

TOWN OF THACKERVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Years Ended June 30, 2014 and 2015

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Annual Financial Report
For the Years Ended June 30, 2014 and 2015

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INDEPENDENT AUDITOR'S REPORT

Town Council
Town of Thackerville
PO Box 126
Thackerville, Oklahoma 73459

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Thackerville, Oklahoma, as of and for the years ended June 30, 2014 and 2015, and the related notes to the financial statements, which collectively comprise the Town'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. 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 and each major fund of the Town of Thackerville, Oklahoma, as of June 30, 2014 and 2015, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-12 and 20-21 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.

A handwritten signature in cursive script that reads "Schalk & Smith P.C.".

Schalk & Smith, P.C.
February 17, 2016

TOWN OF THACKERVILLE, OKLAHOMA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Thackerville, Oklahoma, we offer readers of the Town of Thackerville's financial statements this narrative overview and analysis of the financial activities of the Town of Thackerville for the fiscal years ended June 30, 2014 and 2015. Please consider this information in conjunction with the accompanying financial statements that begin on page 11.

FINANCIAL HIGHLIGHTS

- The Town's total net position of governmental activities increased \$8,698 to \$429,745 in 2014 and increased \$4,815 to \$434,560 in 2015, representing 2.07% and 1.12% respectively.
- General revenues from governmental activities accounted for \$106,848 in 2014 and \$101,038 in 2015 in revenue or 69.66% and 67.42%, respectively, of all revenues from governmental activities.
- The Town had \$144,687 in 2014 and \$145,050 in 2015 in expenses related to governmental activities. General and program revenues of \$153,385 and \$149,865, respectively, were more than adequate to provide for the costs of these programs in the governmental activities net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town of Thackerville, Oklahoma's basic financial statements. The Town'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 *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Thackerville's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town'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 Town is improving or deteriorating. All of the Town's assets are reported whether they serve the current year or future years.

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.

Both of the government-wide financial statements distinguish functions of the Town 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*). The governmental activities of the Town of Thackerville include general government, public safety, parks and recreation, and street and improvements. The Town of Thackerville has no business-type activities.

The government-wide financial statements can be found on pages 11-13 of this report.

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 Town of Thackerville, 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 Town of Thackerville can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Thackerville maintains only one governmental fund – the general fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

The Town of Thackerville adopts an annual appropriated budget for its general fund. The basic governmental fund financial statements can be found on pages 14-19 of this report.

- **Proprietary funds**-The Town reports the activities for which it charges users in a proprietary fund known as an *enterprise fund*. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Thackerville does not currently have any enterprise funds.
- **Fiduciary funds**- Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town of Thackerville does not currently have any fiduciary funds.

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 financial statements can be found on pages 20-27 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$429,745 in 2014 and by \$434,560 in 2015 and represented an increase of \$8,698 and \$4,815, respectively, over the prior year net position. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – is \$258,598 at June 30, 2014 and \$272,442 at June 30, 2015, an increase of \$17,727 and \$13,844, respectively, from the prior year unrestricted net position.

The following tables represent a summary of the Town's net position for the fiscal years ended June 30, 2014 and 2015.

NET POSITION

	Governmental Activities	
	2014	2015
Current and other assets	\$ 318,765	\$ 347,988
Capital assets	171,147	162,118
Total assets	489,912	510,106
Long-term liabilities	-	-
Other liabilities	60,167	75,546
Total liabilities	60,167	75,546
Net Position:		
Invested in capital assets net of related debt	171,147	162,118
Unrestricted	258,598	272,442
Total net position	\$ 429,745	\$ 434,560

The following tables present a summary of the changes in net position for the fiscal years ended June 30, 2014 and 2015.

CHANGES IN NET POSITION

	Governmental Activities	
	2014	2015
Revenues:		
Program Revenues:		
Fines, fees & charges for services	\$ 46,537	\$ 48,827
General Revenues:		
Sales & use taxes	86,281	71,206
Other taxes	10,433	10,574
Miscellaneous	9,992	19,109
Investment Earnings	142	149
Total Revenue	<u>153,385</u>	<u>149,865</u>
Expenses:		
General government	88,814	85,623
Public safety	34,479	32,703
Parks & recreation	16,016	20,472
Streets & improvements	5,378	6,252
Total Expenses	<u>144,687</u>	<u>145,050</u>
Increase (decrease) in net position before transfers	8,698	4,815
Transfers	-	-
Increase (decrease) in net position	<u>8,698</u>	<u>4,815</u>
Net position at beginning of year	421,047	429,745
Net position at end of year	<u>\$ 429,745</u>	<u>\$ 434,560</u>

A portion of the Town's total net position, in the amount of \$171,147 in 2014 and \$162,118 in 2015 (39.83% and 37.31%, respectively), reflects its investment in capital assets, (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town'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. The remaining balance of unrestricted net position (\$258,598 in 2014 and \$272,442 in 2015) may be used to meet the Town's ongoing obligations to citizens and creditors. This surplus is not an indication that the Town has significant resources available to meet financial obligations next year, but rather the result of having *long-term commitments* that are less than currently available resources.

At the end of the current fiscal year, the Town of Thackerville is able to report positive balances in both of its categories of net position, both for the government as a whole, as well as for its governmental activities. The same situation held true for the prior fiscal year.

The Town's total net position increased by \$8,698 in 2014 and by \$4,815 in 2015. The total cost of all programs and services was \$144,687 in 2014 and \$145,050 in 2015.

Governmental activities. Governmental activities increased the Town of Thackerville's net position by \$8,698 in 2014 and by \$4,815 in 2015.

Business-type activities. The Town of Thackerville has no business-type activities.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds. The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the Town'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.

The general fund is the operating fund of the Town. At the end of the fiscal years, unassigned fund balance in the general fund was \$258,598 in 2014 and \$272,442 in 2015, that was also the total fund balance. As a measure of the general fund's liquidity it may be useful to compare both unassigned and total fund balance to the total fund expenditures. In the Town's case, total fund balance and unassigned fund balance are the same and represent more than the total fund expenditures.

The fund balance of the Town of Thackerville's general fund increased by \$8,302 in 2014 and \$13,844 in 2015. A key contributing factor in this increase can be traced to the increase in other income.

Proprietary Funds. The Town has no proprietary funds.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were as follows with the budgeted revenues increased \$-0- in 2014 and 2015 and the budgeted expenditures increased by \$-0- in 2014 and 2015.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Town of Thackerville's investment in capital assets for its governmental funds as of June 30, 2014 and 2015 amounts to \$171,147 and \$162,118, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture and fixtures, and equipment. The Town's investment in capital assets increased \$396 or 0.23% and decreased \$9,029 or 5.28% in 2015.

The following schedule presents capital asset balances and accumulated depreciation for the fiscal years ended June 30, 2014 and 2015.

CAPITAL ASSETS

	Governmental Activities	
	2014	2015
Land	\$ 102,000	\$ 102,000
Construction in progress	9,425	9,425
Buildings & improvements	380,398	380,398
Vehicles	36,129	36,129
Furniture & fixtures	20,000	20,000
Depreciation	(376,805)	(385,834)
Total Capital Assets	<u>\$ 171,147</u>	<u>\$ 162,118</u>

Long-term Debt. The Town had no long-term debt activity for the years ended June 30, 2014 and 2015.

ECONOMIC FACTORS AND FUTURE PLANS

In the future, the Town has plans to complete the following items:

- Installation of community walking park near the existing baseball fields
- Survey of Town limits
- Update Town codes and ordinances

CONTACTING THE TOWN OF THACKERVILLE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Thackerville's business office, at P.O. Box 126, Thackerville, Oklahoma 73459 or Highway 77 South, Thackerville, Oklahoma 73459.

BASIC FINANCIAL STATEMENTS

TOWN OF THACKERVILLE, OKLAHOMA
STATEMENT OF NET POSITION
June 30, 2014 and 2015

	Governmental Activities	
	2014	2015
ASSETS		
Current Assets:		
Cash	\$ 289,434	\$ 310,971
Receivables (Net of Allowances for Uncollectibles)		
Citation Fines Receivable	14,521	24,369
Other	14,810	12,648
Total Current Assets	<u>318,765</u>	<u>347,988</u>
Capital Assets:		
Buildings and Improvements	380,398	380,398
Vehicles	36,129	36,129
Furniture and Fixtures	20,000	20,000
Land	102,000	102,000
Construction in Progress	9,425	9,425
Less: Accumulated Depreciation	(376,805)	(385,834)
Total Capital Assets	<u>171,147</u>	<u>162,118</u>
TOTAL ASSETS	<u>\$ 489,912</u>	<u>\$ 510,106</u>
LIABILITIES		
Current Liabilities:		
Payroll Liabilities	\$ 33,853	\$ 43,507
Citation Fees Payable	11,483	15,461
Accounts Payable	14,831	16,578
Current Portion - Long-Term Debt	-	-
Total Current Liabilities	<u>60,167</u>	<u>75,546</u>
Noncurrent Liabilities:		
Long-Term Debt	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>60,167</u>	<u>75,546</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	171,147	162,118
Unrestricted	258,598	272,442
TOTAL NET POSITION	<u>\$ 429,745</u>	<u>\$ 434,560</u>

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

TOWN OF THACKERVILLE, OKLAHOMA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

FUNCTIONS/ACTIVITY	PROGRAM REVENUES			NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION PRIMARY GOVERNMENT
	EXPENSES	FINES, FEES, AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES TOTAL
Governmental Activities:				
General Government	\$ 88,814	\$ -	\$ -	\$ (88,814)
Public Safety - Police	34,479	46,537	-	12,058
Parks and Recreation	16,016	-	-	(16,016)
Streets and Improvements	5,378	-	-	(5,378)
Interest on Long-Term Debt	-	-	-	-
Total Governmental Activities	144,687	46,537	-	(98,150)
General Revenues:				
Taxes:				
Sales and Use Taxes				\$ 86,281
Other Taxes				10,433
Investment Income				142
Miscellaneous				9,992
Total General Revenues and Transfers				\$ 106,848
Change in Net Assets				8,698
Net Position-Beginning of Year				421,047
Net Position-End of Year				\$ 429,745

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

TOWN OF THACKERVILLE, OKLAHOMA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

FUNCTIONS/ACTIVITY	PROGRAM REVENUES			NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION PRIMARY GOVERNMENT
	EXPENSES	FINES, FEES, AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES TOTAL
Governmental Activities:				
General Government	\$ 85,623	\$ -	\$ -	\$ (85,623)
Public Safety - Police	32,703	48,827	-	16,124
Parks and Recreation	20,472	-	-	(20,472)
Streets and Improvements	6,252	-	-	(6,252)
Interest on Long-Term Debt	-	-	-	-
Total Governmental Activities	145,050	48,827	-	(96,223)
General Revenues:				
Taxes:				
Sales and Use Taxes				\$ 71,206
Other Taxes				10,574
Investment Income				149
Miscellaneous				19,109
Total General Revenues and Transfers				\$ 101,038
Change in Net Assets				4,815
Net Position-Beginning of Year				429,745
Net Position-End of Year				\$ 434,560

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

TOWN OF THACKERVILLE, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014 and 2015

	GENERAL FUND	
	2014	2015
ASSETS:		
Cash and Cash Equivalents	\$ 289,434	\$ 310,971
Receivables (Net of Allowances for Uncollectibles)		
Citation Fines Receivable	14,521	24,369
Other	14,810	12,648
TOTAL ASSETS	<u>\$ 318,765</u>	<u>\$ 347,988</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Payroll Liabilities	\$ 33,853	\$ 43,507
Citation Fees Payable	11,483	15,461
Accounts Payable	14,831	16,578
TOTAL LIABILITIES	<u>60,167</u>	<u>75,546</u>
FUND BALANCES:		
Unassigned	258,598	272,442
TOTAL FUND BALANCES	<u>258,598</u>	<u>272,442</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 318,765</u>	<u>\$ 347,988</u>

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

TOWN OF THACKERVILLE, OKLAHOMA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
June 30, 2014 and 2015

	<u>2014</u>	<u>2015</u>
Total Fund Balance - Total Governmental Funds	\$ 258,598	\$ 272,442
Amounts reported for governmental activities in the statement of net assets are different due to the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet, net of accumulated depreciation for 2014 and 2015 of \$376,805 and \$385,834, respectively.	171,147	162,118
Net Position of Governmental Activities	<u><u>\$ 429,745</u></u>	<u><u>\$ 434,560</u></u>

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

TOWN OF THACKERVILLE, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Years Ended June 30, 2014 and 2015

	GENERAL FUND	
	2014	2015
REVENUES		
Taxes:		
Sales and use taxes	\$ 86,281	\$ 71,206
Other local taxes	10,433	10,574
Fines and forfeitures	46,537	48,827
Investment income	142	149
Other income	9,992	19,109
TOTAL REVENUES	153,385	149,865
EXPENDITURES		
Current:		
General government	88,544	85,353
Public safety		
Police	31,250	29,474
Parks and recreation	10,486	14,942
Street and improvements	5,378	6,252
Debt service:		
Principal	-	-
Interest	-	-
Capital outlay	9,425	-
TOTAL EXPENDITURES	145,083	136,021
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,302	13,844
OTHER FINANCING SOURCES (USES):		
Funds transferred in	-	-
Funds transferred out	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-
NET CHANGE IN FUND BALANCES	8,302	13,844
FUND BALANCE - July 1	250,296	258,598
FUND BALANCE - June 30	\$ 258,598	\$ 272,442

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

TOWN OF THACKERVILLE, OKLAHOMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Years Ended June 30, 2014 and 2015

	<u>2014</u>	<u>2015</u>
Net Change in Fund Balances - Total Governmental Funds	\$ 8,302	\$ 13,844
Amounts reported for governmental activities in the statement of activities are different due to the following:		
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the government-wide statement of net assets in the current period.	9,425	-
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(9,029)	(9,029)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The debt issued in the current year was \$-0-, and the current year's repayments were \$-0-.	-	-
Some revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.	-	-
Change in Net Position of Governmental Activities	<u>\$ 8,698</u>	<u>\$ 4,815</u>

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

TOWN OF THACKERVILLE, OKLAHOMA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Year Ended June 30, 2014

			ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET
REVENUES				POSITIVE
Taxes				(NEGATIVE)
Sales and use taxes	\$ 87,638	\$ 87,638	\$ 86,281	\$ (1,357)
Other local taxes	9,623	9,623	10,433	810
Fines and forfeitures	35,437	35,437	46,537	11,100
Investment income	-	-	142	142
Other income	-	-	9,992	9,992
TOTAL REVENUES	<u>132,698</u>	<u>132,698</u>	<u>153,385</u>	<u>20,687</u>
EXPENDITURES				
Current:				
General government	107,300	107,300	88,544	18,756
Public safety				
Police	24,600	24,600	31,250	(6,650)
Parks and recreation	10,300	10,300	10,486	(186)
Street and improvements	-	-	5,378	(5,378)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	9,425	(9,425)
TOTAL EXPENDITURES	<u>142,200</u>	<u>142,200</u>	<u>145,083</u>	<u>(2,883)</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	<u>(9,502)</u>	<u>(9,502)</u>	<u>8,302</u>	<u>23,570</u>
OTHER FINANCING SOURCES (USES):				
Funds transferred in	-	-	-	-
Funds transferred out	-	-	-	-
TOTAL OTHER FINANCING SOURCES				
(USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(9,502)</u>	<u>(9,502)</u>	<u>8,302</u>	<u>23,570</u>
FUND BALANCE - October 1	<u>250,296</u>	<u>250,296</u>	<u>250,296</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 240,794</u>	<u>\$ 240,794</u>	<u>\$ 258,598</u>	<u>\$ 23,570</u>

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

TOWN OF THACKERVILLE, OKLAHOMA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For the Year Ended June 30, 2015

			ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET
REVENUES				POSITIVE
				(NEGATIVE)
Taxes				
Sales and use taxes	\$ 87,638	\$ 87,638	\$ 71,206	\$ (16,432)
Other local taxes	9,623	9,623	10,574	951
Fines and forfeitures	35,437	35,437	48,827	13,390
Investment income	22	22	149	127
Other income	6,000	6,000	19,109	13,109
TOTAL REVENUES	<u>138,720</u>	<u>138,720</u>	<u>149,865</u>	<u>11,145</u>
EXPENDITURES				
Current:				
General government	100,000	100,000	85,353	14,647
Public safety				
Police	31,000	31,000	29,474	1,526
Parks and recreation	20,000	20,000	14,942	5,058
Street and improvements	26,000	26,000	6,252	19,748
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>177,000</u>	<u>177,000</u>	<u>136,021</u>	<u>40,979</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	<u>(38,280)</u>	<u>(38,280)</u>	<u>13,844</u>	<u>(29,834)</u>
OTHER FINANCING SOURCES (USES):				
Funds transferred in	-	-	-	-
Funds transferred out	-	-	-	-
TOTAL OTHER FINANCING SOURCES				
(USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(38,280)</u>	<u>(38,280)</u>	<u>13,844</u>	<u>(29,834)</u>
FUND BALANCE - October 1	<u>258,598</u>	<u>258,598</u>	<u>258,598</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 220,318</u>	<u>\$ 220,318</u>	<u>\$ 272,442</u>	<u>\$ (29,834)</u>

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

TOWN OF THACKERVILLE, OKLAHOMA
Notes to the Basic Financial Statements
June 30, 2014 and 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Town of Thackerville, Oklahoma (the Town), is a municipality which has incorporated as a town in accordance with the laws of Oklahoma. The Town is governed by a Mayor and Town Council that are elected.

The services provided by the Town are diverse. The Town's services include, but are not limited to, the traditional local government responsibilities of public safety, street maintenance, and parks and recreation. The respective fund financial statements and budgets (where legally adopted) of these multi-faceted services are all included in the Town's financial "reporting entity" as more fully described in the immediately subsequent section of this Note and the Town's government-wide financial statements.

The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for the local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants, in the publication entitled, "Audits of State and Local Governmental Units", and by the Financial Accounting Standards Board (FASB) when applicable.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. Activities for the primary government are reported separately in the government-wide financial statements. For the most part, the effect of interfund activity between governmental activities and business-type activities has been eliminated in these statements.

Governmental activities are normally supported by sales taxes, franchise taxes, and rental income from the federal government and the State. Governmental activities are reported separately from *business-type activities*, which rely to a large extent on fees and charges for support. The Town has no business-type activities.

The statement of activities reports the change in the Town's net position from July 1, 2013 to June 30, 2014 and from July 1, 2014 to June 30, 2015. This statement demonstrates the degree to which the direct expenses of a given function of government are offset by program revenues. Specifically, the Town has identified the following functions of government: support services, public safety services, and development services. *Direct expenses* are those that are clearly identifiable with a specific function of Town government. *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 with program revenues are reported instead as *general revenues* in the statement of activities.

In addition to the government-wide financial statements, the Town also reports separate financial statements for major governmental funds and proprietary funds; these statements are classified as *fund financial statements*. The fund financial statements are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. Governmental resources are

TOWN OF THACKERVILLE, OKLAHOMA
Notes to the Basic Financial Statements
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allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Funds are ordered into two distinct categories: governmental and proprietary. Information in the fund financial statements is reported on a major fund basis. The Town conducts the calculation of major funds each year under the methods outlined in GASB Statement No. 34. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Nonmajor funds are reported in the aggregate and separately reported in the combining fund financial statements. The various funds are summarized by type in the fund financial statements.

The Town reports the following major governmental funds at June 30, 2014 and 2015:

General Fund – The General Fund is the primary operating fund of the Town. This fund is used to account for all financial resources of the general government, except those that are required to be accounted for in another fund.

The Town reports the following major proprietary fund at June 30, 2014 and 2015:

The Town has no proprietary funds.

C. Measurement Focus and Basis of Accounting

Governmental Funds

The Town uses the *modified accrual* basis of accounting and the flow of *current financial resources* measurement focus for all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when both "measurable and available." Measurable means knowing, or being capable of calculating or estimating, the amount to be received.

Available means collectible within the current period or soon enough thereafter to pay current liabilities (generally 60 days). Also, under the modified accrual basis of accounting, expenditures (including capital outlay) are recorded in the period in which the related fund liability is incurred, except for general obligation bond principal and interest, which is recorded when due, rather than when incurred.

Proprietary Funds

The *accrual* basis of accounting and flow of *economic resources* measurement focus are used for the government-wide statements and in all proprietary fund types. Under the accrual basis of accounting, revenues are recognized when earned, and expenses (including depreciation) are recorded when the liability is incurred.

The accounting objectives are a determination of net income, financial position and cash flows. On the government-wide and proprietary fund statements of net position, equity is segregated into (1) capital assets, net of related debt; (2) restricted net position; and (3) unrestricted net position.

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 enterprise funds are charges to customers for water sales. Operating expenses for enterprise 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.

Enterprise Funds – Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the

TOWN OF THACKERVILLE, OKLAHOMA
Notes to the Basic Financial Statements
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Town Council is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the Town Council has decided that periodic determination of revenues earned, expenses incurred and/or net income (loss), is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Town has no proprietary funds.

D. Assets, Liabilities, Fund Balance and Other

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit with original maturities of three months or less from the date of acquisition. The Town operates under a depository contract in accordance with State law.

Receivables and Payables

Accounts Receivable – Citation fines are recognized when given to the violator, with revenue recorded at the same time.

Sales Taxes – Sales taxes are collected by the State and remitted to the Town monthly in 60 days arrears. The Town recognizes sales tax revenues when collected from the State.

Capital Assets

Capital assets (i.e. land, buildings, equipment, improvements other than buildings, and construction in progress) of all funds are stated at historical cost or estimated historical cost if historical cost is not known. Donated fixed assets are recorded at their fair market value on the date donated. An item is classified as an asset if the initial, individual cost is \$500 or greater. Capital assets of the Town are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Assets subject to depreciation are depreciated using the *straight-line* method. The estimated useful lives of all depreciable assets are as follows:

Buildings, systems, and improvements	15-50 years
Streets and improvements	15-50 years
Furniture, plant, and equipment	3-20 years

Fund Balance

The Town has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

- **Nonspendable**—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- **Restricted**—Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed**—Amounts that can be used only for specific purposes determined by a formal action by Town Council policy or resolution. This includes the budget reserve account.
- **Assigned**—Amounts that are designated by the Town for a specific purpose but are not spendable until a budget ordinance is passed by the Town Council.
- **Unassigned**—All amounts not included in other spendable classifications.

TOWN OF THACKERVILLE, OKLAHOMA
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As discussed in Note I, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Town Council or the Assignment has been changed by the Town. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order. The details of the fund balances are included in the Governmental Funds Balance Sheet.

Compensated Absences

The Town accrues accumulated vacation leave when earned by the employee. Compensated absences are reported as accrued in the government-wide, proprietary, fiduciary, and component unit financial statements. Governmental funds report only matured compensated absences payable to currently terminated employees, which are included in wages and benefits payable.

Upon termination of employment with the Town, employees do not receive compensation for accrued but unused sick leave; therefore, no liability is recorded for accumulated sick leave.

Interfund Transactions

Limited interfund transactions occur during the fiscal year because the Town utilizes separate operating accounts for each of the primary funds' transactions. On an ordinary basis, no interfund payables and receivables are recorded, but in the instance of a transfer of capital assets or similar transaction an interfund payable and receivable are recorded.

Property Tax Revenue

The Town does not levy a tax against property.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Policies

The Town's fiscal year begins on July 1 and ends on June 30 of the following calendar year. Prior to the beginning of each fiscal year, the Town Clerk submits to the Town Council a proposed budget for all Town departments, divisions, and offices for the fiscal year beginning on the following July 1. The operating budget, which represents the financial plan of the ensuing fiscal year, includes proposed expenditures or expenses and the means of financing them. Public hearings are conducted at which all interested persons are encouraged to comment concerning the proposed budget.

The budget for the subsequent fiscal year, as well as the current year revised budget, is legally enacted by the Town Council through passage of an ordinance prior to July 1 each year.

Annual budgets are legally adopted for all Town departments, divisions, and offices on a basis consistent with GAAP, except that depreciation is not budgeted in the enterprise funds. Formal budgetary accounting is employed as a management control technique to assist controlling revenues and expenditures or expenses in the general fund and the enterprise fund. Appropriations for certain non-budgeted special revenue funds and capital projects funds are controlled on a project basis and are carried forward each year until the project is completed or the grant receipts are expended.

Adjustments to the original adopted budget must be either approved on an individual item basis or through the overall revised budget. During the fiscal year, it was not necessary to amend the original budget by Town Council action. The general fund original budget and amended budget are presented in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual. This statement is presented on pages 20 and 21.

TOWN OF THACKERVILLE, OKLAHOMA
Notes to the Basic Financial Statements
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B. Excess of Expenditures over Appropriations

For the year ended June 30, 2014 and 2015, expenditures exceeded appropriations in the following funds:

	Excess Amount	
	2014	2015
Public Safety		
Police	\$ 6,650	\$ -
Parks and Recreation	186	-
Street and Improvements	5,378	-
Capital Outlay	9,425	-

C. Deficit Fund Equity

At June 30, 2014 and 2015, there were no funds with a deficit fund balance (or net position).

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

At June 30, 2014 and 2015, cash and cash equivalents consisted of the following:

	2014	2015
Cash in banks	\$ 272,408	\$ 293,937
Cash equivalents-Certificates of Deposits	17,026	17,034
Total cash and cash equivalents	<u>\$ 289,434</u>	<u>\$ 310,971</u>

The funds of the Town must be deposited and invested under the terms of a depository contract, contents of which are set out in the *Depository Contract Law*. The depository bank places approved pledged securities for safekeeping and trust with the Town's agent bank in an amount sufficient to protect Town funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Deposits - At June 30, 2014 and 2015, the carrying amount of the Town's cash and cash equivalents totaled \$272,408 and \$310,971, respectively, and bank balance was \$290,166 and \$311,981, respectively. The Town's deposits at June 30, 2014 and 2015, were fully covered by a combination of Federal Depository Insurance and with securities held by the pledging financial institution in the depositor-government's name.

During the audit period, the Town had concentrated its credit risk for cash by maintaining deposits in one bank located within the local geographic region. The Federal Deposit Insurance Corporation (FDIC) insures the balances at each financial institution up to \$250,000. At various times during the audit period, there were balances in the banks that were over the FDIC limit. The Town believes the financial institutions to be of high quality, which limits the risk of loss of uninsured balances.

Investments - *Oklahoma Statutes* allow the City to invest in bonds of cities, school districts, or counties within the State of Oklahoma; public trust bonds whose beneficiary is a county, municipality or school district, except industrial development bonds; direct obligations of the United States; and certificates of deposit.

TOWN OF THACKERVILLE, OKLAHOMA
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Interest Rate Risk - Interest rate risk is the risk that occurs when changes in market interest rates adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. All of the Town's investments have maturities of less than 12 months.

Investment Credit Risk - The Town's investment policy limits its investment choices to that of the limitation of state law as follows:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a, b, c, and d.

Concentration of Investment Credit Risk - The Town places no limit on the amount it may invest in any one issuer. Since the Town has all investments in certificates of deposit, government securities, or money market accounts, there is no concentration of investment credit risk exposure.

B. Receivables

Receivables as of June 30, 2014 and 2015, are comprised of the following:

	2014	2015
Citation Fines Receivable	\$ 93,391	\$ 117,924
Less Allowance for Uncollectibles	(78,870)	(93,555)
Net Citation Fines Receivable	14,521	24,369
Other Receivable	14,810	12,648
Net Receivables	<u>\$ 29,331</u>	<u>\$ 37,017</u>

C. Interfund Balances and Transfers

There were no interfund balances or transfers for the years ended June 30, 2014 and 2015.

D. Capital Assets

Capital assets as of June 30, 2014 and 2015, were as follows:

TOWN OF THACKERVILLE, OKLAHOMA
Notes to the Basic Financial Statements
June 30, 2014 and 2015

	Balance 7/1/2013	Current Year		Balance 6/30/2014
		Additions	Deletions	
Governmental Activities				
<u>Non-Depreciable Capital Assets:</u>				
Land	\$ 102,000	\$ -	\$ -	\$ 102,000
Construction in Progress	-	9,425	-	9,425
<u>Depreciable Capital Assets:</u>				
Buildings & Improvements	380,398	-	-	380,398
Vehicles	36,129	-	-	36,129
Furniture, Fixtures & Equipment	20,000	-	-	20,000
	436,527	-	-	436,527
Accumulated Depreciation	(367,776)	(9,029)	-	(376,805)
Net Depreciable Capital Assets	68,751	(9,029)	-	59,722
Net Capital Assets	\$ 170,751	\$ 396	\$ -	\$ 171,147
	Balance 7/1/2014	Current Year		Balance 6/30/2015
		Additions	Deletions	
Governmental Activities				
<u>Non-Depreciable Capital Assets:</u>				
Land	\$ 102,000	\$ -	\$ -	\$ 102,000
Construction in Progress	9,425	-	-	9,425
<u>Depreciable Capital Assets:</u>				
Buildings & Improvements	380,398	-	-	380,398
Vehicles	36,129	-	-	36,129
Furniture, Fixtures & Equipment	20,000	-	-	20,000
	436,527	-	-	436,527
Accumulated Depreciation	(376,805)	(9,029)	-	(385,834)
Net Depreciable Capital Assets	59,722	(9,029)	-	50,693
Net Capital Assets	\$ 171,147	\$ (9,029)	\$ -	\$ 162,118

Depreciation expense was charged as a direct expense to programs of the primary government as follows:

	2014	2015
Governmental Activities:		
General Government	\$ 270	\$ 270
Public Safety		
Police	3,229	3,229
Parks and Recreation	5,530	5,530
Total Depreciation Expense for Governmental Activities	\$ 9,029	\$ 9,029

E. Long-Term Debt

As of June 30, 2014 and 2015, the Town had no long-term debt outstanding.

F. Fund Equity and Net Position

Net Position: Invested in Capital Assets, Net of Related Debt – This component of net position is reported in the proprietary fund financial statements and in the government-wide

TOWN OF THACKERVILLE, OKLAHOMA

Notes to the Basic Financial Statements

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financial statements and represents the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Net Position: Unrestricted – This component of net position is reported in the proprietary fund financial statements and in the government-wide financial statements and represents the difference between assets and liabilities that is not reported in net position invested in capital assets, net of related debt or net position restricted for specific purposes.

It is the Town's policy to spend funds available from restricted sources prior to unrestricted sources.

IV. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. During fiscal 2014 and 2015, the Town was covered under a general liability insurance policy plan with a combined single limit of \$1 million.

The Town has commercial insurance for all other risks of loss, including employee health benefits, workers' compensation, and employee life and accident insurance. There have been no settlements in excess of insurance coverage during the past three fiscal years.

B. Contingent Liabilities

Litigation – The Town may be contingently liable in respect of lawsuits and claims in the ordinary course of operations that, in the opinion of management, will not have material adverse effect on the combined financial statements.

C. Subsequent Events

The Town had no material subsequent events. Subsequent events were evaluated through February 17, 2016, which is the financial statement issuance date.