

TOWN OF THACKERVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2016

TOWN OF THACKERVILLE, OKLAHOMA
Annual Financial Report
For the Year Ended June 30, 2016

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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 year ended June 30, 2016, 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, 2016, and the respective changes in financial position 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 on pages 3-9 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.
November 7, 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 year ended June 30, 2016. Please consider this information in conjunction with the accompanying financial statements that begin on page 10.

FINANCIAL HIGHLIGHTS

- The Town's total net position of governmental activities decreased \$34,153 to \$400,407 in 2016, representing 7.86%.
- General revenues from governmental activities accounted for \$106,135 in 2016 in revenue or 62.43%, of all revenues from governmental activities.
- The Town had \$204,155 in 2016 in expenses related to governmental activities. General and program revenues of \$106,135 and \$63,867, respectively, were inadequate 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 year.

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 10-11 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 12-16 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 17-24 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 \$400,407 in 2016 and represented a decrease of \$34,153 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 \$239,423 at June 30, 2016, a decrease of \$33,019, from the prior year unrestricted net position.

The following table represents a summary of the Town's net position for the fiscal year ended June 30, 2016 and 2015.

NET POSITION

	Governmental Activities	
	2015	2016
Current and other assets	\$ 347,988	\$ 241,519
Capital assets	162,118	160,984
Total assets	<u>510,106</u>	<u>402,503</u>
Long-term liabilities	-	-
Other liabilities	75,546	2,096
Total liabilities	<u>75,546</u>	<u>2,096</u>
Net Position:		
Invested in capital assets net of related debt	162,118	160,984
Unrestricted	272,442	239,423
Total net position	<u>\$ 434,560</u>	<u>\$ 400,407</u>

The following table presents a summary of the changes in net position for the fiscal year ended June 30, 2016 and 2015.

CHANGES IN NET POSITION

	Governmental Activities	
	2015	2016
Revenues:		
Program Revenues:		
Fines, fees & charges for services	\$ 48,827	\$ 55,807
Operating grants & contributions	-	8,060
General Revenues:		
Sales & use taxes	71,206	96,274
Other taxes	10,574	9,512
Miscellaneous	19,109	224
Investment Earnings	149	125
Total Revenue	<u>149,865</u>	<u>170,002</u>
Expenses:		
General government	85,623	136,098
Public safety	32,703	50,988
Parks & recreation	20,472	14,846
Streets & improvements	6,252	2,223
Total Expenses	<u>145,050</u>	<u>204,155</u>
Increase (decrease) in net position before transfers	4,815	(34,153)
Transfers	-	-
Increase (decrease) in net position	<u>4,815</u>	<u>(34,153)</u>
Net position at beginning of year	429,745	434,560
Net position at end of year	<u>\$ 434,560</u>	<u>\$ 400,407</u>

A portion of the Town's total net position, in the amount of \$160,984 in 2016 (40.21%), 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 (\$239,423 in 2016) 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 decreased by \$34,153 in 2016. The total cost of all programs and services was \$204,155 in 2016.

Governmental activities. Governmental activities decreased the Town of Thackerville's net position by \$34,153 in 2016.

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 year, unassigned fund balance in the general fund was \$239,423 in 2016, which 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 decreased by \$33,019 in 2016. A key contributing factor in this decrease can be traced to the increase in general government and police expenditures.

Proprietary Funds. The Town has no proprietary funds.

General Fund Budgetary Highlights

The Town had no budgetary amendments during the fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Town of Thackerville's investment in capital assets for its governmental funds as of June 30, 2016 amounts to \$160,984 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture and fixtures, and equipment. The Town's investment in capital assets decreased \$1,134 or 0.70%.

The following schedule presents capital asset balances and accumulated depreciation for the fiscal year ended June 30, 2016.

CAPITAL ASSETS

	Governmental Activities	
	2015	2016
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	25,832
Depreciation	(385,834)	(392,800)
Total Capital Assets	<u>\$ 162,118</u>	<u>\$ 160,984</u>

Long-term Debt. The Town had no long-term debt activity for the year ended June 30, 2016.

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 75459.

BASIC FINANCIAL STATEMENTS

TOWN OF THACKERVILLE, OKLAHOMA
STATEMENT OF NET POSITION
June 30, 2016

ASSETS	Governmental Activities
Current Assets:	
Cash	\$ 209,848
Receivables (Net of Allowances for Uncollectibles)	
Citation Fines Receivable	12,974
Other	18,697
Total Current Assets	241,519
Capital Assets:	
Buildings and Improvements	380,398
Vehicles	36,129
Furniture and Fixtures	25,832
Land	102,000
Construction in Progress	9,425
Less: Accumulated Depreciation	(392,800)
Total Capital Assets	160,984
TOTAL ASSETS	\$ 402,503
 LIABILITIES	
Current Liabilities:	
Payroll Liabilities	\$ 1,412
Citation Fees Payable	684
Accounts Payable	-
Current Portion - Long-Term Debt	-
Total Current Liabilities	2,096
 Noncurrent Liabilities:	
Long-Term Debt	-
Total Noncurrent Liabilities	-
TOTAL LIABILITIES	2,096
 NET POSITION	
Invested in Capital Assets, Net of Related Debt	160,984
Unrestricted	239,423
TOTAL NET POSITION	\$ 400,407

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, 2016

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	\$ 136,098	\$ -	\$ 897	\$ (135,201)
Public Safety - Police	50,988	55,807	6,000	10,819
Parks and Recreation	14,846	-	1,163	(13,683)
Streets and Improvements	2,223	-	-	(2,223)
Interest on Long-Term Debt	-	-	-	-
Total Governmental Activities	204,155	55,807	8,060	(140,288)
 General Revenues:				
Taxes:				
Sales and Use Taxes				\$ 96,274
Other Taxes				9,512
Investment Income				125
Miscellaneous				224
Total General Revenues and Transfers				\$ 106,135
 Change in Net Assets				
				(34,153)
 Net Position-Beginning of Year				
				434,560
Net Position-End of Year				\$ 400,407

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

TOWN OF THACKERVILLE, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	GENERAL FUND
ASSETS:	
Cash and Cash Equivalents	\$ 209,848
Receivables (Net of Allowances for Uncollectibles)	
Citation Fines Receivable	12,974
Other	18,697
TOTAL ASSETS	\$ 241,519
 LIABILITIES AND FUND BALANCES	
LIABILITIES:	
Payroll Liabilities	\$ 1,412
Citation Fees Payable	684
Accounts Payable	-
TOTAL LIABILITIES	2,096
 FUND BALANCES:	
Unassigned	239,423
TOTAL FUND BALANCES	239,423
TOTAL LIABILITIES AND FUND BALANCES	\$ 241,519

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, 2016**

Total Fund Balance - Total Governmental Funds \$ 239,423

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 2016 of \$392,800. 160,984

Net Position of Governmental Activities \$ 400,407

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 Year Ended June 30, 2016

	GENERAL FUND
REVENUES	
Taxes:	
Sales and use taxes	\$ 96,274
Other local taxes	9,512
Fines and forfeitures	55,807
Investment income	125
Other income	8,284
TOTAL REVENUES	170,002
 EXPENDITURES	
Current:	
General government	135,286
Public safety	
Police	50,364
Parks and recreation	9,316
Street and improvements	2,223
Debt service:	
Principal	-
Interest	-
Capital outlay	5,832
TOTAL EXPENDITURES	203,021
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(33,019)
 OTHER FINANCING SOURCES (USES):	
Funds transferred in	-
Funds transferred out	-
TOTAL OTHER FINANCING SOURCES (USES)	-
 NET CHANGE IN FUND BALANCES	(33,019)
FUND BALANCE - July 1	272,442
FUND BALANCE - June 30	\$ 239,423

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 Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ (33,019)
<p>Amounts reported for governmental activities in the statement of activities are different due to the following:</p>	
<p>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.</p>	5,832
<p>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.</p>	(6,966)
<p>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-.</p>	-
<p>Some revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.</p>	-
Change in Net Position of Governmental Activities	<u><u>\$ (34,153)</u></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, 2016

REVENUES	ORIGINAL	FINAL	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
Taxes				
Sales and use taxes	\$ 68,839	\$ 68,839	\$ 96,274	\$ 27,435
Other local taxes	9,784	9,784	9,512	(272)
Fines and forfeitures	42,336	42,336	55,807	13,471
Investment income	137	137	125	(12)
Other income	33,604	33,604	8,284	(25,320)
TOTAL REVENUES	<u>154,700</u>	<u>154,700</u>	<u>170,002</u>	<u>15,302</u>
EXPENDITURES				
Current:				
General government	82,988	82,988	135,286	(52,298)
Public safety				
Police	12,758	12,758	50,364	(37,606)
Parks and recreation	13,445	13,445	9,316	4,129
Street and improvements	5,712	5,712	2,223	3,489
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	113	113	5,832	(5,719)
TOTAL EXPENDITURES	<u>115,016</u>	<u>115,016</u>	<u>203,021</u>	<u>(88,005)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>39,684</u>	<u>39,684</u>	<u>(33,019)</u>	<u>(72,703)</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>39,684</u>	<u>39,684</u>	<u>(33,019)</u>	<u>(72,703)</u>
FUND BALANCE - October 1	<u>272,442</u>	<u>272,442</u>	<u>272,442</u>	<u>-</u>
FUND BALANCE - September 30	<u>\$ 312,126</u>	<u>\$ 312,126</u>	<u>\$ 239,423</u>	<u>\$ (72,703)</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, 2016

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, 2015 to June 30, 2016. 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 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.

TOWN OF THACKERVILLE, OKLAHOMA
Notes to the Basic Financial Statements
June 30, 2016

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, 2016:

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, 2016:

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 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

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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.

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.

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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 page 17.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2016, expenditures exceeded appropriations in the following funds:

	Excess Amount 2016
General Government	\$ 52,298
Public Safety	
Police	37,606
Capital Outlay	5,719

C. Deficit Fund Equity

At June 30, 2016, 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, 2016, cash and cash equivalents consisted of the following:

	2016
Cash in banks	\$ 192,809
Cash equivalents-Certificates of Deposits	17,039
Total cash and cash equivalents	\$ 209,848

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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, 2016, the carrying amount of the Town's cash and cash equivalents totaled \$209,848 and bank balance was \$213,861. The Town's deposits at June 30, 2016, 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.

Interest Rate Risk - 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.

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B. Receivables

Receivables as of June 30, 2016, are comprised of the following:

	2016
Citation Fines Receivable	\$ 128,321
Less Allowance for Uncollectibles	(115,347)
Net Citation Fines Receivable	12,974
Other Receivable	18,697
Net Receivables	\$ 31,671

C. Interfund Balances and Transfers

There were no interfund balances or transfers for the years ended June 30, 2016.

D. Capital Assets

Capital assets as of June 30, 2016, were as follows:

	Balance 7/1/2015	Current Year		Balance 6/30/2016
		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	5,832	-	25,832
	436,527	5,832	-	442,359
Accumulated Depreciation	(385,834)	(6,966)	-	(392,800)
Net Depreciable Capital Assets	50,693	(1,134)	-	49,559
Net Capital Assets	\$ 162,118	\$ (1,134)	\$ -	\$ 160,984

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

	2016
Governmental Activities:	
General Government	\$ 812
Public Safety	
Police	624
Parks and Recreation	5,530
Total Depreciation Expense for Governmental Activities	\$ 6,966

E. Long-Term Debt

As of June 30, 2016, 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 financial statements and represents the difference between capital assets less both the

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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 2016, 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 November 7, 2016, which is the financial statement issuance date.