	63,332
Increase in landfill closure/post closure cost	-	-			12,846		13,524	12,846
Total adjustments	<u>\$ 1,518,197</u>	<u>\$ 1,518,012</u>			<u>\$ 1,160,407</u>		<u>\$ 609,837</u>	<u>\$ 2,678,604</u>
Net cash provided by operating activities	<u>\$ 1,406,751</u>	<u>\$ 1,433,612</u>			<u>\$ 977,582</u>		<u>\$ 577,084</u>	<u>\$ 2,384,333</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SNYDER, TEXAS
Notes to Financial Statements
September 30, 2016

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CITY OF SNYDER, TEXAS
Notes to Financial Statements
September 30, 2016

I. Summary of Significant Accounting Policies

The accounting and reporting policies of the City of Snyder, Texas, (City) included in the accompanying basic financial statements conform to the generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the City's Comprehensive Annual Financial Report.

A. Reporting Entity The City of Snyder is a municipal corporation governed by an elected mayor and six-member council. As required by generally accepted accounting principles, these financial statements present the City as the primary government and a component unit for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The discretely presented component unit has a September 30 year-end.

Discretely Presented Component Unit

Development Corporation of Snyder. The City adopted (through the election process) an optional sales tax (3/8%) for economic development purposes and the Corporation was established to administer these funds. The Corporation is a non-profit corporation specifically governed by the Texas Development Corporation Act of 1979, as amended. The purpose of the Development Corporation of Snyder, Inc. (herein known as D.C.O.S.) is to promote, assist, and enhance economic development. The five member Board of Directors is appointed by the Mayor, with the approval of the Council. The Board is regularly accountable to the City Council for all activities undertaken by them or on their behalf. The unit is presented as a governmental fund type.

Complete financial statements for the D.C.O.S. may be obtained at the entity's administrative offices:

Development Corporation of Snyder
3610 College Ave., Ste. A
Snyder, TX 79549

B. Government-Wide and Fund Financial Statements

Government-wide financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by the program's revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements. The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types".

CITY OF SNYDER, TEXAS

Notes to Financial Statements

September 30, 2016

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, interest revenue and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, if available. Sales taxes collected and held by the state at year-end on behalf of the City also are recognized as revenue. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary funds:

Water and Sewer Fund – This fund accounts for the provision of water and sewer services to the residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, billing and collections.

Sanitation Fund – This fund accounts for the provision of garbage collection and disposal, including landfill operations for the residents of the City and some residents of the County.

Additionally, the City reports the following nonmajor fund types:

Special Revenue Funds – Special Revenue Funds, a governmental fund type, are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted, committed or assigned to expenditures for specified purposes.

Internal Service Funds – Internal Service Funds, a proprietary fund type, are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The internal service fund of the City is the Central Garage Fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF SNYDER, TEXAS

Notes to Financial Statements

September 30, 2016

I. Summary of Significant Accounting Policies (continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund, the sanitation fund, and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

Cash includes amounts that are subject to immediate use by the entity. Examples of cash are as follows:

- a. Cash on hand
- b. Cash on (demand) deposit with financial institutions that can be withdrawn without prior notice or penalty.
- c. Other deposits or cash management pools that have characteristics similar to demand deposit accounts (that is, additional funds may be deposited to the account at any time and withdrawals can be made at any time without prior notice or penalty.)

Cash equivalents are short-term, highly liquid investments that have both of the following characteristics:

- a. Investments that are readily convertible to known amounts of cash.
- b. Investments that mature in such a short period of time (generally original maturity of three months or less from the date of purchase) that their values are effectively immune from changes in interest rates.

State statutes authorize the City to invest in 1) obligations of the U.S. or its agencies and instrumentalities; 2) obligations of the State of Texas or its agencies; 3) other obligations guaranteed by the U.S. or the State of Texas or their agencies and instrumentalities; 4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; 5) guaranteed or secured certificates of deposit issued by state or national banks domiciled in Texas, savings banks domiciled in Texas, or state or federal credit unions domiciled in Texas; 6) fully collateralized repurchase agreements; and 7) other securities as described in the Texas Local Government Code, Chapter 2256, Public Funds Investment Act. The City is authorized by its governing body to invest in all instruments authorized by the State statutes. Investments are stated at fair value.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

CITY OF SNYDER, TEXAS
Notes to Financial Statements
September 30, 2016

I. Summary of Significant Accounting Policies (continued)

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The City's property tax is levied each October 1, and payable before the first day of February, on 100 percent of assessed value listed for all real and personal property (business property) located in the City. Assessed values are established by the Scurry County Tax Appraisal District and certified by the Board of Equalization.

Property tax revenues are recognized in the fund financial statements when they become available. Available means collected within the current period and the amount expected to be collected soon after year-end to pay liabilities of the current period not to exceed 60 days. The amount of taxes collected in the period 60 days after year-end were deemed immaterial, therefore, the balance of taxes receivable, net of allowance, is reported as deferred inflows of resources. Property taxes attach as an enforceable lien on property as of January 1.

3. Inventories and Prepaid Items

Inventory is valued at cost in the governmental funds and at the lower of cost or market in the proprietary funds. All inventory purchases are recorded as inventory acquisitions (current assets) at the time of purchase. For all funds, the expenditure or expense is recognized when inventory is issued or consumed. Inventory in the General Fund consists of expendable supplies held for consumption.

Prepaid items, recorded in both government-wide and fund financial statements, are goods or services that are paid for in advance and are applicable to future accounting periods. Using the consumption method, prepaid items are recorded as expenditures (governmental fund types) or expenses (proprietary fund types) as the goods or services are used. On the government-wide statement of activities, consumption of prepaid items is recorded as an expense.

Inventories and prepaid items reported in the General Fund and other governmental funds are offset by nonspendable fund balance, which indicates that these items do not represent available expendable resources even though they are a component of current assets.

4. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Funds set aside to cover landfill closure and postclosure costs and customer deposits are also classified as restricted assets.

5. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure and all other tangible and intangible assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. Infrastructure acquired beginning in 2004 has been capitalized. Infrastructure acquired prior to this date has not been capitalized. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. The capitalization threshold for capital assets is \$1,000. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

CITY OF SNYDER, TEXAS
Notes to Financial Statements
September 30, 2016

I. Summary of Significant Accounting Policies (continued)

Depreciable capital assets are depreciated using the straight-line method over the asset's estimated useful life as follows:

Buildings and improvements	25-50 years
Improvements other than buildings	10-50 years
Machinery and equipment	3-10 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has items that qualify for reporting in this category related to the City's pension with the Texas Municipal Retirement System (TMRS).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has items that qualify for reporting in this category. They include the unavailable revenue from property taxes and fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has deferred inflows reported in the statement of net position related to the City's pension with the TMRS.

7. Pension

For purposes of measuring the net pension liability for the City, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

8. Fair Value Measurements

The City adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.

Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).

CITY OF SNYDER, TEXAS
Notes to Financial Statements
September 30, 2016

I. Summary of Significant Accounting Policies (continued)

Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Implementation of GASB Statement No. 72 did not have a significant impact on the City's financial statements for the year ended September 30, 2016.

9. Compensated Absences

Vested or accumulated vacation leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

10. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

11. Comparative Data

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of those funds.

II. Stewardship, Compliance, and Accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are adopted for the governmental and proprietary fund types. All annual appropriations lapse at fiscal year-end. Encumbrances represent commitments related to unperformed contracts for goods or services.

Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in all funds. Encumbrances outstanding at year-end are closed and re-budgeted in the following year.

Prior to August 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. The City Council holds public hearings and may add to, subtract from or change appropriations. Any changes in the budget must be within the revenues reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of the City Council.

Prior to September 30, the budget is legally enacted through passage of an ordinance which appropriates totals by fund. Upon written recommendation of the City Manager, the Council may at any time transfer any unencumbered appropriation balance or any portion thereof within a department, office or agency to another department, office or agency. Any supplemental appropriations must be offset by an equal increase in estimated revenues. Management may amend line item budgeted amounts within a department without seeking the approval of the Council.

CITY OF SNYDER, TEXAS

Notes to Financial Statements

September 30, 2016

II. Stewardship, Compliance, and Accountability (continued)

B. Deficit Fund Equity

The hourly rate charged for services performed by the internal service central garage fund is intended to result in a break-even operation which is reflected in the current year income. The net position is a deficit \$104,419 at September 30, 2016.

Motel tax fund revenue is remitted to the Chamber of Commerce and Western Texas College. Fund balance of the motel tax fund is a deficit \$3,382 at September 30, 2016.

III. Detailed Notes on All Funds

A. Deposits and Investments

Custodial credit risk- deposits. The City's deposits in financial institutions were entirely covered by federal depository insurance and by securities held by the pledging bank's agent for the City in the City's name. The City's investment policy requires that time deposits be collateralized by U.S. Treasury Obligations.

At year end, DCOS' deposits in financial institutions were entirely covered by federal depository insurance and by securities held by the pledging bank's agent for DCOS in DCOS' name.

At September 30, 2016, the City and DCOS had the following investments, all maturing within one year:

	City	DCOS
	Fair Value	Fair Value
Tex Pool	\$ 1,783,620	\$ -
Certificates of Deposit	<u>3,666,666</u>	<u>539,707</u>
	<u>\$ 5,450,286</u>	<u>\$ 539,707</u>
Reported as cash and cash equivalents	\$ 1,783,620	\$ -
Reported as investments	1,300,042	539,707
Reported as restricted investments	<u>2,366,624</u>	<u>-</u>
	<u>\$ 5,450,286</u>	<u>\$ 539,707</u>

Investments included on the statement of net position represent certificates of deposit that have a maturity of more than 90 days.

Interest rate risk. The City's investment policy does not currently limit the weighted average maturity of its investment portfolio; however, the City's time deposits all mature in staggered proportions within six months after yearend. TexPool manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to 90 days.

Credit risk – State law limits investments in public funds investment pools to those rated no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2016, the City's investment in TexPool was rated AAAm by Standard & Poor's, the highest rating a local government investment pool can achieve. Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The fair value of the City's position in this pool is the same as the value of the pool shares.

Concentration of credit risk. The City's investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified by security type and institution.

CITY OF SNYDER, TEXAS
Notes to Financial Statements
September 30, 2016

III. Detailed Notes on All Funds (continued)

B. Receivables

Receivables in the fund financial statements at September 30, 2016 consist of the following:

	General Fund	Water & Sewer Fund	Sanitation Fund	Nonmajor & Other Funds	Total
Delinquent Taxes Receivable	\$ 147,944	\$ -	\$ -	\$ -	\$ 147,944
Less: Allowance for Uncollectibles	(39,423)	-	-	-	(39,423)
Delinquent Taxes Receivable, net	108,521	-	-	-	108,521
 Sales Tax Receivable	441,516	-	-	-	441,516
Franchise Tax Receivable	203,878	-	-	-	203,878
Other Receivables	632,585	872,263	350,767	103,016	1,958,631
Accrued Interest Receivable	1,399	419	5,579	-	7,397
 Total Receivables, Net	<u>\$ 1,387,899</u>	<u>\$ 872,682</u>	<u>\$ 356,346</u>	<u>\$ 103,016</u>	<u>\$ 2,719,943</u>

Receivables for DCOS consist of \$110,377 from the primary government for sales tax and \$502,416 in notes receivables from businesses.

Revenues of the Water and Sewer Fund and Sanitation Fund are reported net of uncollectible amounts. Total estimated uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to water sales:	\$21,979
Uncollectibles related to sewer charges:	<u>181</u>
Uncollectibles related to the Water and Sewer Fund:	\$22,160
Uncollectibles related to the Sanitation Fund:	\$ 6,410

CITY OF SNYDER, TEXAS

Notes to Financial Statements

September 30, 2016

III. Detailed Notes on All Funds (continued)

C. Capital Assets

Governmental Activities:	<u>Beginning Balance</u>	<u>Additions/Completions</u>	<u>Retirements/Adjustments</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 524,680	\$ 28,473	\$ (90,541)	\$ 553,153
Construction in progress	90,541	-	(90,541)	-
Total capital assets, not being depreciated	<u>615,221</u>	<u>28,473</u>	<u>(90,541)</u>	<u>553,153</u>
Capital assets, being depreciated:				
Buildings	970,697	25,686	(2,199)	994,184
Improvements other than buildings	3,615,407	-	-	3,615,407
Machinery and equipment	5,763,113	701,507	(425,307)	6,039,313
Total capital assets, being depreciated	<u>10,349,217</u>	<u>727,193</u>	<u>(427,506)</u>	<u>10,648,904</u>
Less accumulated depreciation for:				
Buildings	452,136	24,075	(2,199)	474,012
Improvements other than buildings	2,490,541	27,628	-	2,518,169
Machinery and equipment	4,304,629	551,022	(425,307)	4,430,344
Total accumulated depreciation	<u>7,247,306</u>	<u>602,725</u>	<u>(427,506)</u>	<u>7,422,525</u>
Total capital assets being depreciated, net	<u>3,101,911</u>	<u>124,468</u>	<u>-</u>	<u>3,226,379</u>
Governmental activities capital assets, net	<u>\$ 3,717,132</u>	<u>\$ 152,941</u>	<u>\$ (90,541)</u>	<u>\$ 3,779,532</u>
Business-Type Activities:				
Water and sewer activities:	<u>Beginning Balance</u>	<u>Additions/Completions</u>	<u>Retirements/Adjustments</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 185,765	\$ -	\$ -	\$ 185,765
Construction in progress	4,533,813	4,180,447	-	8,714,260
Total capital assets, not being depreciated	<u>4,719,578</u>	<u>4,180,447</u>	<u>-</u>	<u>8,900,025</u>
Capital assets, being depreciated:				
Buildings	9,970,707	8,400	(329,627)	9,649,480
Improvements other than buildings	18,907,750	664,428	(3,386,554)	16,185,624
Machinery and equipment	6,213,123	510,209	(726,110)	5,997,222
Total capital assets, being depreciated	<u>35,091,580</u>	<u>1,183,037</u>	<u>(4,442,291)</u>	<u>31,832,326</u>
Less accumulated depreciation for:				
Buildings	6,650,349	313,707	(329,627)	6,634,429
Improvements other than buildings	9,633,975	575,019	(3,386,554)	6,822,440
Machinery and equipment	3,261,394	566,928	(726,110)	3,102,212
Total accumulated depreciation	<u>19,545,718</u>	<u>1,455,654</u>	<u>(4,442,291)</u>	<u>16,559,081</u>
Total capital assets being depreciated, net	<u>15,545,862</u>	<u>(272,617)</u>	<u>-</u>	<u>15,273,245</u>
Water and sewer activities capital assets, net	<u>\$ 20,265,440</u>	<u>\$ 3,907,830</u>	<u>\$ -</u>	<u>\$ 24,173,270</u>

CITY OF SNYDER, TEXAS
Notes to Financial Statements
September 30, 2016

III. Detailed Notes on All Funds (continued)

C. Capital Assets

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
Sanitation activities:				
Capital assets, not being depreciated:				
Land	\$ 120,756	\$ -	\$ -	\$ 120,756
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>120,756</u>	<u>-</u>	<u>-</u>	<u>120,756</u>
Capital assets, being depreciated:				
Buildings	425,406	5,388	-	430,794
Improvements other than buildings	3,845,813	-	-	3,845,813
Machinery and equipment	4,553,894	855,733	(836,769)	4,572,858
Total capital assets, being depreciated	<u>8,825,113</u>	<u>861,121</u>	<u>(836,769)</u>	<u>8,849,465</u>
Less accumulated depreciation for:				
Buildings	239,795	6,425	-	246,220
Improvements other than buildings	2,661,958	140,167	-	2,802,125
Machinery and equipment	2,595,555	772,629	(836,769)	2,531,415
Total accumulated depreciation	<u>5,497,308</u>	<u>919,221</u>	<u>(836,769)</u>	<u>5,579,760</u>
Total capital assets being depreciated, net	<u>3,327,805</u>	<u>(58,100)</u>	<u>-</u>	<u>3,269,705</u>
Sanitation activities capital assets, net	<u><u>\$ 3,448,561</u></u>	<u><u>\$ (58,100)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,390,461</u></u>
Total Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 306,521	\$ -	\$ -	\$ 306,521
Construction in progress	4,533,813	4,180,447	-	8,714,260
Total capital assets, not being depreciated	<u>4,840,334</u>	<u>4,180,447</u>	<u>-</u>	<u>9,020,781</u>
Capital assets, being depreciated:				
Buildings	10,396,113	13,788	(329,627)	10,080,274
Improvements other than buildings	22,753,563	664,428	(3,386,554)	20,031,437
Machinery and equipment	10,767,017	1,365,942	(1,562,879)	10,570,080
Total capital assets, being depreciated	<u>43,916,693</u>	<u>2,044,158</u>	<u>(5,279,060)</u>	<u>40,681,791</u>
Less accumulated depreciation for:				
Buildings	6,890,144	320,132	(329,627)	6,880,649
Improvements other than buildings	12,295,933	715,186	(3,386,554)	9,624,565
Machinery and equipment	5,856,949	1,339,557	(1,562,879)	5,633,627
Total accumulated depreciation	<u>25,043,026</u>	<u>2,374,875</u>	<u>(5,279,060)</u>	<u>22,138,841</u>
Total capital assets being depreciated, net	<u>18,873,667</u>	<u>(330,717)</u>	<u>-</u>	<u>18,542,950</u>
Business-Type activities capital assets, net	<u><u>\$ 23,714,001</u></u>	<u><u>\$ 3,849,730</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 27,563,731</u></u>

CITY OF SNYDER, TEXAS
Notes to Financial Statements
September 30, 2016

III. Detailed Notes on All Funds (continued)

C. Capital Assets

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 58,045
Public safety	363,783
Public works	133,307
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of assets	47,590
Total depreciation expense – governmental activities	<u><u>\$ 602,725</u></u>

Business-type activities:

Water and sewer	\$ 1,455,654
Sanitation	919,221
Total depreciation expense – business-type activities	<u><u>\$ 2,374,875</u></u>

Discretely presented component unit

Development Corporation of Snyder:	Beginning Balance	Additions/Completions	Retirements/Adjustments	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 740,892	\$ -	\$ -	\$ 740,892
Total capital assets, not being depreciated	<u><u>740,892</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>740,892</u></u>
Capital assets, being depreciated:				
Buildings and improvements	2,870,941	194,577	-	3,065,518
Furniture and equipment	43,244	158,727	-	201,971
Total capital assets, being depreciated	<u><u>2,914,185</u></u>	<u><u>353,304</u></u>	<u><u>-</u></u>	<u><u>3,267,489</u></u>
Less accumulated depreciation for:				
Buildings and improvements	253,102	115,685	-	368,787
Furniture and equipment	42,136	10,864	-	53,000
Total accumulated depreciation	<u><u>295,238</u></u>	<u><u>126,549</u></u>	<u><u>-</u></u>	<u><u>421,787</u></u>
Total capital assets being depreciated, net	<u><u>2,618,947</u></u>	<u><u>226,755</u></u>	<u><u>-</u></u>	<u><u>2,845,702</u></u>
DCOS capital assets, net	<u><u>\$ 3,359,839</u></u>	<u><u>\$ 226,755</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,586,594</u></u>

D. Interfund Balances

The General fund loaned the Water and Sewer fund \$850,000 at 2.5% interest, payable monthly in the amount of \$11,040.79, to assist with the cost of renovations to the water plant. The loan matures January 1, 2022. At September 30, 2016, the interfund loan totaled \$660,885.

CITY OF SNYDER, TEXAS

Notes to Financial Statements

September 30, 2016

III. Detailed Notes on All Funds (continued)

E. Restricted Assets

Restricted assets in the proprietary fund financial statements at September 30, 2016 consist of the following:

Water & sewer fund:

Bond construction fund	\$ 983,843
Customer deposits	561,333
Municipal lease escrow reserve	400,000
C.O. debt service reserve fund	199,435
	<u><u>\$ 2,144,611</u></u>

Sanitation fund:

Landfill closure/post closure	\$ 1,979,470
	<u><u>\$ 1,979,470</u></u>

F. Long-Term Debt

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2016 was as follows:

	<u>October 1, 2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>September 30, 2016</u>	<u>Due Within One year</u>
Governmental Type Activities:					
Compensated absences	\$ 133,868	\$ 3,072	\$ (17,153)	\$ 119,787	\$ 29,948
Net pension liability	<u><u>2,500,989</u></u>	<u><u>854,144</u></u>	-	<u><u>3,355,133</u></u>	-
Governmental activity					
Long-term liabilities	<u><u>2,634,857</u></u>	<u><u>857,216</u></u>	<u><u>(17,153)</u></u>	<u><u>3,474,920</u></u>	<u><u>29,948</u></u>
Business Type Activities:					
Revenue bonds	\$ 11,530,000	\$ -	\$ (400,000)	\$ 11,130,000	\$ 405,000
Unamortized bond premiums	147,783	-	(9,675)	138,108	-
Municipal lease purchase	2,606,360	-	(176,602)	2,429,758	181,617
Closure/postclosure care	1,966,624	12,846	-	1,979,470	-
Compensated absences	49,520	6,020	(6,952)	48,588	12,147
Net pension liability	<u><u>1,121,840</u></u>	<u><u>367,638</u></u>	-	<u><u>1,489,478</u></u>	-
Business-type activity					
Long-term liabilities	<u><u>17,422,127</u></u>	<u><u>386,504</u></u>	<u><u>(593,229)</u></u>	<u><u>17,215,402</u></u>	<u><u>598,764</u></u>

For the governmental activities, the general fund has typically been used to liquidate the liability for compensated absences.

CITY OF SNYDER, TEXAS
Notes to Financial Statements
September 30, 2016

III. Detailed Notes on All Funds (continued)

Revenue bonds

The annual requirements to retire all revenue bonds outstanding as of September 30, 2016 including interest payments are as follows:

Fiscal Year Ending September 30	Principal	Interest	Total
2017	\$ 405,000	\$ 383,564	\$ 788,564
2018	415,000	371,545	786,545
2019	425,000	358,765	783,765
2020	435,000	345,318	780,318
2021	445,000	331,177	776,177
2022-2026	2,430,000	1,333,775	3,763,775
2027-2031	3,675,000	917,944	4,592,944
2032-2034	2,900,000	170,306	3,070,306
	\$ 11,130,000	\$ 4,212,394	\$ 15,342,394

A summary of Revenue Bonds outstanding at September 30, 2016 follows:

\$3,495,000, 2010 Combination Tax and Surplus Revenue Certificates of
Obligation due in annual installments of \$165,000 to \$295,000 through March 1, 2025;
interest at 0.75 – 4.0%; payable from income derived from the water and sewer
enterprise fund; tax revenues serve as collateral \$ 2,310,000

\$9,000,000, 2013 Combination Tax and Surplus Revenue Certificates of
Obligation due in annual installments of \$180,000 to \$1,005,000 through March 1,
2034; interest at 3 – 4.0%; payable from income derived from the water and sewer
enterprise fund; tax revenues serve as collateral \$ 8,820,000

Total outstanding Revenue Bonds \$11,130,000

Municipal lease agreement

In August 2012, the City acquired \$2,985,314 in energy-saving equipment for use in the Water and Sewer enterprise fund through a lease purchase agreement. Related amortization expense is included in depreciation expense. The annual requirements to retire the municipal lease agreement outstanding as of September 30, 2016 including interest payments are as follows:

Fiscal Year Ending September 30	Principal	Interest	Total
2017	\$ 181,617	\$ 67,248	\$ 248,865
2018	186,775	62,090	248,865
2019	192,079	56,786	248,865
2020	197,533	51,332	248,865
2021	203,143	45,722	248,865
2022-2026	1,105,600	138,723	1,244,323
2027-2028	363,011	10,285	373,296
	\$ 2,429,758	\$ 432,186	\$ 2,861,944

CITY OF SNYDER, TEXAS
Notes to Financial Statements
September 30, 2016

III. Detailed Notes on All Funds (continued)

A summary of the Municipal Lease Agreement outstanding at September 30, 2016 follows:

\$2,985,314, Municipal Lease Purchase Agreement
due in semi-annual installments of \$40,246 to \$122,702 through February 2028;
interest at 2.82%; payable from income derived from the water and sewer
enterprise fund \$2,429,758

Total outstanding Municipal Lease Agreement \$2,429,758

Discretely Presented Component Unit

The following is a summary of long-term debt activity of the Development Corporation of Snyder for the fiscal year ended September 30, 2016:

	October 1, 2015	Increase	Decrease	September 30, 2016	Due Within One year
Notes payable	\$ 3,625,175	\$ 194,638	\$ (336,235)	\$ 3,483,578	\$ 351,364
Net pension liability	<u>116,005</u>	<u>39,448</u>	-	<u>155,453</u>	-
Governmental activity					
Long-term liabilities	<u>\$ 3,741,180</u>	<u>\$ 234,086</u>	<u>\$ (336,235)</u>	<u>\$ 3,639,031</u>	<u>\$ 351,364</u>

The annual requirements to retire notes payable of the Development Corporation of Snyder as of September 30, 2016 including interest payments are as follows:

Fiscal Year Ending September 30	Principal	Interest	Total
2017	\$ 351,364	\$ 83,442	\$ 434,806
2018	350,411	76,331	426,742
2019	349,690	68,986	418,676
2020	357,210	61,402	418,612
2021	364,978	53,569	418,547
2022 - 2026	<u>1,453,997</u>	<u>141,082</u>	<u>1,595,079</u>
2027	<u>255,928</u>	<u>14,620</u>	<u>270,548</u>
	<u>\$ 3,483,578</u>	<u>\$ 499,432</u>	<u>\$ 3,983,010</u>

Notes Payable

The Development Corporation of Snyder entered into an agreement with Big Country Electric Cooperative to provide services in order to improve the utility infrastructure for the UCO Spinning Plant. The Development Corporation agreed to reimburse Big Country \$279,000 through a non-interest bearing note. The note is payable in annual installments of \$22,500 for the first six years followed by nine annual installments of \$16,000 each, maturing in 2018. The payments are due annually on January 31 and the note is secured by the gross revenues and receipts of the 3/8% Sales Tax. The note provides for alternate payment schedules if the property known as UCO Spinning Plant is vacant for a period exceeding six months. The outstanding balance of this note is \$24,000.

CITY OF SNYDER, TEXAS

Notes to Financial Statements

September 30, 2016

III. Detailed Notes on All Funds (continued)

In February 2012, DCOS authorized the issuance of a loan through the Office of the Governor Economic Development and Tourism Division in the aggregate principal amount of \$3,500,000 to fund land acquisition, rail spur construction, infrastructure improvements and a program loan to WLP Holdings. The loan is scheduled to mature on March 20, 2027 and bears a variable interest rate of the federal funds rate plus 3%. The loan is secured by sales tax revenues. The outstanding balance of the loan is \$2,609,112.

In November 2012, DCOS entered into two agreements with Big Country Electric Cooperative to provide services in order to develop 74 acres of the Rail Park. The Corporation agreed to reimburse Big Country \$740,000 and \$300,000 through a non-interest bearing note. The note is payable in One Hundred eight (108) monthly installments of \$6,852 and \$2,752.29 each and a One Hundred Ninth (109th) final installment of remaining principal and interest, if any. The first installment was due June 20, 2013 and subsequent installments are due on or before the same day of each month thereafter until the principal amount (and any default interest) is paid in full with the final installment of principal and any default interest being due on or before June 20, 2022. The outstanding balance of this note is \$655,828.

In December 17, 2015, DCOS entered into an agreement with the United States Department of Agriculture (USDA) through the intermediary relending program. The DCOS agreed to reimburse the USDA \$194,638 with an interest bearing note of 1.0%. The note is payable in thirty (30) annual installments of \$6,488 and a final installment of remaining principal and interest, if any. The first installment is due December 17, 2016 and subsequent installments are due on or before the same day of each year thereafter until the principal amount (and any default interest) is paid in full. The final installment of principal and any default interest being due on or before December 17, 2046. The outstanding balance of this note is \$194,638.

Conduit Debt Obligations

In December 2011, DCOS issued Industrial Development Revenue Bonds, Series 2011A and 2011B, in the amounts of \$7.5 million and \$2.5 million, to provide funds to WL Plastics Corporation (“Corporation”) to finance the construction and equipping of a manufacturing facility to be located in the City. The bonds are secured by the property financed and are payable solely from payments received from Corporation on the underlying mortgage loans. Neither DCOS, the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

IV. Other Information

A. Risk Management

The City's insurance protection includes multi-peril coverage for building and valuable papers, general liability, auto general liability coverage for bodily injury and property damage, public officials' liability, police liability, volunteer fire and police reserve accidental death and disability, and airport bodily injury and property damage.

In February 2012, the City became fully insured by the Texas Municipal League (TML). The City purchases worker's compensation insurance and is a tax paying employer for unemployment insurance. Medical benefits are provided through a fully funded Intergovernmental Employee Benefits Pool administered by the Texas Municipal League.

CITY OF SNYDER, TEXAS
Notes to Financial Statements
September 30, 2016

IV. Other Information (continued)

B. Contingent Liabilities

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of September 30, 2016, no significant amounts of grant expenditures are open to grantor review, and the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

In the ordinary course of business, the City may at times be involved in lawsuits pending against the City. In the opinion of management, any liabilities resulting from such litigation would not have a material adverse effect on the City's financial statements.

C. Landfill Closure Costs

State and federal laws and regulations require that the City of Snyder place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs is \$1,979,470 as of September 30, 2016, which is based on 12% usage (filled) of the landfill. It is estimated that an additional \$2,336,722 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2155). The current estimated total cost of the landfill closure and postclosure care (\$4,316,192) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2016. However, the actual cost of closure and postclosure care may be different due to inflation, changes in technology, or changes in landfill laws and regulations.

The City of Snyder is required by state and federal laws and regulations to make annual contributions to finance closure and postclosure care; however, the City began using the landfill on July 1, 1995; and therefore the first annual contribution was not made until Fiscal Year 1995 – 1996. Investments of \$1,979,470 are held for these purposes. These investments are reported as restricted assets. It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future installation costs (including inadequate earnings on investments, if any) and additional costs that may arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

D. Texas Municipal Retirement System (TMRS)

Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

CITY OF SNYDER, TEXAS

Notes to Financial Statements

September 30, 2016

IV. Other Information (continued)

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of each city, within the options available in the state statutes governing TMRS. The City has elected that members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. Members may work for more than one TMRS city during their career. If a member is vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

Employees covered by benefit terms: At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	51
Inactive employees entitled to but not yet receiving benefits	43
Active employees	90
Total	<u>184</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.11% and 17.71% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016, were \$796,444 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions: The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

CITY OF SNYDER, TEXAS
Notes to Financial Statements
September 30, 2016

IV. Other Information (continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the city, rates are multiplied by a factor of 100.0%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TRMS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.65%
Real Return	10.00%	4.03%
Real Estate	10.00%	5.00%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	8.00%
Total	100.00%	

Discount Rate: The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

CITY OF SNYDER, TEXAS

Notes to Financial Statements

September 30, 2016

IV. Other Information (continued)

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at 12/31/2014	\$ 28,512,931	\$ 24,774,097	\$ 3,738,834
Changes for the year:			
Service Cost	781,297	-	781,297
Interest	1,974,321	-	1,974,321
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(447,552)	-	(447,552)
Changes of assumptions	92,493	-	92,493
Contributions - employer	-	790,410	(790,410)
Contributions - employee	-	335,732	(335,732)
Net investment income	-	36,552	(36,552)
Benefit payments, including refunds			
of employee contributions	(1,397,981)	(1,397,981)	-
Administrative expense	-	(22,266)	22,266
Other changes	-	(1,099)	1,099
Net changes	1,002,578	(258,652)	1,261,230
Balance at 12/31/2015	<u><u>\$ 29,515,509</u></u>	<u><u>\$ 24,515,445</u></u>	<u><u>\$ 5,000,064</u></u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 6.75% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75.0%)
City's net pension liability	\$ 8,976,681	\$ 5,000,064	\$ 1,724,908
Reported by Governmental Activities		3,355,133	
Reported by Business-Type Activities		1,489,478	
Reported by Component Unit		155,453	
		<u><u>\$ 5,000,064</u></u>	

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the City recognized pension expense of \$1,068,718.

CITY OF SNYDER, TEXAS

Notes to Financial Statements

September 30, 2016

IV. Other Information (continued)

At September 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
Differences between expected and actual economic experience	\$ 101,713	\$ 333,671
Changes in actual assumptions	68,958	-
Difference between projected and actual investment earnings	1,540,211	-
Contributions subsequent to the measurement date	612,915	-
Total	\$ 2,323,797	\$ 333,671
Reported by Governmental Activities	1,559,310	223,899
Reported by Business-Type Activities	692,240	99,398
Reported by Component Unit	72,247	10,374
Total	\$ 2,323,797	\$ 333,671

\$612,915 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30:</u>	
2017	\$ 359,653
2018	359,653
2019	318,378
2020	339,527
2021	-
	<u>\$ 1,377,211</u>

Supplemental Death Benefits Plan

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. Audited financial statements of the SDBF may be obtained from TMRS' website at www.TMRS.com.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). Retired employees are insured for \$7,500. This coverage is an "other postemployment benefit", or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2016, 2015 and 2014 were \$11,241, \$10,456 and \$10,215, respectively, which equaled the required contributions each year.

CITY OF SNYDER, TEXAS

Notes to Financial Statements

September 30, 2016

IV. Other Information (continued)

E. Fund Balance

The City classifies governmental fund balances in the following categories:

Nonspendable fund balance includes the portion of net resources that cannot be spent because of their form (i.e. inventory, long-term loans, or prepaids) or because they must remain intact such as the principal of an endowment. The City has nonspendable fund balance of \$25,423 for prepaid items, \$9,137 for inventories, and \$660,885 for advances to other funds as of September 30, 2016.

Restricted fund balance includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by laws or regulations of other governments (i.e. externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers or as allowed by law through constitutional provisions or enabling legislation.

Municipal court	\$	24,391
LEOSE police		3,206
Police seizures		409
LEOSE fire		140
Building security		1,474
Juvenile cases		28,652
Court efficiency		3,162
TIF Reinvestment Zone No. 1		50,914
Restricted fund balance	\$	<u>112,348</u>

Committed fund balance includes the portion of net resources upon which the City Council, the City's highest level of decision-making authority, has imposed limitations on use. Committed funds can be used only for the specific purposes are determined by a formal action of the City Council in the form of a resolution. Commitments may be changed or lifted only by the Council taking the same formal action that originally imposed the constraint. The formal action must be approved before the end of the fiscal year in which the commitment will be reflected on the financial statements. The City has \$295,262 in committed fund balance at September 30, 2016.

Assigned fund balance includes the portion of net resources for which an intended use has been established by the City Council or the City Manager authorized to do so by the City Council. Assignments of fund balance are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum, intended to be used for the purpose of that fund.

Unassigned fund balance includes the amounts in the general fund in excess of what can properly be classified in one of the other four categories of fund balance. It is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification. The City had \$7,179,799 in unassigned fund balance at September 30, 2016.

The City will typically use restricted, committed and/or assigned fund balance, in that order, prior to using unassigned fund balance, but it reserves the right to deviate from this general strategy when appropriate.

CITY OF SNYDER, TEXAS
Notes to Financial Statements
September 30, 2016

IV. Other Information (continued)

F. Reinvestment Zones

In December 2011, the City approved the creation of Tax Abatement Reinvestment Zone Number Two (“Zone #2”). The City also approved a seven year, 100% property tax abatement to WL Plastics Corporation for property in Zone #2. There was no financial activity for Zone #2 in fiscal year 2016.

In November 2013, the City Council approved the creation of Tax Increment Financing (TIF) Reinvestment Zone Number 1 (“Zone #1”). 65% of the ad valorem taxes received from property within the zone will go into a special revenue TIF fund that will be used for economic development within the zone. Zone #1 is reported as a nonmajor special revenue fund.

G. Upcoming Pronouncements

GASB 77, *Tax Abatement Disclosures*, is effective for financial statements for periods beginning after December 15, 2015. This Statement requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues. The City is currently evaluating the impact this statement will have on its financial statements.

CITY OF SNYDER, TEXAS
Schedule of Changes in Net Pension Liability and Related Ratios
Texas Municipal Retirement System
For the Year Ended September 30, 2016*

	Measurement Date	Measurement Date
	Year Ended December 31, 2014	Year Ended December 31, 2015
Total Pension Liability		
Service cost	\$ 671,639	\$ 781,297
Interest on total pension liability	1,875,915	1,974,321
Changes in benefit terms	-	-
Differences between expected and actual experience	201,255	(447,552)
Change in assumptions	-	92,493
Benefit payments, including refunds of employee contributions	(1,397,701)	(1,397,981)
Net change in total pension liability	<u>1,351,108</u>	<u>1,002,578</u>
 Total pension liability, beginning	 \$ 27,161,823	 \$ 28,512,931
Total pension liability, ending (a)	\$ 28,512,931	\$ 29,515,509
 Plan Fiduciary Net Position		
Contributions - employer	\$ 807,274	\$ 790,410
Contributions - employee	319,081	335,732
Net investment income	1,355,840	36,552
Benefit payments, including refunds of employee contributions	(1,397,701)	(1,397,981)
Administrative expenses	(14,158)	(22,266)
Other	(1,164)	(1,099)
Net change in plan fiduciary net position	<u>1,069,172</u>	<u>(258,652)</u>
 Plan fiduciary net position, beginning	 \$ 23,704,925	 \$ 24,774,097
Plan fiduciary net position, ending (b)	\$ 24,774,097	\$ 24,515,445
 Net pension liability / (asset), ending = (a) - (b)	 \$ 3,738,834	 \$ 5,000,064
 Plan fiduciary net position as a percentage of total pension liability	 86.89%	 83.06%
 Covered employee payroll	 \$ 4,558,297	 \$ 4,796,177
 Net pension liability as a percentage of covered employee payroll	 82.02%	 104.25%

* A full 10-year schedule will be displayed as it becomes available.

CITY OF SNYDER, TEXAS
Schedule of Employer Contributions
Texas Municipal Retirement System
For the Year Ended September 30, 2016*

<u>Fiscal Year Ending</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2015	\$ 789,146	\$ 789,146	\$ -	\$ 4,696,337	\$ 16.80%
2016	796,444	796,444	-	4,943,785	16.11%

Notes to Required Supplementary Information

Assumptions

The following methods and assumptions were used to determine contribution rates:

Valuation date	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	10-year smoothed market; 15% soft corridor
Inflation	2.50%
Salary increases	3.50% to 10.50%, including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP-2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Changes of Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

* A full 10-year schedule will be displayed as it becomes available.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Motel Tax Fund – This fund is used to account for the tax upon the occupancy of any sleeping room furnished by any hotel, where the occupancy is the rate of \$2 or more per day.

Tax Increment Financing – This fund is used to account for 65% of the ad valorem taxes collected within the Tax Increment Financing Reinvestment Zone No. 1.

CITY OF SNYDER, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2016

	Special Revenue		Total	
	Motel Tax Fund	Tax Increment Financing	Nonmajor Governmental Funds	
				<hr/>
ASSETS				
Cash and cash equivalents	\$ -	\$ 50,914	\$ 50,914	
Accounts receivable, net	<u>85,881</u>	-	<u>85,881</u>	
Total assets	<u>85,881</u>	<u>50,914</u>	<u>136,795</u>	
LIABILITIES				
Cash overdraft	\$ 3,199	\$ -	\$ 3,199	
Accounts payable	<u>86,064</u>	-	<u>86,064</u>	
Total liabilities	<u>89,263</u>	<u>-</u>	<u>89,263</u>	
FUND BALANCES				
Restricted for various purposes		50,914	50,914	
Unassigned, designated for tourism	<u>(3,382)</u>	-	<u>(3,382)</u>	
Total fund balances	<u>(3,382)</u>	<u>50,914</u>	<u>47,532</u>	
Total liabilities and fund balances	<u>85,881</u>	<u>50,914</u>	<u>136,795</u>	

CITY OF SNYDER, TEXAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2016

	Special Revenue		Total
	Motel Tax Fund	Tax Increment Financing	Nonmajor Governmental Funds
	<hr/>	<hr/>	<hr/>
REVENUES			
Occupancy tax	\$ 352,564	\$ -	\$ 352,564
Property taxes	- -	47,828	47,828
Total revenues	<hr/> <u>352,564</u>	<hr/> <u>47,828</u>	<hr/> <u>400,392</u>
EXPENDITURES			
Current:			
Culture and recreation	355,908	- -	355,908
Total expenditures	<hr/> <u>355,908</u>	<hr/> <u>- -</u>	<hr/> <u>355,908</u>
Net change in fund balances	(3,344)	47,828	44,484
Fund balances - beginning	(38)	3,086	3,048
Fund balances - ending	\$ <hr/> <u>(3,382)</u>	\$ <hr/> <u>50,914</u>	\$ <hr/> <u>47,532</u>

CITY OF SNYDER, TEXAS
Motel Tax Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2016

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
REVENUES				
Occupancy tax	\$ 575,000	\$ 575,000	\$ 352,564	\$ (222,436)
Total revenues	<u>575,000</u>	<u>575,000</u>	<u>352,564</u>	<u>(222,436)</u>
EXPENDITURES				
Culture and recreation	575,000	575,000	355,908	219,092
Total expenditures	<u>575,000</u>	<u>575,000</u>	<u>355,908</u>	<u>219,092</u>
Net change in fund balance	-	-	(3,344)	(3,344)
Fund balances - beginning	<u>(38)</u>	<u>(38)</u>	<u>(38)</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ (38)</u>	<u>\$ (3,382)</u>	<u>\$ (3,344)</u>

CITY OF SNYDER, TEXAS
Tax Increment Financing Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2016

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
REVENUES				
Property taxes	\$ 48,485	\$ 48,485	\$ 47,828	\$ (657)
Total revenues	<u>48,485</u>	<u>48,485</u>	<u>47,828</u>	<u>(657)</u>
EXPENDITURES				
General government	<u>48,485</u>	<u>48,485</u>	<u>-</u>	<u>48,485</u>
Total expenditures	<u>48,485</u>	<u>48,485</u>	<u>-</u>	<u>48,485</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>47,828</u>	<u>47,828</u>
Fund balances - beginning	<u>3,086</u>	<u>3,086</u>	<u>3,086</u>	<u>-</u>
Fund balances - ending	\$ <u><u>-</u></u>	\$ <u><u>3,086</u></u>	\$ <u><u>50,914</u></u>	\$ <u><u>47,828</u></u>

Supplementary Individual Fund Financial Statements and Schedules

General Fund

These supplementary statements and schedules are included to provide management and readers additional information for financial analysis.

CITY OF SNYDER, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET (GAAP BASIS)
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	2016			2015
			Variance-Favorable (Unfavorable)	Actual
	Budget	Actual		
Taxes:				
Sales Taxes	\$ 3,034,395	\$ 2,000,496	\$ (1,033,899)	\$ 2,710,301
Ad valorem Taxes	2,125,155	2,301,650	176,495	2,134,364
Franchise Taxes	817,000	742,578	(74,422)	778,439
Liquor Taxes	<u>13,000</u>	<u>9,595</u>	<u>(3,405)</u>	<u>11,461</u>
Total Taxes	<u>5,989,550</u>	<u>5,054,319</u>	<u>(935,231)</u>	<u>5,634,565</u>
Licenses and Permits	<u>63,715</u>	<u>36,967</u>	<u>(26,748)</u>	<u>144,454</u>
Intergovernmental:				
LEOSE - Police	1,800	2,013	213	1,859
Grant proceeds - TCF #7214242	-	-	-	17,500
School Resource Officer	80,525	82,500	1,975	81,450
Emergency Management	7,500	34,184	26,684	25,736
Bullet Proof Vest Program	3,000	4,373	1,373	6,255
Juvenile Case Manager Fee	29,030	10,521	(18,509)	9,483
LEOSE - Fire	<u>650</u>	<u>665</u>	<u>15</u>	<u>659</u>
Total Intergovernmental	<u>122,505</u>	<u>134,256</u>	<u>11,751</u>	<u>142,942</u>
Charges for Services:				
Administrative Fees	1,172,555	1,251,768	79,213	1,227,888
Municipal Court Fees	49,540	80,849	31,309	70,832
Other Charges	<u>14,210</u>	<u>14,210</u>	<u>-</u>	<u>-</u>
Total Charges for Services	<u>1,236,305</u>	<u>1,346,827</u>	<u>110,522</u>	<u>1,298,720</u>
Fines and Forfeitures	<u>130,000</u>	<u>158,744</u>	<u>28,744</u>	<u>143,898</u>
Miscellaneous:				
Interest	34,000	44,837	10,837	49,732
Proceeds from insurance	-	169,109	169,109	9,408
Miscellaneous	<u>32,150</u>	<u>252,685</u>	<u>220,535</u>	<u>137,011</u>
Total Miscellaneous	<u>66,150</u>	<u>466,631</u>	<u>400,481</u>	<u>196,151</u>
Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,000</u>
Transfer from Reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$ 7,608,225</u>	<u>\$ 7,197,744</u>	<u>\$ (410,481)</u>	<u>\$ 7,583,730</u>

CITY OF SNYDER, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	2016			2015
	Budget	Actual	Variance-Favorable (Unfavorable)	Actual
	<hr/>	<hr/>	<hr/>	
GENERAL GOVERNMENT:				
Administration:				
Personnel Services	\$ 237,295	\$ 237,406	\$ (111)	\$ 223,662
Supplies	4,400	3,665	735	3,797
Maintenance	4,810	54,016	(49,206)	4,054
Services	53,310	159,317	(106,007)	160,482
Sundry Charges	6,500	3,674	2,826	5,065
Non Capitalized Equipment	-	671	(671)	1,020
Capital Outlay	-	-	-	25,893
Totals	<u>306,315</u>	<u>458,749</u>	<u>(152,434)</u>	<u>423,973</u>
Finance:				
Personnel Services	316,650	315,733	917	306,209
Supplies	5,035	4,958	77	4,455
Maintenance	17,970	18,729	(759)	19,169
Services	48,405	46,614	1,791	47,049
Sundry Charges	5,000	3,457	1,543	6,574
Capital Outlay	-	-	-	3,350
Totals	<u>393,060</u>	<u>389,491</u>	<u>3,569</u>	<u>386,806</u>
Planning & Zoning				
Personnel Services	265,465	260,492	4,973	254,450
Supplies	7,330	7,730	(400)	9,347
Maintenance	12,215	14,206	(1,991)	11,323
Services	21,645	18,583	3,062	18,698
Sundry Charges	1,620	1,419	201	1,521
Capital Outlay	-	-	-	26,214
Totals	<u>308,275</u>	<u>302,430</u>	<u>5,845</u>	<u>321,553</u>
Municipal Court:				
Personnel Services	246,725	243,792	2,933	211,203
Supplies	4,880	3,783	1,097	3,322
Maintenance	14,100	18,080	(3,980)	9,307
Services	29,635	36,892	(7,257)	32,610
Sundry Charges	7,995	1,338	6,657	1,534
Non Capitalized Equipment	-	514	(514)	1,870
Capital Outlay	-	-	-	3,846
Totals	<u>303,335</u>	<u>304,399</u>	<u>(1,064)</u>	<u>263,692</u>

CITY OF SNYDER, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	2016		Variance-Favorable (Unfavorable)	2015
	Budget	Actual		Actual
Community Services:				
Personnel Services	\$ -	\$ -	\$ -	\$ -
Supplies	6,250	3,424	2,826	5,048
Maintenance	1,400	19,933	(18,533)	2,182
Services	330,235	348,599	(18,364)	627,186
Sundry Charges	7,025	5,301	1,724	5,220
Non Capitalized Equipment	-	-	-	-
Capital Outlay	<u>111,000</u>	<u>57,085</u>	<u>53,915</u>	<u>50,292</u>
Totals	<u>455,910</u>	<u>434,342</u>	<u>21,568</u>	<u>689,928</u>
City Secretary/Records				
Personnel Services	153,670	150,290	3,380	160,096
Supplies	4,855	2,502	2,353	1,850
Maintnenace	5,755	6,313	(558)	2,259
Services	13,030	8,170	4,860	7,289
Sundry Charges	710	669	41	559
Non Capitalized Equipement	225	288	(63)	1,230
Capital Outlay	<u>1,100</u>	<u>5,462</u>	<u>(4,362)</u>	<u>976</u>
Totals	<u>179,345</u>	<u>173,694</u>	<u>5,651</u>	<u>174,259</u>
IT/Purchasing				
Personnel Services	91,335	95,484	(4,149)	94,314
Supplies	2,250	961	1,289	1,561
Maintenance	16,260	13,906	2,354	22,065
Services	19,100	46,390	(27,290)	5,426
Sundry Charges	465	608	(143)	511
Non Capitalized Equipment	500	482	18	482
Capital Outlay	<u>7,600</u>	<u>-</u>	<u>7,600</u>	<u>-</u>
Totals	<u>137,510</u>	<u>157,831</u>	<u>(20,321)</u>	<u>124,359</u>
TOTAL GENERAL GOVERNMENT	<u>2,083,750</u>	<u>2,220,936</u>	<u>(137,186)</u>	<u>2,384,570</u>

CITY OF SNYDER, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	2016			2015
	Budget	Actual	Variance-Favorable (Unfavorable)	Actual
	<hr/>	<hr/>	<hr/>	
PUBLIC SAFETY:				
Police:				
Personnel Services	\$ 1,993,240	\$ 1,873,060	\$ 120,180	\$ 1,746,246
Supplies	102,550	90,498	12,052	83,573
Maintenance	63,650	63,195	455	46,275
Services	71,945	86,954	(15,009)	66,951
Sundry Charges	152,470	210,444	(57,974)	116,557
Non Capitalized Equipment	1,500	1,418	82	503
Capital Outlay	177,800	140,358	37,442	451,619
Totals	2,563,155	2,465,927	97,228	2,511,724
Animal Control:				
Personnel Services	163,050	165,257	(2,207)	139,602
Supplies	19,350	14,421	4,929	14,299
Maintenance	7,930	6,876	1,054	3,892
Services	18,465	15,413	3,052	14,115
Sundry Charges	4,900	5,274	(374)	4,658
Non capitalized equipment	-	-	-	-
Capital Outlay	32,700	29,948	2,752	5,479
Totals	246,395	237,189	9,206	182,045
Fire:				
Personnel Services	909,925	908,278	1,647	849,023
Supplies	81,500	65,461	16,039	66,739
Maintenance	83,070	102,742	(19,672)	61,794
Services	125,285	104,326	20,959	96,135
Sundry Charges	23,765	25,793	(2,028)	23,509
Non capitalized equipment	-	3,018	(3,018)	98
Capital Outlay	68,800	66,161	2,639	122,236
Totals	1,292,345	1,275,779	16,566	1,219,534
TOTAL PUBLIC SAFETY	4,101,895	3,978,895	123,000	3,913,303

CITY OF SNYDER, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	2016			2015
	Budget	Actual	Variance-Favorable (Unfavorable)	Actual
PUBLIC WORKS:				
Street Maintenance:				
Personnel Services	\$ 316,380	\$ 281,322	\$ 35,058	\$ 320,575
Supplies	83,095	91,401	(8,306)	66,293
Maintenance Services	358,255	199,731	158,524	391,076
Sundry Charges	310,095	309,683	412	304,199
Capital Outlay	14,255	31,714	(17,459)	18,287
	<u>340,500</u>	<u>238,065</u>	<u>102,435</u>	<u>56,359</u>
Totals	<u>1,422,580</u>	<u>1,151,916</u>	<u>270,664</u>	<u>1,156,789</u>
TOTAL PUBLIC WORKS	<u>1,422,580</u>	<u>1,151,916</u>	<u>270,664</u>	<u>1,156,789</u>
TOTAL EXPENDITURES	<u>\$ 7,608,225</u>	<u>\$ 7,351,747</u>	<u>\$ 256,478</u>	<u>\$ 7,454,662</u>

Supplementary Individual Fund Financial Statements and Schedules

Enterprise Funds

These supplementary statements and schedules are included to provide management and readers additional information for financial analysis.

CITY OF SNYDER, TEXAS
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	2016		Variance-Favorable (Unfavorable)	2015
	Final Budget	Actual		Actual
Revenues:				
Water sales	\$ 4,575,000	\$ 4,942,602	\$ 367,602	\$ 4,529,699
Sewer charges	1,570,000	1,503,102	(66,898)	1,531,824
Charges for billing & collections	395,240	374,948	(20,292)	363,221
Water taps	35,000	6,275	(28,725)	17,425
Sewer taps	20,000	5,150	(14,850)	11,150
Plumbing permits & inspections	14,000	17,427	3,427	14,981
Miscellaneous	34,900	58,723	23,823	133,315
Interest	40,000	33,556	(6,444)	52,646
Proceeds from insurance	-	27,455	27,455	-
Grants	-	516,708	516,708	-
Gain (loss) on sale of assets	-	5,300	5,300	-
 Total Revenues	 6,684,140	 7,491,246	 807,106	 6,654,261
Expenses:				
Personnel services	1,338,925	1,370,715	(31,790)	1,245,728
Supplies	413,230	583,270	(170,040)	470,376
Maintenance	958,515	598,585	359,930	634,600
Services	2,843,625	2,962,302	(118,677)	2,888,055
Sundry charges	142,750	46,012	96,738	57,108
Non capitalized equipment	300	3,135	(2,835)	294
Depreciation	1,531,840	1,455,654	76,186	1,389,854
Interest expense	485,490	484,479	1,011	499,865
Bond issuance costs	-	-	-	-
 Total Expenses	 7,714,675	 7,504,152	 210,523	 7,185,880
 Net Income (Loss)	 \$ (1,030,535)	 \$ (12,906)	 \$ 1,017,629	 \$ (531,619)

CITY OF SNYDER, TEXAS
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF EXPENSES COMPARED TO BUDGET
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual	Variance- Favorable (Unfavorable)	Actual
SEWER:				
Sanitary Sewer:				
Personnel Services	\$ 150,415	\$ 163,901	\$ (13,486)	\$ 127,092
Supplies	26,300	82,904	(56,604)	64,324
Maintenance	37,035	27,130	9,905	39,234
Services	61,950	68,011	(6,061)	58,318
Sundry Charges	38,000	11,384	26,616	14,020
Depreciation	90,735	84,042	6,693	70,373
Totals	404,435	437,372	(32,937)	373,361
Sewage Treatment:				
Personnel Services	227,265	204,115	23,150	265,135
Supplies	48,760	44,691	4,069	43,805
Maintenance	145,605	98,040	47,565	90,902
Services	325,310	323,734	1,576	313,675
Sundry Charges	7,350	4,569	2,781	5,150
Depreciation	302,795	265,272	37,523	262,235
Totals	1,057,085	940,421	116,664	980,902
WATER:				
Water Production:				
Personnel Services	420,295	435,778	(15,483)	362,313
Supplies	226,800	301,865	(75,065)	226,633
Maintenance	352,165	171,615	180,550	272,644
Services	2,140,995	2,235,729	(94,734)	2,191,048
Sundry Charges	25,100	19,459	5,641	24,163
Non capitalized equipment	-	3,013	(3,013)	-
Depreciation	459,590	434,827	24,763	387,422
Totals	3,624,945	3,602,286	22,659	3,464,223

CITY OF SNYDER, TEXAS
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF EXPENSES COMPARED TO BUDGET
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	2016		Variance-Favorable (Unfavorable)	2015
	Final Budget	Actual		
Water Distribution:				
Personnel Services	\$ 150,415	\$ 163,903	\$ (13,488)	\$ 125,770
Supplies	62,270	111,263	(48,993)	93,121
Maintenance Services	317,830	198,011	119,819	143,395
Sundry Charges	147,840	155,829	(7,989)	146,800
Depreciation	30,500	4,975	25,525	6,060
	<u>315,070</u>	<u>310,394</u>	<u>4,676</u>	<u>309,546</u>
Totals	<u>1,023,925</u>	<u>944,375</u>	<u>79,550</u>	<u>824,692</u>
Utility Department:				
Personnel Services	390,535	403,018	(12,483)	365,418
Supplies	49,100	42,547	6,553	42,493
Maintenance Services	105,880	103,789	2,091	88,425
Sundry Charges	167,530	178,999	(11,469)	178,214
Non capitalized equipment	41,800	5,625	36,175	7,715
Depreciation	300	122	178	294
	<u>363,650</u>	<u>361,119</u>	<u>2,531</u>	<u>360,278</u>
Totals	<u>1,118,795</u>	<u>1,095,219</u>	<u>23,576</u>	<u>1,042,837</u>
Non-Operating:				
Interest and fees	485,490	484,479	1,011	499,865
Bond issuance costs	-	-	-	-
	<u>485,490</u>	<u>484,479</u>	<u>1,011</u>	<u>499,865</u>
TOTAL EXPENSES	\$ 7,714,675	\$ 7,504,152	\$ 210,523	\$ 7,185,880

CITY OF SNYDER, TEXAS
SANITATION ENTERPRISE FUND
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	2016			2015	
	Final Budget	Actual	Variance- Favorable (Unfavorable)		
				Actual	
Revenues:					
Sanitation charges	\$ 2,066,050	\$ 1,930,374	\$ (135,676)	\$ 1,956,047	
Landfill gate fees	905,000	801,751	(103,249)	820,655	
Miscellaneous	3,000	33,366	30,366	2,373	
Interest	6,000	13,536	7,536	8,323	
Grant - COG	-	-	-	23,740	
Gain (loss) on sale of asset	<u>180,000</u>	<u>142,000</u>	<u>(38,000)</u>	<u>185,000</u>	
Total Revenues	3,160,050	2,921,027	(239,023)	2,996,138	
Expenses:					
Personnel	753,735	750,545	3,190	704,547	
Supplies	265,125	202,807	62,318	232,910	
Maintenance	124,675	163,188	(38,513)	182,923	
Services	896,875	841,231	55,644	857,033	
Sundry charges	75,720	69,107	6,613	58,861	
Non capitalized equipment	-	2,217	(2,217)	-	
Depreciation	980,740	919,221	61,519	775,554	
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>640</u>	
Total Expenses	<u>3,096,870</u>	<u>2,948,316</u>	<u>148,554</u>	<u>2,812,468</u>	
Net Income (Loss)	<u>\$ 63,180</u>	<u>\$ (27,289)</u>	<u>\$ (90,469)</u>	<u>\$ 183,670</u>	

CITY OF SNYDER, TEXAS
SANITATION ENTERPRISE FUND
SCHEDULE OF EXPENSES COMPARED TO BUDGET
Year Ended September 30, 2016
With Comparative Actual Amounts for Year Ended September 30, 2015

	2016			2015
	Final Budget	Actual	Variance- Favorable (Unfavorable)	Actual
Collection:				
Personnel Services	\$ 333,795	\$ 322,749	\$ 11,046	\$ 307,506
Supplies	121,575	105,240	16,335	108,484
Maintenance	51,515	82,532	(31,017)	83,871
Services	304,905	309,714	(4,809)	306,753
Sundry Charges	23,380	34,030	(10,650)	21,970
Depreciation	<u>221,180</u>	<u>209,874</u>	<u>11,306</u>	<u>175,532</u>
Total Expenses	<u>1,056,350</u>	<u>1,064,139</u>	<u>(7,789)</u>	<u>1,004,116</u>
Landfill:				
Personnel Services	419,940	427,796	(7,856)	397,041
Supplies	143,550	97,567	45,983	124,426
Maintenance	73,160	80,656	(7,496)	99,052
Services	591,970	531,517	60,453	550,280
Sundry Charges	52,340	35,077	17,263	36,891
Non Capitalized Equipment	-	2,217	(2,217)	
Depreciation	<u>759,560</u>	<u>709,347</u>	<u>50,213</u>	<u>600,022</u>
Total Expenses	<u>2,040,520</u>	<u>1,884,177</u>	<u>156,343</u>	<u>1,807,712</u>
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>640</u>
TOTAL EXPENSES	<u>\$ 3,096,870</u>	<u>\$ 2,948,316</u>	<u>\$ 148,554</u>	<u>\$ 2,812,468</u>

CITY OF SNYDER, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source¹
September 30, 2016 and 2015

Governmental funds capital assets:	<u>2016</u>	<u>2015</u>
Land	\$ 553,153	\$ 524,680
Buildings	718,798	695,312
Improvements Other than Buildings	3,615,407	3,615,407
Machinery and Equipment	<u>5,725,976</u>	<u>5,641,863</u>
Total governmental funds capital assets	<u>\$ 10,613,334</u>	<u>\$ 10,477,262</u>

Investments in governmental funds capital assets by source:

General fund	\$ 10,613,334	\$ 10,477,262
Total governmental funds capital assets	<u>\$ 10,613,334</u>	<u>\$ 10,477,262</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF SNYDER, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity¹
September 30, 2016

Function and Activity	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Total
General Government:					
Manager	\$ -	\$ 1,812	\$ -	\$ 58,825	\$ 60,637
City Clerk/Finance	-	-	-	20,834	20,834
Records / City Secretary	-	-	-	51,307	51,307
Data Processing	-	-	-	42,049	42,049
Community Service/Council	389,937	418,811	496,536	120,931	1,426,215
Municipal Court	-	-	-	39,693	39,693
Total general government	389,937	420,623	496,536	333,639	1,640,735
Public Safety:					
Police	-	25,260	-	1,579,303	1,604,563
Animal Control	-	135,051	-	115,287	250,338
Fire	-	134,067	-	2,186,387	2,320,454
Inspection	-	-	-	70,908	70,908
Total public safety	-	294,378	-	3,951,885	4,246,263
Public Works:					
Street system	163,216	3,797	3,118,871	1,440,552	4,726,436
Total public works	163,216	3,797	3,118,871	1,440,452	4,726,336
Total governmental funds capital assets	\$ 553,153	\$ 718,798	\$ 3,615,407	\$ 5,725,976	\$ 10,613,334

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF SNYDER, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity ¹
For the Year Ended September 30, 2016

Function and Activity	Governmental Funds Capital			Governmental Funds Capital Assets September 30, 2016
	Assets October 1, 2015	Additions	Deductions	
General Government:				
Manager	\$ 61,167	\$ -	\$ 530	\$ 60,637
City Clerk/Finance	15,713			15,713
Accounting/Personnel	22,787	-	1,505	21,282
Records	42,544	5,462	4,179	43,827
Data Processing	34,550	57,085	-	91,635
Community Service/Council	1,348,612	-	8,935	1,339,677
Municipal Court	40,092		454	39,638
Total general government	<u>1,565,465</u>	<u>62,547</u>	<u>15,603</u>	<u>1,612,409</u>
Public Safety:				
Police	1,548,598	140,358	142,592	1,546,364
Animal Control	220,389	29,948	-	250,337
Fire	2,362,736	66,161	21,489	2,407,408
Inspection	87,484	-	17,002	70,482
Total public safety	<u>4,219,207</u>	<u>236,467</u>	<u>181,083</u>	<u>4,274,591</u>
Public Works:				
Street system	4,692,590	238,065	204,321	4,726,334
Total public works	<u>4,692,590</u>	<u>238,065</u>	<u>204,321</u>	<u>4,726,334</u>
Total governmental funds capital assets	<u>\$ 10,477,262</u>	<u>\$ 537,079</u>	<u>\$ 401,007</u>	<u>\$ 10,613,334</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

Statistical Section

This part of the City of Snyder, Texas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	64
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	70
These schedules contain information to help the reader assess the government's most significant local revenue source, the sales tax.	
Debt Capacity	76
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	80
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	83
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Snyder, Texas
Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 2,367,514	\$ 2,304,225	\$ 2,705,813	\$ 2,662,052	\$ 2,705,813	\$ 2,932,876	\$ 3,126,495	\$ 3,241,249	\$ 3,717,131	\$ 3,779,532
Restricted	12,438	18,109	28,940	38,875	28,940	—	—	63,556	82,633	112,348
Unrestricted	4,234,199	5,328,134	5,496,272	5,269,815	5,496,272	6,057,594	6,842,848	7,896,426	5,893,694	5,621,007
Total governmental activities net position	\$ 6,614,751	\$ 7,650,468	\$ 8,231,025	\$ 7,970,742	\$ 8,231,025	\$ 8,990,470	\$ 9,969,343	\$ 11,201,231	\$ 9,693,458	\$ 9,512,887
Business-type activities										
Net investment in capital assets	\$ 9,847,422	\$ 9,714,522	\$ 10,405,374	\$ 10,278,269	\$ 10,405,374	\$ 10,174,101	\$ 10,384,788	\$ 12,112,688	\$ 13,620,030	\$ 14,849,708
Unrestricted	3,013,452	3,685,041	2,820,996	2,931,718	2,820,996	4,259,152	3,851,239	2,367,658	(348,277)	(1,618,150)
Total business-type activities net position	\$ 12,860,874	\$ 13,399,563	\$ 13,226,370	\$ 13,209,987	\$ 13,226,370	\$ 14,433,253	\$ 14,236,027	\$ 14,480,346	\$ 13,271,753	\$ 13,231,558
Primary government										
Net investment in capital assets	\$ 12,214,936	\$ 12,018,747	\$ 13,111,187	\$ 12,940,321	\$ 13,111,187	\$ 13,106,977	\$ 13,511,283	\$ 15,353,937	\$ 17,337,161	\$ 18,629,240
Restricted	12,438	18,109	28,940	38,875	28,940	—	—	63,556	82,633	112,348
Unrestricted	7,248,251	9,013,175	8,317,268	8,201,533	8,317,268	10,316,746	10,694,087	10,264,084	5,545,417	4,002,857
Total primary government net position	\$ 19,475,625	\$ 21,050,031	\$ 21,457,395	\$ 21,180,729	\$ 21,457,395	\$ 23,423,723	\$ 24,205,370	\$ 25,681,577	\$ 22,965,211	\$ 22,744,445

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Snyder, Texas
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Expenses	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
General government	\$ 1,022,022	\$ 1,046,631	\$ 1,175,111	\$ 1,462,938	\$ 1,613,685	\$ 1,584,187	\$ 1,851,500	\$ 1,879,404	\$ 2,347,070	\$ 2,252,281
Public safety	2,332,849	2,457,143	2,557,987	2,889,310	3,334,049	3,262,081	3,378,246	3,691,936	3,634,361	4,207,512
Public works	729,010	733,408	829,240	988,021	1,057,328	1,074,849	1,197,706	902,713	1,230,913	1,061,527
Culture and recreation	237,280	249,778	269,714	249,666	330,846	409,941	433,360	432,968	438,125	355,908
Total governmental activities expenses	<u>4,321,161</u>	<u>4,486,960</u>	<u>4,832,052</u>	<u>5,589,935</u>	<u>6,335,907</u>	<u>6,331,058</u>	<u>6,860,812</u>	<u>6,907,021</u>	<u>7,650,769</u>	<u>7,877,228</u>
Business-type activities:										
Water and sewer	3,890,563	4,070,465	4,202,249	4,453,234	4,840,082	5,359,047	5,959,164	6,570,359	6,686,015	7,019,673
Sanitation	1,841,592	1,988,643	2,185,031	2,143,949	2,478,742	2,473,142	2,678,390	2,409,061	2,811,828	2,948,316
Interest expense	183,811	159,727	159,896	139,842	55,728	147,973	244,530	435,359	500,505	484,479
Total business-type activities expenses	<u>5,915,966</u>	<u>6,218,835</u>	<u>6,547,176</u>	<u>6,737,025</u>	<u>7,374,552</u>	<u>7,980,162</u>	<u>8,852,084</u>	<u>9,414,779</u>	<u>9,998,348</u>	<u>10,452,468</u>
Total primary government expenses	<u>\$ 10,237,127</u>	<u>\$ 10,705,795</u>	<u>\$ 11,379,228</u>	<u>\$ 12,326,960</u>	<u>\$ 13,710,459</u>	<u>\$ 14,311,220</u>	<u>\$ 15,712,896</u>	<u>\$ 16,321,800</u>	<u>\$ 17,649,117</u>	<u>\$ 18,329,696</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 752,496	\$ 740,131	\$ 881,765	\$ 694,770	\$ 1,050,803	\$ 1,034,499	\$ 1,278,267	\$ 1,357,010	\$ 1,580,185	\$ 1,477,484
Public safety	131,822	89,598	64,408	102,716	110,432	107,594	108,867	108,421	143,898	138,744
Public works	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	50,976	71,731	80,124	93,355	88,371	127,482	328,534	125,681	142,942	134,256
Capital grants and contributions	639,019	-	-	-	-	496,536	-	23,000	23,000	-
Total governmental activities program revenues	<u>\$ 1,574,313</u>	<u>\$ 901,460</u>	<u>\$ 1,026,297</u>	<u>\$ 890,841</u>	<u>\$ 1,249,606</u>	<u>\$ 1,766,111</u>	<u>\$ 1,715,668</u>	<u>\$ 1,614,112</u>	<u>\$ 1,890,025</u>	<u>\$ 1,770,484</u>
Business-type activities:										
Charges for services:										
Water and sewer	\$ 4,309,073	\$ 4,439,340	\$ 4,323,192	\$ 4,642,289	\$ 5,397,767	\$ 6,023,918	\$ 5,999,504	\$ 6,592,796	\$ 6,601,615	\$ 6,908,227
Sanitation	2,038,732	2,062,580	1,991,976	2,018,784	2,251,576	2,312,820	2,680,803	2,852,578	2,779,075	2,765,491
Operating grants and contributions	-	-	400	-	27,000	252,092	37,908	-	23,740	516,708
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>6,347,805</u>	<u>6,501,920</u>	<u>6,315,568</u>	<u>6,688,073</u>	<u>7,901,435</u>	<u>8,374,646</u>	<u>8,680,307</u>	<u>9,445,374</u>	<u>9,404,430</u>	<u>10,190,426</u>
Total primary government program revenues	<u>\$ 7,922,118</u>	<u>\$ 7,403,380</u>	<u>\$ 7,341,865</u>	<u>\$ 7,578,914</u>	<u>\$ 9,151,041</u>	<u>\$ 10,140,757</u>	<u>\$ 10,395,975</u>	<u>\$ 11,059,486</u>	<u>\$ 11,294,455</u>	<u>\$ 11,560,910</u>

City of Snyder, Texas
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (expense) revenue										
Governmental activities	\$ (2,746,848)	\$ (3,585,500)	\$ (3,805,755)	\$ (4,699,094)	\$ (5,086,301)	\$ (4,564,947)	\$ (5,145,144)	\$ (5,292,909)	\$ (5,760,744)	\$ (6,106,744)
Business-type activities	431,839	283,085	(231,608)	(48,952)	526,883	394,484	(171,777)	30,595	(593,918)	(262,042)
Total primary government	<u>\$ (2,315,009)</u>	<u>\$ (3,302,415)</u>	<u>\$ (4,037,363)</u>	<u>\$ (4,748,046)</u>	<u>\$ (4,559,418)</u>	<u>\$ (4,170,463)</u>	<u>\$ (5,316,321)</u>	<u>\$ (5,262,314)</u>	<u>\$ (6,354,662)</u>	<u>\$ (6,368,786)</u>
General Revenues and Other Changes in Net Position	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Taxes										
Property taxes	\$ 1,269,279	\$ 1,331,243	\$ 1,416,014	\$ 1,499,673	\$ 1,667,672	\$ 1,761,229	\$ 1,895,078	\$ 1,961,319	\$ 2,173,091	\$ 2,447,999
Sales taxes	1,732,137	2,106,473	1,888,290	1,551,708	2,375,269	2,511,844	3,069,630	3,255,941	2,710,301	2,000,496
Franchise taxes	642,230	700,267	753,814	699,926	842,262	757,649	758,122	816,773	778,439	742,578
Alcoholic beverage	7,853	8,146	8,007	6,112	5,384	5,359	11,903	12,082	11,461	9,595
Hotel/motel occupancy taxes	219,997	255,449	280,544	259,601	327,731	371,089	433,612	432,968	439,227	352,564
Investment earnings	184,067	167,299	41,632	21,791	23,901	23,223	24,677	24,012	49,732	44,837
Gain on sale of capital assets	12,010	52,335	(1,991)	-	(1,479)	(98)	4,977	21,702	-	142,008
Miscellaneous	-	-	-	-	-	-	-	-	-	186,096
Total governmental activities	<u>\$ 4,067,573</u>	<u>\$ 4,621,212</u>	<u>\$ 4,386,310</u>	<u>\$ 4,240,680</u>	<u>\$ 5,430,205</u>	<u>\$ 5,430,205</u>	<u>\$ 6,199,999</u>	<u>\$ 6,524,797</u>	<u>\$ 6,171,659</u>	<u>\$ 5,926,173</u>
Business-type activities:										
Investment earnings										
Miscellaneous										
Gain on sale of capital assets	19,352	127,710	19,179	(741)	1,456	171,424	4,300	249,106	185,000	27,455
Total business-type activities	<u>\$ 183,950</u>	<u>\$ 255,604</u>	<u>\$ 58,414</u>	<u>\$ 32,570</u>	<u>\$ 32,752</u>	<u>\$ 184,630</u>	<u>\$ 18,888</u>	<u>\$ 305,040</u>	<u>\$ 245,969</u>	<u>147,300</u>
Total primary government	<u><u>\$ 4,251,523</u></u>	<u><u>\$ 4,876,816</u></u>	<u><u>\$ 4,444,724</u></u>	<u><u>\$ 4,471,381</u></u>	<u><u>\$ 5,273,432</u></u>	<u><u>\$ 5,614,925</u></u>	<u><u>\$ 6,218,887</u></u>	<u><u>\$ 6,829,837</u></u>	<u><u>\$ 6,417,628</u></u>	<u><u>\$ 6,148,020</u></u>
Change in Net Position										
Governmental activities	\$ 1,320,725	\$ 1,035,712	\$ 580,555	\$ (260,283)	\$ 154,379	\$ 865,349	\$ 1,054,855	\$ 1,231,888	\$ 410,915	\$ (180,571)
Business-type activities	615,789	538,689	(173,194)	(16,382)	559,635	579,114	(152,889)	335,635	(347,949)	(40,195)
Total primary government	<u>\$ 1,936,514</u>	<u>\$ 1,574,401</u>	<u>\$ 407,361</u>	<u>\$ (276,665)</u>	<u>\$ 714,014</u>	<u>\$ 1,444,463</u>	<u>\$ 901,966</u>	<u>\$ 1,567,523</u>	<u>\$ 62,966</u>	<u>\$ (220,766)</u>

City of Snyder, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Nonspendable	\$ 238	\$ 237	\$ 232	\$ 232	\$ 233	\$ 230	\$ 67	\$ 833	\$ 696	
Restricted	-	-	-	-	-	-	64	79	61	
Committed	-	-	-	-	-	-	251	506	400	295
Unassigned	2,747	3,865	4,114	3,921	4,574	6,328	7,623	7,077	7,183	
Total general fund	<u>\$ 2,985</u>	<u>\$ 4,102</u>	<u>\$ 4,346</u>	<u>\$ 4,153</u>	<u>\$ 4,806</u>	<u>\$ 5,751</u>	<u>\$ 6,809</u>	<u>\$ 8,260</u>	<u>\$ 8,389</u>	<u>\$ 8,235</u>
All other governmental funds										
Restricted							\$ 3	\$ 3	\$ 51	
Unassigned										(3)
Unreserved, reported in:										
Special revenue funds	\$ 12	\$ 18	\$ 29	\$ 39	\$ -	\$ (1)	\$ (1)	\$ -	\$ -	
Total other governmental funds	<u>\$ 12</u>	<u>\$ 18</u>	<u>\$ 29</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 48</u>

City of Snyder, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 3,871	\$ 4,402	\$ 4,347	\$ 4,417	\$ 5,218	\$ 5,407	\$ 6,171	\$ 6,479	\$ 6,112	\$ 5,455
Licenses and permits	29	43	37	23	30	34	146	56	144	37
Intergovernmental	51	72	80	93	88	127	106	126	143	134
Charges for services	680	679	778	641	966	945	1,069	1,150	1,299	1,332
Fines and forfeitures	103	102	79	103	110	108	108	108	144	159
Interest	132	134	34	20	23	22	24	24	50	45
Contributions and donations	-	-	-	-	-	497	223	23	23	-
Miscellaneous	73	65	55	42	55	55	63	151	137	267
Total Revenues	<u>4,939</u>	<u>5,497</u>	<u>5,410</u>	<u>5,339</u>	<u>6,490</u>	<u>7,195</u>	<u>7,910</u>	<u>8,117</u>	<u>8,052</u>	<u>7,429</u>
Expenditures										
General government	977	1,016	1,118	1,446	1,474	1,438	1,731	1,826	2,310	2,158
Public safety	2,011	1,924	2,325	2,896	2,816	2,744	2,914	3,370	3,334	3,743
Public works	674	698	737	934	915	892	1,063	793	1,101	914
Culture and recreation	237	250	270	250	331	410	433	433	438	356
Capital outlay	394	538	708	362	302	806	639	512	745	537
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Other charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>4,293</u>	<u>4,426</u>	<u>5,158</u>	<u>5,888</u>	<u>5,838</u>	<u>6,290</u>	<u>6,780</u>	<u>6,934</u>	<u>7,928</u>	<u>7,708</u>
Excess of revenues over (under) expenditures	646	1,071	252	(549)	652	905	1,130	1,183	124	(279)

City of Snyder, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other financing sources (uses)										
Proceeds from sale of assets	12	52	8	(1)	(1)	-	5	22	9	-
Proceeds from insurance	-	-	-	-	-	-	-	-	-	169
Transfers in	-	-	-	-	-	-	-	246	-	-
Total other financing sources (uses)	12	52	8	(1)	(1)	-	5	268	9	169
Net change in fund balances	\$ 658	\$ 1,123	\$ 260	\$ (550)	\$ 651	\$ 905	\$ 1,135	\$ 1,451	\$ 133	\$ (110)
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

City of Snyder, Texas
Tax Revenue by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year		Property		Sales & Use		Occupancy		Franchise		Alcoholic Beverage		Total
2007	\$	1,269	\$	1,732	\$	220	\$	642	\$	8	\$	3,871
2008		1,331		2,106		255		700		8		4,400
2009		1,416		1,888		281		754		8		4,347
2010		1,500		1,952		260		700		6		4,418
2011		1,668		2,375		328		842		5		5,218
2012		1,761		2,512		371		758		5		5,407
2013		1,895		3,070		436		758		12		6,171
2014		1,961		3,256		433		817		12		6,479
2015		2,173		2,710		439		778		12		6,112
2016		2,349		2,000		353		743		10		5,455

City of Snyder, Texas
Assessed Value and Estimated Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended	Total Assessed	Less:			Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value ¹ as a Percentage of Actual Value
		Tax Exempt Property	Real Property	Total Taxable Assessed Value				
2007	\$ 349,163,837	\$ 39,683,193	\$ 46,857,621	\$ 309,480,644	0.4102	\$ 309,480,644		112.82%
2008	309,480,644	49,824	262,623,023	0.4123	262,623,023			117.84%
2009	294,652,169	10,236,424	289,702,345	0.4038	289,702,345			101.71%
2010	336,212,168	325,975,744	0.4310	325,975,744				103.14%
2011	332,838,865	4,636,829	328,202,036	0.4445	328,202,036			101.41%
2012	343,818,578	1,696,835	342,121,743	0.4445	342,121,743			100.50%
2013	365,340,602	14,487,492	350,853,110	0.4445	350,853,110			104.13%
2014	385,179,707	4,232,603	380,947,104	0.4445	380,947,104			101.11%
2015	463,792,092	10,728,810	453,063,282	0.4387	453,063,282			102.37%
2016	472,053,602	8,833,423	463,220,179	0.4410	463,220,179			101.91%

Source:

Note: Scurry County Appraisal District
Assessed values are determined as of January 1, and relate to taxes levied on the first day of the following fiscal year.

Assessed value is equal to 100% of estimated value. All property is assessed the same rate regardless of real or personal property, commercial, residential, or industrial.

¹Includes tax-exempt property.

City of Snyder, Texas
 Property Tax Rates¹
 Direct and Overlapping² Governments
 Last Ten Fiscal Years

Fiscal Year	City of Snyder Tax Rate			Scurry County			Overlapping Tax Rates			Total		
	City of Snyder Tax Rate		Total	Scurry County		Total	SISD		Total	Western Texas College		Total
	Operating	Debt	Service	Operating	Debt	Service	Operating	Debt	Service	Operating	Debt	Service
2007	0.4102	0.000	0.4102	0.2780	0.0174	0.2954	1.0400	0.0750	1.1150	0.1282	0.000	0.1282
2008	0.4123	0.000	0.4123	0.2470	0.000	0.2470	1.1015	0.0615	1.1630	0.1174	0.000	0.1174
2009	0.4038	0.000	0.4038	0.5910	0.0467	0.6377	1.0400	0.1240	1.1640	0.1520	0.2700	0.0000
2010	0.4310	0.000	0.4310	0.3375	0.0435	0.3810	1.0400	0.1240	1.1640	0.1523	0.2700	0.0000
2011	0.4445	0.000	0.4445	0.3559	0.0430	0.3989	1.0400	0.1240	1.1640	0.2114	0.000	0.2700
2012	0.4445	0.000	0.4445	0.2790	0.0346	0.3136	1.0400	0.1240	1.1640	0.1858	0.000	0.1858
2013	0.4445	0.000	0.4445	0.2790	0.0346	0.3136	1.0400	0.1240	1.1640	0.1858	0.000	0.2000
2014	0.4445	0.000	0.4445	0.2841	0.0287	0.3128	1.0400	0.1240	1.1640	0.2457	0.000	0.2457
2015	0.4387	0.000	0.4387	0.2843	0.0357	0.3200	1.0400	0.1240	1.1640	0.3275	0.000	0.3275
2016	0.4410	0.000	0.4410	0.3800	0.0000	0.3800	1.0400	0.1240	1.1640	0.3300	0.000	0.3300

Source: Scurry County Tax Collector, Snyder Independent School District, and Western Texas College

¹Tax rate is per \$100 of taxable assessed value

²Overlapping rates are those of local and county governments that apply to property owners within the City of Snyder. Not all overlapping rates apply to all City of Snyder property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

The Hospital District's M&O is included in with Scurry County in 2009. Their rate was 0.2700 and they had no debt service.

City of Snyder, Texas
Principal Property Taxpayers
Fiscal Year End 2016 and 2007
(amounts expressed in thousands)

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart Real Estate Bus	\$ 7,700	1	1.7%			
Wal-Mart Stores	5,435	2	1.2%	2,700	7	0.9%
Baker Hughes Oilfield Sol.	4,801	3	1.0%			
Walton, ED Const.	4,500	4	1.0%			
Cudd Pumping Services	4,174	5	0.9%	2,861	6	0.9%
Oncor Electric Delivery LLC	3,976	6	0.9%			
Baar, Michael, LLC	3,600	7	0.8%			
Grimmet Bros, Inc.	3,529	8	0.8%	2,248	9	0.7%
West Texas State Bank	3,495	9	0.8%			
Spirit Spe. US Snyder	3,195	10	0.7%	3,059	5	1.0%
SW Bell Telephone				3,561	3	1.2%
Basic Energy Services				3,476	4	1.1%
TXU Electric Delivery				3,747	1	1.2%
Suddenlink				3,679	2	1.2%
UCO Spinning LP				2,309	8	0.7%
Wood Group				1,745	10	0.6%
Totals	\$ 44,405		9.6%	\$ 29,385		10.5%

Source: Scurry County Appraisal District

City of Snyder, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Amount	Percentage of Levy	Total Collections to Date	
		Amount	Percentage of Levy				Amount	Percentage of Levy
2007	\$ 1,208,128	\$ 1,175,245	97.28%	\$ 30,949	\$ 1,206,194	99.8%		
2008	1,274,579	1,243,278	97.54%	29,110	1,272,388	99.8%		
2009	1,383,865	1,347,968	97.41%	32,435	1,380,403	99.7%		
2010	1,618,718	1,431,099	88.41%	184,371	1,615,470	99.8%		
2011	1,719,293	1,569,380	91.28%	146,498	1,715,878	99.8%		
2012	1,719,042	1,676,668	97.54%	37,941	1,714,609	99.7%		
2013	1,822,737	1,781,214	97.72%	39,687	1,820,901	99.9%		
2014	1,918,640	1,875,104	97.73%	33,010	1,908,114	99.5%		
2015	2,150,281	2,102,723	97.79%	22,062	2,124,785	98.8%		
2016	2,353,019	2,280,256	96.91%	-	2,280,256	96.9%		

City of Snyder, Texas
Taxable Sales by Category
Last Ten Calendar Years
(amounts expressed in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Construction	\$ 4,739	\$ 5,940	\$ 5,310	\$ 6,444	\$ 7,441	\$ 7,759	\$ 8,695	\$ 9,976	\$ 6,578	\$ 2,624
Mining/Quarrying/Oil & Gas Extraction	642,397	389,733	158,386	588,193	703,643	733,093	508,852	773,350	479,591	31,805
Manufacturing	6,736	7,422	7,407	85,262	13,818	16,898	21,513	19,919	15,244	4,162
Wholesale/Trade	10,183	12,946	9,475	8,341	12,003	11,730	12,167	13,330	7,441	1,796
Transportation/Warehousing	9	-	251	70	123	56	130	35	14	-
Retail/Trade	60,896	71,108	63,205	66,797	73,668	78,338	82,832	88,604	80,363	35,583
Information	4,447	3,661	3,279	3,292	3,765	4,005	4,315	4,737	4,805	2,377
Finance/Insurance	28	36	35	41	92	130	1,947	77	112	44
Real Estate/Rental/Leasing	4,179	4,894	4,458	4,215	5,096	6,508	8,336	8,664	3,717	979
Professional/Scientific/Technical Services	596	507	386	354	557	561	626	1,081	683	351
Admin/Support/Waste mgmt/Remediation Serv	1,315	1,435	1,089	1,274	1,157	762	681	1,034	849	373
Educational Services	5	23	13	9	6	3	2	3	1	-
Health Care/Social Assistance	43	177	185	238	150	186	126	322	384	214
Arts/Entertainment/Recreation	200	139	216	120	109	308	431	432	329	146
Accommodation/Food Services	15,744	16,949	16,069	17,044	18,293	20,077	21,445	22,184	21,824	10,160
Other Services (except Public Administration)	7,398	8,047	6,819	7,934	8,717	9,535	9,692	9,758	8,825	3,955
Total	\$ 758,915	\$ 523,017	\$ 276,583	\$ 789,628	\$ 848,638	\$ 889,949	\$ 681,790	\$ 953,506	\$ 630,760	\$ 94,569
City direct sales tax	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

Source: State Comptroller of Texas
 (information available for current year is only for first two quarters)

City of Snyder, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds		Capital Leases	Water Sewer Bonds	Capital Leases	Total Primary Government			
	General Bonds	Obligation Bonds	Capital Leases	Water Bonds	Sewer Leases	Primary Government			
2007	-	-	-	\$ 4,155	-	\$ 4,155	2.31%	\$ 385	
2008	-	-	-	3,545	-	3,545	1.97%	329	
2009	-	-	-	2,905	-	2,905	1.62%	269	
2010	-	-	-	5,812	-	5,812	2.59%	519	
2011	-	-	-	5,063	-	5,063	2.25%	452	
2012	-	-	-	4,304	2,985	7,289	2.68%	639	
2013	-	-	-	3,514	2,945	6,459	2.38%	567	
2014	-	-	-	12,172	2,778	14,950	5.60%	1,335	
2015	-	-	-	11,678	2,606	14,284	5.28%	1,257	
2016	-	-	-	11,268	2,430	13,698	5.15%	1,164	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹See the Schedule of Demographic and Economic Statistics for personal income and population data.

City of Snyder, Texas
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligations Bonds	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
2007	-	0.00%	-
2008	-	0.00%	-
2009	-	0.00%	-
2010	-	0.00%	-
2011	-	0.00%	-
2012	-	0.00%	-
2013	-	0.00%	-
2014	-	0.00%	-
2015	-	0.00%	-
2016	-	0.00%	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics

City of Snyder, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2016
(amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
City of Snyder direct debt	\$ -	100.00%	\$ -
Scurry County	13,845	19.05%	2,637
Scurry County JCD	13,230	19.64%	2,598
Snyder Independent School District	24,625	15.29%	3,765
Scurry County Hospital District	-	17.84%	-
Total direct and overlapping debt	<u><u>\$ 51,700</u></u>		<u><u>\$ 9,000</u></u>

Sources:

- Assessed value data used to estimate applicable percentages provided by the Scurry County Appraisal District.
- Debt outstanding data provided by the individual entities.

Note:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the city of Snyder. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the governments boundaries and dividing it by the county's total taxable assessed value.

City of Snyder, Texas
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 28,006	\$ 31,886	\$ 35,020	\$ 34,645	\$ 33,748	\$ 34,552	\$ 36,534	\$ 38,518	\$ 46,679	\$ 47,205
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 28,006</u>	<u>\$ 31,886</u>	<u>\$ 35,020</u>	<u>\$ 34,645</u>	<u>\$ 33,748</u>	<u>\$ 34,552</u>	<u>\$ 36,534</u>	<u>\$ 38,518</u>	<u>\$ 46,679</u>	<u>\$ 47,205</u>
Total net debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed Value	\$ 463,220
Add Back: exempt property	<u>8,833</u>
Total Assessed Value	<u>\$ 472,053</u>
Debt limit (10% of total assessed value)	47,205
Debt applicable to limit:	
General obligation bonds	
Legal debt margin	<u>47,205</u>

Note: Under state finance law, the City of Snyder's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

City of Snyder, Texas
Pledged-Revenue Coverage
Last Ten Fiscal Years

Water & Sewer Revenue Bonds

Fiscal Year	Water & Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2007	\$ 4,557,246	\$ 3,114,195	\$ 1,443,051	\$ 590,000	\$ 183,812	1.86
2008	4,521,210	3,299,151	1,222,059	610,000	159,282	1.59
2009	4,320,129	3,473,424	846,705	640,000	137,786	1.09
2010	4,647,640	3,617,898	1,029,742	325,000	42,218	2.80
2011	5,399,028	4,055,157	1,343,871	755,000	188,560	1.42
2012	6,012,799	4,188,779	1,824,020	755,000	138,303	2.04
2013	5,957,620	4,780,613	1,177,007	785,000	116,281	1.31
2014	6,602,087	5,122,274	1,479,813	465,000	327,237	1.87
2015	6,625,686	5,296,161	1,329,525	485,000	408,948	1.49
2016	6,930,358	5,564,019	1,366,339	400,000	394,753	1.72

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements. Water & Sewer Charges and Other includes investment earnings but not tap fees. Operating expenses do not include interest or depreciation.

City of Snyder, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	(in thousands)			School Enrollment	Unemployment Rate
		Personal Income	Per Capita Personal Income	Median Age		
2007	10,783	\$ 179,505	\$ 16,647	36.0	4,816	4.80%
2008	10,783	179,505	16,647	36.0	5,306	4.10%
2009	10,783	179,505	16,647	36.0	5,244	6.80%
2010	11,202	224,813	20,069	34.5	5,066	6.42%
2011	11,202	224,813	20,069	34.5	5,027	5.40%
2012	11,400	271,913	23,852	33.9	7,216	4.30%
2013	11,400	271,913	23,852	33.6	7,573	4.60%
2014	11,202	267,190	23,852	33.0	5,017	3.20%
2015	11,368	270,297	23,777	33.0	5,039	4.10%
2016	11,768	284,715	24,194	36.0	5,037	6.70%

Data Sources: U.S. Census, Snyder Independent School District, Western Texas College, Texas Workforce Commission.

Note: Population, median age, education level information and personal income are based on 2010 census.

Unemployment rate information is an adjusted yearly average. School enrollment is based on the census as of September 30.

City of Snyder, Texas
Principal Employers
Fiscal Year End 2016 and 2007

2016			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment¹</u>
Texas Department of Criminal Justice	369	1	7.65%
Snyder ISD	349	2	7.24%
Patterson UTI	242	3	5.02%
Cogdell Memorial Hospital	176	4	3.65%
Wal-Mart	130	5	2.70%
Walton Construction	130	6	2.70%
United Supermarket	128	7	2.65%
Scurry County	126	8	2.61%
Western Texas College	126	9	2.61%
Key Energy Services, Inc.	120	10	2.49%
Total	1,527		31.67%

2007			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Snyder ISD	349	1	2.12%
Texas Department of Corrections	339	2	2.06%
Kinder Morgan CO2 Co.	250	3	1.52%
Patterson-UTI Energy, Inc.	232	4	1.41%
Cogdell Memorial Hospital	220	5	1.34%
United Supermarket	200	6	1.22%
Basic Energy Service	150	7	0.91%
Scurry County	150	8	0.91%
Walton Construction	130	9	0.79%
Key Energy Services	120	10	0.73%
Total	2,140		13.01%

Source: Texas Workforce Commission

City of Snyder, Texas
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GENERAL FUND										
Administration	2	2	2	2	2	2	2	2	2	2
Finance	5	5	2	2	2	2	4	4	4	4
Planning & Zoning	2	2	2	2	2	2	3	3	3	3
Municipal Court	2	3	3	3	3	3	3	3	3	3
Community Service	0	0	0	0	0	0	0	0	0	0
Accounting	0	0	3	3	3	2	0	0	0	0
Data Processing	0	0	2	2	2	2	1	1	1	1
City Sec./Records Management	0	0	2	2	2	0	0	2	2	2
Police	20	21	22	22	22	22	22	23	27	25
Animal Control	3	3	3	3	3	3	3	3	3	3
Fire	9	9	9	10	10	10	10	10	10	11
Street	4	4	4	4	4	4	4	4	5	6
Total General Fund	47	48	52	53	53	52	51	55	60	60
WATER & SEWER										
Sanitary Sewer	2	2	2	2	2	2	2	2	2	2
Wastewater Treatment	5	5	5	5	5	5	5	5	3	3
Treatment - Water	5	5	5	5	5	5	5	5	6	6
Distribution - Water	2	2	2	2	2	2	2	2	3	2
Utility	9	9	7	7	7	6	6	6	6	6
Total Water & Sewer Fund	23	23	21	21	21	20	20	20	20	19
SANITATION										
Sanitation/Collection	5	5	5	5	5	5	5	5	6	6
Sanitation/Landfill	6	6	6	6	6	6	6	6	5	5
Total Sanitation Fund	11									
INTERNAL SERVICE										
Central Garage	1	1	1	1	1	1	1	1	1	1
Total Central Garage	1									
TOTAL	82	83	85	86	86	86	86	87	92	91

Source: City of Snyder Human Resources Office

City of Snyder, Texas
Operating Indicators by Function
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Physical arrests	834	827	884	812	868	535	478	588	478	731
Traffic violations	6,479	6,057	5,180	6,157	4,829	6,434	5,601	5,299	4,949	3,781
Fire										
Number of calls answered	341	523	407	393	550	372	439	452	463	500
Inspections	132	132	149	115	87	63	113	72	77	153
Public Education Programs	-	-	-	-	-	-	-	-	21	25
Highways and streets										
Street resurfacing (blocks)	79	115	144			80	100	-	50	-
Sanitation										
Refuse collected (tons/day)	135	119	125	144	114	117	150	175	175	170
Recyclables collected (tons/mo)	16	29	30	20	29	27	27	24	25	20
Water										
New connections	1,387	1,562	1,192	1,033	1,156	1,325	1,510	1,561	1,723	1,736
Water mains breaks	63	46	37	55	82	33	25	48	80	32
Average daily consumption (millions of gallons)	2	2	2	2	2	2	2	2	2	2
Wastewater										
Average daily sewage treatment (thousands of gallons)	1,119	1,094	1,089	1,184	984	923	991	1,400	1,454	1,454

Sources: Various government departments.

City of Snyder, Texas
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	16	19	19	20	21	21	21	21	22	22
Fire stations	1	1	1	1	1	1	1	1	1	1
Sanitation										
Collection trucks	6	6	6	6	6	6	6	6	6	6
Highways and streets										
Streets (miles)	111	111	111	111	111	111	111	111	111	111
Streetlights	1,168	1,168	1,180	1,180	1,177	1,177	1,177	1,177	1,177	1,177
Traffic signals (controlled by City)										
1	1	1	-	-	-	-	-	-	-	-
Culture and recreation										
Parks acreage	126	126	126	126	126	126	126	126	126	126
Swimming pools	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	91	91	91	91	91	91	91	91	91	91
Fire hydrants	330	330	331	334	424	424	424	424	424	424
Maximum daily capacity (thousands of gallons)										
9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Sewer										
Sanitary sewers (miles)	87	87	87	87	87	87	87	87	87	87
Storm sewers (miles)	2	2	2	2	2	2	2	2	2	2
Maximum daily treatment capacity (thousands of gallons)										
2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310

Sources: Various city departments.

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*

The Honorable Mayor
Members of the City Council
City of Snyder, Texas:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Snyder, Texas (the City) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 27, 2017.

Internal Control over Financial Reporting

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

Dennis Kinard & Co., PC

Certified Public Accountants

Abilene, Texas
February 27, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Mayor
Members of the City Council
City of Snyder, Texas:

Report on Compliance for Each Major Federal Program

We have audited the City of Snyder, Texas' (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Davis Kinard & Co., PC

Certified Public Accountants

Abilene, Texas
February 27, 2017

CITY OF SNYDER, TEXAS
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2016

A. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified
2. No significant deficiencies or material weaknesses required to be reported in this schedule were disclosed in the audit of the financial statements.
3. Noncompliance which is material to the financial statements: None
4. No significant deficiencies or material weakness required to be reported in this schedule were disclosed in the audit of the major programs.
5. Type of auditor's report on compliance for major programs: Unmodified
6. No findings relative to major federal programs were required to be reported in accordance with the Uniform Guidance.
7. Major programs include:

Community Development Block Grant	CFDA #14.228
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000	
9. Low risk auditee: No	

B. Findings Related to the Financial Statements which are Required to be Reported in Accordance with *Governmental Auditing Standards*

None

C. Findings and Questioned Costs for Federal Awards Required to be Reported Under Uniform Guidance

None

CITY OF SNYDER, TEXAS
Schedule of Status of Prior Year Findings
Year Ended September 30, 2016

A. Findings Required to be Reported in Accordance with *Government Auditing Standards*

N/A Prior year audit was not performed in accordance with *Government Auditing Standards*.

B. Findings and Questioned Costs – Major Federal Award Programs Audit

N/A A Single Audit was not performed in the prior year.

CITY OF SNYDER, TEXAS
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2016

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through Texas Department of Agriculture			
Texas Capital Fund Program			
Texas Community Development Block Grant	14.228	7214242	\$ <u>503,708</u>
Total U.S. Department of Housing and Urban Development			<u>503,708</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct:			
Intermediary Relending Program	10.767	N/A	194,638
Rural Business Development Grant	10.351	N/A	<u>120,870</u>
Total U.S. Department of Agriculture			<u>315,508</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through Texas Department of Public Safety			
Emergency Management Performance Grant	97.042	15TX-EMPG-0834	<u>34,184</u>
Total U.S. Department of Homeland Security			<u>34,184</u>
TOTAL FEDERAL AWARDS			\$ <u>853,400</u>

CITY OF SNYDER, TEXAS
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2016

Note 1: General

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards of the City of Snyder, Texas. The City's reporting entity is defined in Note I of the basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule of Expenditures of Federal Awards.

The information in the Schedule of Expenditures of Federal Awards is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule of Expenditures of Federal Awards presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the City.

Note 2: Basis of Accounting

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note I of the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Revenue from federal awards is recognized when the City has done everything necessary to establish its right to the revenue. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

Note 3: Indirect Costs

The City did not elect to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance for its federal awards.