

TOWN OF GORE, OKLAHOMA
AUDITED FINANCIAL STATEMENTS

JUNE 30, 2015



TOWN OF GORE, OKLAHOMA

JUNE 30, 2015

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Independent Auditor's Report

To the Honorable Mayor and Town Council
Town of Gore, Oklahoma

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of Town of Gore, Oklahoma, as of and for the year ended June 30, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Gore, Oklahoma, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Town of Gore, Oklahoma's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statement in our report dated December 5, 2014. In our opinion, the comparative information presented herein for the proprietary funds as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it was derived.

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 4 through 9 and the required supplemental information as listed in the table of contents on pages 34 through 38 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 financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Gore, Oklahoma's basis financial statements. The schedule of governmental and non-governmental assistance is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of governmental and non-governmental assistance is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the schedule of governmental and non-governmental assistance is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2016, on our consideration of Town of Gore, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Gore, Oklahoma's internal control over financial reporting and compliance.



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
January 18, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

**TOWN OF GORE, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

The discussion and analysis of the Town of Gore, Oklahoma's financial performance provides an overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2015. It should be read in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The Town of Gore exceeded its liabilities at the close of the fiscal year ending June 30, 2015 by \$2,784,901 (net position). Of this amount, \$714,329 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town of Gore's total net assets increased by \$416,326 for the year ended June 30, 2015.
- The Town expended a total of \$1,632,488 in capital assets during the year. Further detail of the amounts expended is explained later in this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis serves as an introduction to the Town of Gore's financial statements. The Town's financial statements are comprised of three components, government-wide financial statements, fund financial statements, and 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 Gore's finances, in a manner similar to a private-sector business. The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the community owns, the liabilities it owes and the net difference. The Statement of Activities focuses gross and net costs of town programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

**TOWN OF GORE, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund financial statements. Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The Town's major governmental funds are presented in their own columns and the remaining funds are combined into a column titled "Other Nonmajor Funds." A budgetary comparison is presented for the general fund only. Statements for the Gore Public Works Authority follow the governmental funds and include net assets, revenue, expenses and changes in net assets, and cash flow.

Notes to the financial statements. The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

CONDENSED FINANCIAL INFORMATION

Condensed financial information from the statement of net assets as of June 30, 2015 and the statement of activities for the year then ended are as follows:

Statement of Net Assets

	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Current assets	\$ 372,830	\$ 895,769	\$ 1,268,599
Non-current assets	637,550	2,776,968	3,414,518
Total assets	<u>1,010,380</u>	<u>3,672,737</u>	<u>4,683,117</u>
 Deferred outflows	 <u>16,573</u>	 <u>10,595</u>	 <u>27,168</u>
Current liabilities	79,597	260,372	339,969
Noncurrent liabilities	0	1,566,390	1,566,390
Total liabilities	<u>79,597</u>	<u>1,826,762</u>	<u>1,906,359</u>
 Deferred inflows	 <u>11,762</u>	 <u>7,263</u>	 <u>19,025</u>
 Net assets:			
Net investment in capital assets	595,153	1,475,419	2,070,572
Unrestricted	340,441	373,888	714,329
Total net assets	<u>\$ 935,594</u>	<u>\$ 1,849,307</u>	<u>\$ 2,784,901</u>

**TOWN OF GORE, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

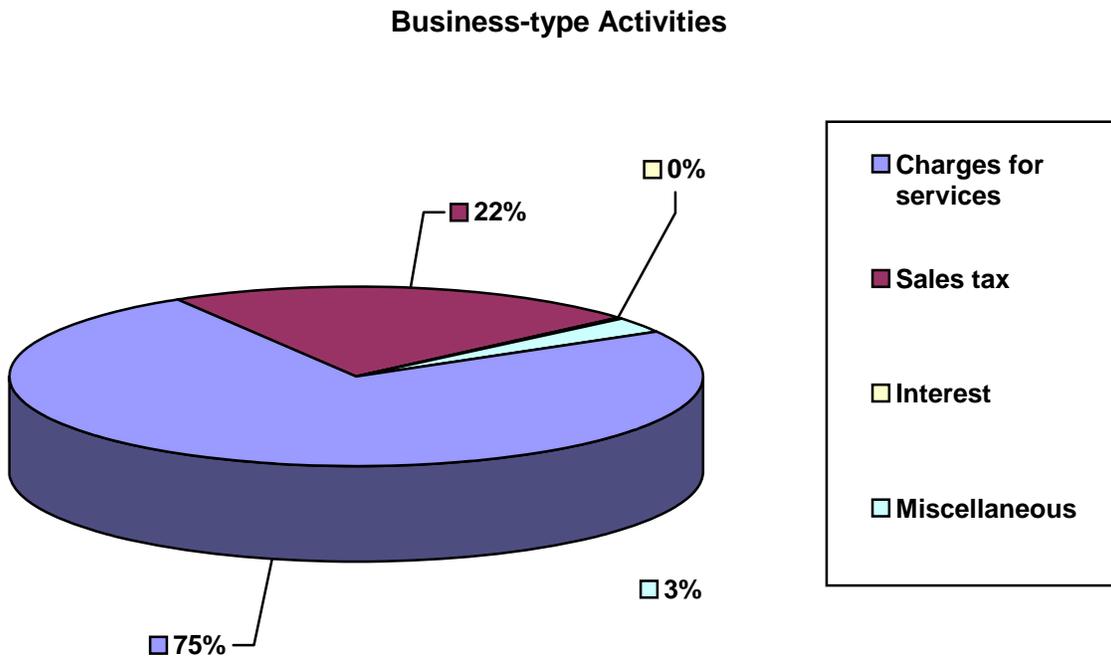
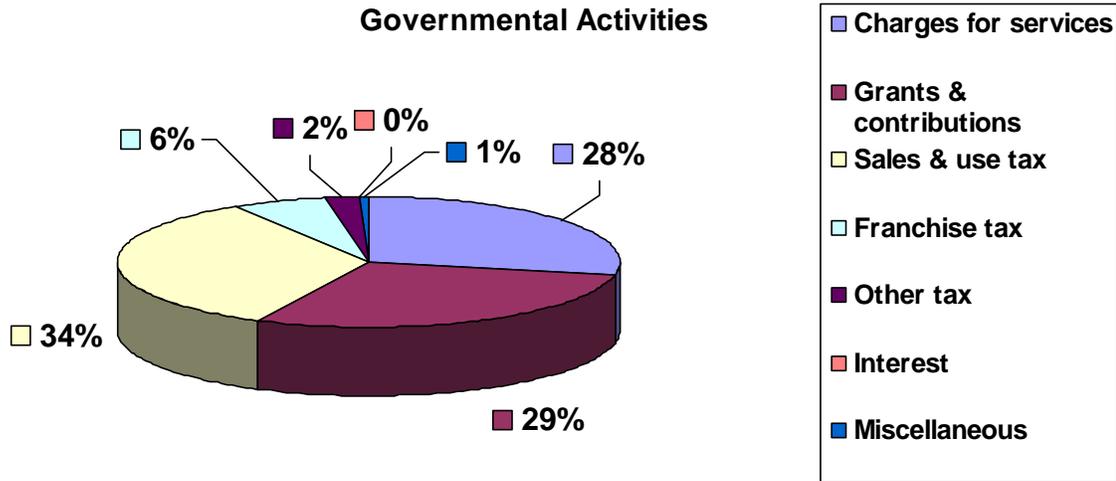
CONDENSED FINANCIAL INFORMATION (CONTINUED)

Statement of Activities

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenues			
Program revenues			
Charges for services	\$ 237,211	\$ 485,555	\$ 722,766
Grants and contributions	276,507	0	276,507
General revenues			
Taxes	396,695	146,339	543,034
Interest	244	812	1,056
Miscellaneous	5,798	18,271	24,069
Total revenues	<u>916,455</u>	<u>650,977</u>	<u>1,567,432</u>
Expenses			
General government	254,376	0	254,376
Personal services	263,486	0	263,486
Public safety	60,268	0	60,268
Street and alley	8,484	0	8,484
Parks and recreation	32,084	0	32,084
Water	0	532,408	532,408
Total expenses	<u>618,698</u>	<u>532,408</u>	<u>1,151,106</u>
Transfers	<u>(253,296)</u>	<u>253,296</u>	<u>0</u>
Change in net position	44,461	371,865	416,326
Beginning net position, as previously stated	858,565	1,457,332	2,315,897
GASB 68 implementation adjustment	32,568	20,110	52,678
Ending net position, restated	<u>891,133</u>	<u>1,477,442</u>	<u>2,368,575</u>
Ending net assets	<u>\$ 935,594</u>	<u>\$ 1,849,307</u>	<u>\$ 2,784,901</u>

**TOWN OF GORE, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

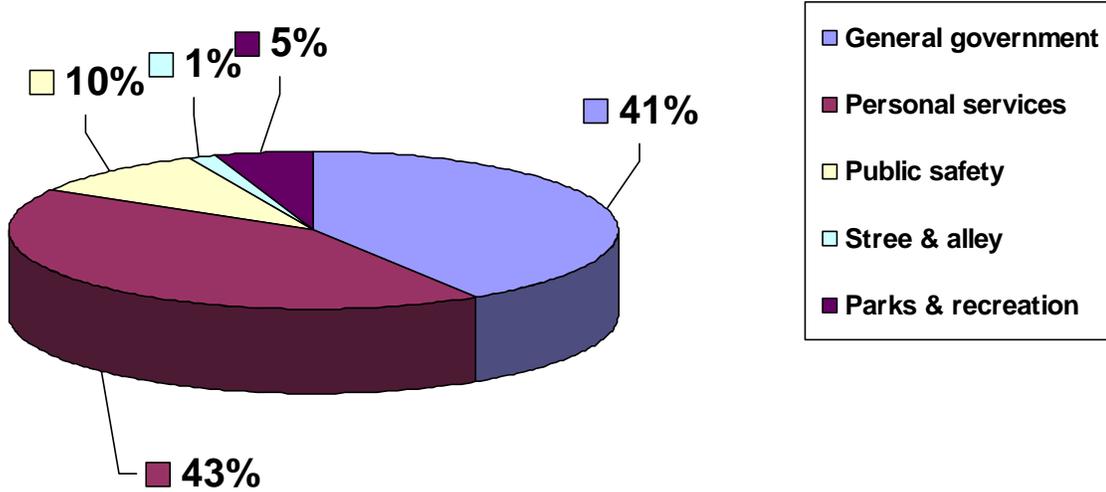
Government-wide program and general revenues presented in a graph format



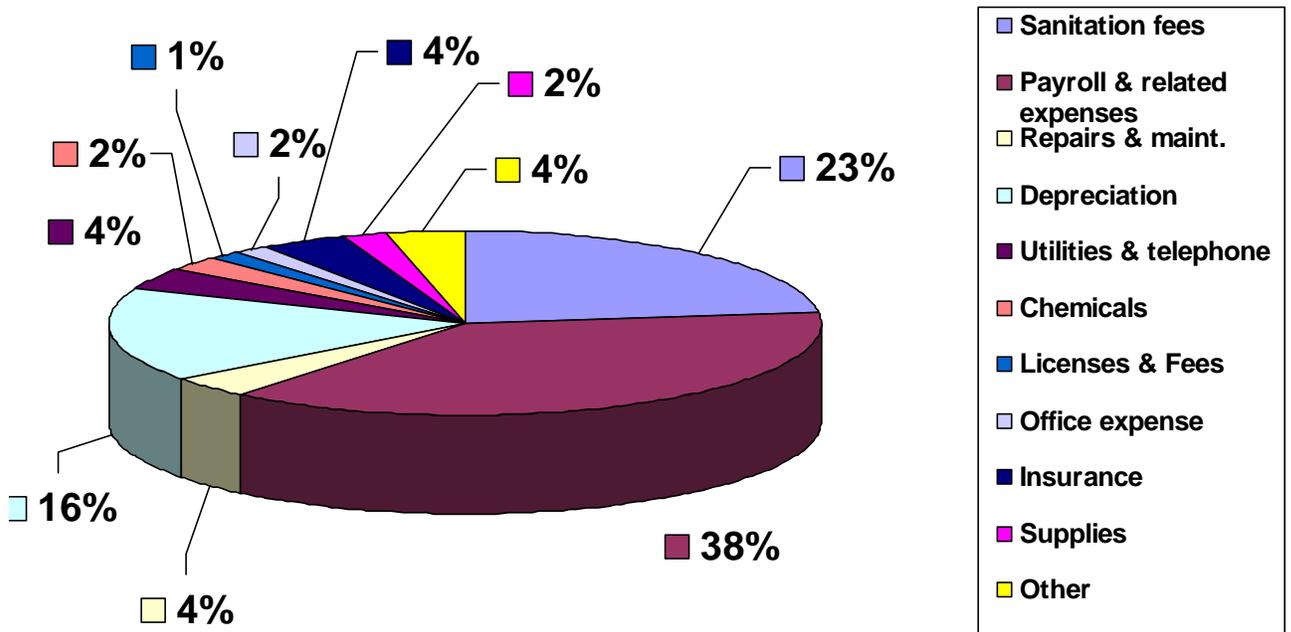
**TOWN OF GORE, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

Government-wide functions, programs & expenses presented in graph format

Governmental Activities



Business-type Activities



**TOWN OF GORE, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

BUDGETARY HIGHLIGHTS

Compared to the Town's adopted budget, actual revenues were higher than budgeted; this was due to a combination of higher than anticipated franchise tax, sales and use tax, and grant revenues. The general fund's expenditures were higher than what was budgeted.

CAPITAL ASSETS

As noted earlier the Town incurred \$1,632,488 in capital asset additions. This was comprised of \$93,584 for a splash pad net climber for the park. The general fund spent \$1,379 for a Lyman gun cleaner. The Public Works Authority spent \$1,358 for a 36" bucket for the backhoe. Finally, \$1,536,167 was spent on contractor and engineering fees for the water treatment plant expansion project, this included \$62,361 in capitalized interest on the construction loan.

LONG-TERM DEBT

Long-term debt activity consisted of the loan with Armstrong Bank that the Public Works Authority is paying on that was used to acquire a skid steer ended with a balance of \$37,203. The Sales Tax Revenue Note, Series 2015, ended the year with a balance of \$1,625,000. \$85,000 in principal was paid on the note.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the Town's citizens, customers, and other interested parties with an overview of the Town's financial operations and financial condition. Should the reader have questions regarding the information included in this report or need additional financial information, please contact the Town's administrator at P.O. Box 181, Gore, Oklahoma 74435.

BASIC FINANCIAL STATEMENTS

TOWN OF GORE, OKLAHOMA

STATEMENT OF NET POSITION

AS OF JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 296,160	\$ 282,917	\$ 579,077
Certificates of deposit	-	111,162	111,162
Receivables			
Franchise tax	27,770	-	27,770
Sales and use tax	31,414	26,380	57,794
Trade accounts	-	38,564	38,564
Other	11,527	-	11,527
Prepaid insurance	5,959	3,366	9,325
Restricted cash and cash equivalents	-	433,380	433,380
Total Current Assets	372,830	895,769	1,268,599
Non-current Assets			
Net pension asset	42,397	26,179	68,576
Capital assets			
Land	25,000	6,500	31,500
Buildings and improvements	56,081	-	56,081
Transportation and equipment	5,500	-	5,500
Sports complex	273,734	-	273,734
Sports complex equipment	7,990	-	7,990
Community center	327,453	-	327,453
Water plant and improvements	-	1,219,222	1,219,222
Automobiles	-	84,229	84,229
Equipment	359,112	231,068	590,180
Sewer improvements	-	678,162	678,162
Construction in process	-	1,666,982	1,666,982
Accumulated depreciation	(459,717)	(1,135,374)	(1,595,091)
Net capital assets	595,153	2,750,789	3,345,942
Total Non-current Assets	637,550	2,776,968	3,414,518
Total Assets	1,010,380	3,672,737	4,683,117
Deferred Outflows			
Deferred amounts related to pensions	16,573	10,595	27,168
Total Deferred Outflows	16,573	10,595	27,168
Liabilities			
Current Liabilities			
Accounts payable	76,773	130,830	207,603
Payroll withholdings	2,824	5,275	8,099
Interest payable	-	6,904	6,904
Current maturity of long-term debt	-	95,813	95,813
Payable from restricted assets			
Customer meter deposits	-	21,550	21,550
Total Current Liabilities	79,597	260,372	339,969
Non-current liabilities			
Long-term debt	-	1,566,390	1,566,390
Total Non-current Liabilities	-	1,566,390	1,566,390
Total Liabilities	79,597	1,826,762	1,906,359
Deferred Inflows			
Deferred amounts related to pensions	11,762	7,263	19,025
Total Deferred Inflows	11,762	7,263	19,025
Net Position			
Net investment in capital assets	595,153	1,475,419	2,070,572
Unrestricted	340,441	373,888	714,329
Total Net Position	\$ 935,594	\$ 1,849,307	\$ 2,784,901

See accompanying notes and independent auditor's report.

TOWN OF GORE, OKLAHOMA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue And Change In Net Position		
	Expenses	Charges for Services	Grants & Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities						
General government	\$ 254,376	\$ 149,503	\$ 240,000	\$ 135,127	\$ -	\$ 135,127
Personnel services	263,486	-	-	(263,486)	-	(263,486)
Public safety	60,268	69,376	11,507	20,615	-	20,615
Street and alley	8,484	-	-	(8,484)	-	(8,484)
Parks and recreation	32,084	18,332	25,000	11,248	-	11,248
Total Governmental Activities	618,698	237,211	276,507	(104,980)	-	(104,980)
Business-Type Activities						
Water	532,408	485,555	-	-	(46,853)	(46,853)
Total Business-Type Activities	532,408	485,555	-	-	(46,853)	(46,853)
Total	\$ 1,151,106	\$ 722,766	\$ 276,507			

General Revenues:

Sales and use tax	319,631	146,339	465,970
Franchise taxes and fees	56,231	-	56,231
Other taxes	20,833	-	20,833
Investment earnings	244	812	1,056
Miscellaneous	5,798	18,271	24,069
Transfers	(253,296)	253,296	-
Total General Revenues and Transfers	149,441	418,718	568,159
Change in Net Position	44,461	371,865	416,326
Net Position, Beginning of Year, as previously stated	858,565	1,457,332	2,315,897
GASB 68 implementation adjustment	32,568	20,110	52,678
Net Position, Beginning of Year, restated	891,133	1,477,442	2,368,575
Net Position, End of Year	\$ 935,594	\$ 1,849,307	\$ 2,784,901

See accompanying notes and independent auditor's report.

TOWN OF GORE, OKLAHOMA

BALANCE SHEET - GOVERNMENTAL FUNDS

AS OF JUNE 30, 2015

	General	Special Revenue	Other Non-major Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 251,672	\$ 24,209	\$ 20,279	\$ 296,160
Receivables				
Franchise tax	27,770	-	-	27,770
Sales and use tax	31,414	-	-	31,414
Other	10,948	579	-	11,527
Prepaid insurance	4,625	-	1,334	5,959
Total Assets	326,429	24,788	21,613	372,830
Liabilities & Fund Balances				
Liabilities				
Accounts payable	34,532	-	42,241	76,773
Payroll withholdings	2,824	-	-	2,824
Total Liabilities	37,356	-	42,241	79,597
Fund Balances				
Non-spendable	4,625	-	1,334	5,959
Assigned	138,672	-	-	138,672
Unassigned	145,776	24,788	(21,962)	148,602
Total Fund Balances	289,073	24,788	(20,628)	293,233
Total Liabilities and Fund Balances	\$ 326,429	\$ 24,788	\$ 21,613	\$ 372,830

See accompanying notes and independent auditor's report.

TOWN OF GORE, OKLAHOMA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

AS OF JUNE 30, 2015

Total Fund Balances - Governmental Funds	\$ 293,233
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$1,054,870 and the accumulated depreciation is \$459,717.	595,153
Net pension asset	42,397
Deferred outflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	16,573
Deferred inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	(11,762)
Total Net Position - Governmental Activities	\$ 935,594

See accompanying notes and independent auditor's report.

TOWN OF GORE, OKLAHOMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNEMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	GENERAL	SPECIAL REVENUE	OTHER NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues				
Sanitation	\$ 122,368	\$ -	\$ -	\$ 122,368
Sales and use tax	319,631	-	-	319,631
Franchise taxes and fees	56,231	-	-	56,231
Other taxes	11,851	8,982	-	20,833
Fines	69,376	-	-	69,376
Permits and fees	1,131	-	18,332	19,463
Facility charges	10,500	-	-	10,500
Service charges	15,504	-	-	15,504
Grants and contributions	251,507	-	25,000	276,507
Miscellaneous	5,798	-	-	5,798
Interest	217	11	16	244
Total Revenues	864,114	8,993	43,348	916,455
Expenditures				
General government	254,752	-	-	254,752
Personnel services	263,486	-	-	263,486
Public safety	49,551	-	-	49,551
Street and alley	-	7,889	-	7,889
Parks and recreation	-	-	12,229	12,229
Capital outlay	1,379	-	93,484	94,863
Total Expenditures	569,168	7,889	105,713	682,770
Excess of Revenues Over (Under) Expenditures	294,946	1,104	(62,365)	233,685
Other Financing Sources (Uses)				
Operating transfers	(276,771)	-	23,475	(253,296)
Total Other Financing Sources (Uses)	(276,771)	-	23,475	(253,296)
Net Change in Fund Balance	18,175	1,104	(38,890)	(19,611)
Fund Balance, Beginning of Year	270,898	23,684	18,262	312,844
Fund Balance, End of Year	\$ 289,073	\$ 24,788	\$ (20,628)	\$ 293,233

See accompanying notes and independent auditor's report.

TOWN OF GORE, OKLAHOMA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds \$ (19,611)

**Amounts reported for governmental activities in the Statement of
Activities are different because of the following:**

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$94,863 exceeds depreciation expense of \$45,431 for the period. 49,432

In the statement of activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures. 14,640

Change in Net Position of Governmental Activities \$ 44,461

See accompanying notes and independent auditor's report.

TOWN OF GORE, OKLAHOMA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

AS OF JUNE 30,	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 282,917	\$ 261,741
Certificates of deposit	111,162	110,608
Receivables, net of allowance for doubtful accounts		
Trade accounts	38,564	36,906
Sales taxes	26,380	24,254
Prepaid insurance	3,366	3,395
Restricted cash and cash equivalents	433,380	1,540,463
Total Current Assets	895,769	1,977,367
Non-current Assets		
Net pension asset	26,179	-
Capital assets		
Land	6,500	6,500
Water plant and improvements	1,219,222	1,219,222
Automobiles	84,229	84,229
Equipment	231,068	229,710
Sewer improvements	678,162	678,162
Construction in process	1,666,982	130,815
Accumulated depreciation	(1,135,374)	(1,049,324)
Net capital assets	2,750,789	1,299,314
Total Non-current Assets	2,776,968	1,299,314
Total Assets	3,672,737	3,276,681
Deferred Outflows		
Deferred amounts related to pensions	10,595	-
Total Deferred Outflows	10,595	-
Liabilities		
Current Liabilities		
Trade accounts payable	130,830	32,927
Payroll withholdings	5,275	5,827
Interest payable	6,904	7,265
Current maturity of long-term debt	95,813	90,629
Payable from restricted assets		
Customer meter deposits	21,550	20,500
Total Current Liabilities	260,372	157,148
Non-current Liabilities		
Long-term debt	1,566,390	1,662,201
Total Non-current Liabilities	1,566,390	1,662,201
Total Liabilities	1,826,762	1,819,349
Deferred Inflows		
Deferred amounts related to pensions	7,263	-
Total Deferred Inflows	7,263	-
Net Position		
Net investment in capital assets	1,475,419	1,042,597
Unrestricted	373,888	414,735
Total Net Position	\$ 1,849,307	\$ 1,457,332

See accompanying notes and independent auditor's report.

TOWN OF GORE, OKLAHOMA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

FOR THE YEARS ENDED JUNE 30,	2015	2014
Operating Revenues		
Charges for services	\$ 485,555	\$ 411,059
Sales tax revenue	146,339	140,065
Miscellaneous	18,271	542
Total Operating Revenues	650,165	551,666
Operating Expenses		
Sanitation collection fees	122,368	119,997
Supplies	10,262	12,149
Contract labor	-	1,177
Office expense	8,460	6,024
Salaries and wages	184,180	196,277
Professional fees	4,602	40,897
Advertising and promotion	-	1,676
Chemicals	12,998	15,137
Insurance	13,741	14,784
Utilities and telephone	20,769	20,684
Licenses and fees	7,896	10,079
Repairs and maintenance	21,489	70,301
Equipment rental	98	4,479
Testing expense	7,241	11,039
Auto expenses	3,727	8,399
Employee benefits	1,255	9,444
Uniforms	3,311	6,005
Payroll taxes	15,336	16,575
Travel	3,282	2,972
Miscellaneous expense	4,401	3,705
Depreciation	86,050	89,528
Total Operating Expenses	531,466	661,328
Net Loss from Operations	118,699	(109,662)
Non-operating Revenue (Expenses)		
Interest income	812	879
Interest expense	(942)	(1,498)
Loan issue costs	-	(105,200)
Total Non-operating Revenue (Expenses)	(130)	(105,819)
Net Income (Loss) Before Operating Transfers	118,569	(215,481)
Operating transfers	253,296	(731)
Change in Net Position	371,865	(216,212)
Net position, beginning of year, as previously stated	1,457,332	1,673,544
GASB 68 implementation adjustment	20,110	-
Net Position, Beginning of Year, restated	1,477,442	1,673,544
Net Position, End of Year	\$ 1,849,307	\$ 1,457,332

See accompanying notes and independent auditor's report.

TOWN OF GORE, OKLAHOMA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEARS ENDED JUNE 30,	2015	2014
Cash Flows from Operating Activities		
Cash received from customers	\$ 502,168	\$ 403,718
Cash received from sales tax	144,213	140,964
Cash payments to suppliers for goods and services	(172,207)	(369,046)
Cash payments to employees	(184,180)	(196,277)
Net Cash Provided (Used) By Operating Activities	289,994	(20,641)
Cash Flows from Capital and Related Financing Activities		
Cash transfers	253,296	36,280
Cash used to acquire fixed assets	(1,537,525)	(99,229)
Repayment of advances from primary government	-	12,500
Proceeds from issuance of sales tax loan, net of issue costs	-	1,604,800
Principal paid on debt	(90,627)	(5,431)
Interest paid on debt	(1,303)	(1,498)
Net Cash Provided (Used) For Capital and Related Financing Activities	(1,376,159)	1,547,422
Cash Flows from Investing Activities		
Reinvestment of certificate of deposit earnings	(554)	(747)
Cash from redeeming certificate of deposit	-	55,999
Net activity of restricted accounts	1,107,083	(1,520,112)
Interest income	812	879
Net Cash Provided (Used) By Investing Activities	1,107,341	(1,463,981)
Net Increase in Cash and Cash Equivalents	21,176	62,800
Cash and Cash Equivalents, Beginning of Year	261,741	198,941
Cash and Cash Equivalents, End of Year	\$ 282,917	\$ 261,741
Reconciliation of Operating Income to Net Cash Provided By Operating Activities		
Operating loss	\$ 118,699	\$ (109,662)
Adjustments:		
Depreciation	86,050	89,528
Pension related adjustments	8,034	-
Net change in assets and liabilities:		
Trade accounts receivable	(1,658)	(8,033)
Sales tax receivable	(2,126)	899
Prepaid insurance	29	983
Net pension asset	(17,435)	-
Accounts payable	97,903	4,480
Payroll withholdings	(552)	1,014
Customer meter deposits	1,050	150
Net Cash Provided (Used) By Operating Activities	\$ 289,994	\$ (20,641)

See accompanying notes and independent auditor's report.

TOWN OF GORE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

1. Summary of Significant Accounting Policies

a. Reporting Entity

Town of Gore, Oklahoma was incorporated in 1906 and operates under a statutory town form of government as directed by Title 11 of the Oklahoma statutes. The duties of the mayor are set forth in Title 11 and the Town is governed by 5 board members each representing a ward within the Town. Major operations include police and fire protection, parks and recreation, public works and general administrative services.

The financial statements of the Town have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

The accompanying financial statements present the Town and its component unit (Gore Public Works Authority), an entity for which the government is considered financially accountable. A blended component unit, although a legally separate entity, is in substance, part of the government's operations and so data from this unit is included as part of the reporting entity. The Town's board members appoints the board of directors, sets the budget, and approves all significant management issues. Separate financial statements of the Authority are not issued.

b. Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

Government-wide financial statements report information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

TOWN OF GORE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

1. Summary of Significant Accounting Policies (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or business-type activity. 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 business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, and fiduciary. Currently, the Town has only governmental and proprietary type funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the basic financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

Franchise taxes, sales taxes, other taxes, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions.

TOWN OF GORE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

1. Summary of Significant Accounting Policies (continued)

The Town reports the following major governmental funds:

The general fund is the Town's primary operating fund. It accounts for all financial resources of general government, except those required to be accounted for in another fund.

The special revenue funds account for revenue sources that are legally restricted to expenditures. Special revenue funds consist of the street and alley fund.

The Town reports the following non-major governmental fund:

The capital projects funds account for capital improvements to the Town. The capital projects funds consist of the parks and recreation account and the capital improvements fund.

The Town reports the following major proprietary fund:

The public works authority is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the Council is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the Council has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The public works authority for the Town of Gore, Oklahoma, consists of one fund - the water department.

d. Assets, Liabilities, and Net Position/Fund Balance

Cash and Cash Equivalents

Cash balances from all funds are pooled and invested to the extent available in certificates of deposit. For purposes of the Statement of Cash Flows, the proprietary fund considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

Management establishes an allowance for uncollectible accounts receivable based on historical collection experience and management's evaluation of the collectability of outstanding accounts receivable. The allowance for doubtful accounts was \$8,608 at June 30, 2015.

TOWN OF GORE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, street lights, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial cost of more than \$500 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value as of the date of the donation.

The costs of normal maintenance and repairs that do not add to the value or capacity of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	5-15
Transportation and equipment	5-10
Sports complex	10-20
Sports complex equipment	5-7
Community center	7-40
Water plant and improvements	5-40
Automobiles	5-10
Equipment	5-10
Sewer improvements	20-40

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and notes to the financial statements. Actual results could differ from those estimates.

Advertising

It is the policy of the Town to expense advertising expenditures as they are incurred.

TOWN OF GORE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

1. Summary of Significant Accounting Policies (continued)

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at year end are planned to be eliminated in the subsequent year. Long-term interfund loans are classified as "advances to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances" or "internal advances".

Compensated Absences

Employee's vacation and holiday leave does not vest or accumulate and sick leave is not normally paid without an illness related absence; therefore, no accruals for compensated absences have been reflected in the accompanying financial statements.

2. Stewardship, Compliance and Accountability

The Town utilizes the accrual basis of accounting in the preparation of its budget. The budget data reflected in this report was taken from the budget formally enacted by the Town Council.

3. Bank Deposits

The Town had deposits in one area bank which were classified as follows:

As of June 30, 2015	Book Value	Bank Value
Town of Gore	\$ 296,160	\$ 296,442
Gore Public Works Authority checking	282,407	283,022
Gore Public Works Authority CD's	111,162	111,162
Total	\$ 689,729	\$ 690,626
Town of Gore/Gore Public Works Authority		
F.D.I.C. Insured checking	\$ 578,567	\$ 579,464
F.D.I.C. Insured CDs	111,162	111,162
Total	\$ 689,729	\$ 690,626

The above deposits do not include petty cash on hand of \$510 at June 30, 2015.

TOWN OF GORE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

4. Restricted Assets - Cash and Cash Equivalents

Restricted cash and cash equivalents consist of the following:

As of June 30,	2015	2014
Amounts held in payment of customer meter deposits	\$ 21,550	\$ 20,500
Series 2014 loan construction fund	386,833	1,496,113
Series 2014 bond fund	24,997	23,850
Total	\$ 433,380	\$ 1,540,463

5. Changes in Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2015, was as follows:

	July 1, 2014	Additions	Reductions	June 30, 2015
Capital assets, not being depreciated				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Total capital assets, not being depreciated	25,000	-	-	25,000
Capital assets, being depreciated				
Building and improvements	\$ 56,081	\$ -	\$ -	\$ 56,081
Transportation and equipment	5,500	-	-	5,500
Sports complex	273,734	-	-	273,734
Sports complex equipment	7,990	-	-	7,990
Community center	327,453	-	-	327,453
Ray Fine park	68,762	93,584	-	162,346
Equipment	195,387	1,379	-	196,766
Total capital assets, being depreciated	934,907	94,963	-	1,029,870
Less accumulated depreciation				
Building and improvements	28,505	4,877	-	33,382
Transportation and equipment	367	1,100	-	1,467
Sports complex	147,767	14,258	-	162,025
Sports complex equipment	7,990	-	-	7,990
Community center	55,524	8,286	-	63,810
Ray Fine park	8,404	5,597	-	14,001
Equipment	165,729	11,313	-	177,042
Total accumulated depreciation	414,286	45,431	-	459,717
Governmental activities, capital assets, net	\$ 545,621	\$ 49,532	\$ -	\$ 595,153

TOWN OF GORE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

5. Changes in Capital Assets (continued)

Depreciation expense for governmental activities is charged to functions as follows:

General government	\$	14,264
Public safety		10,717
Street and alley		595
Parks and recreation		19,855
Total depreciation for governmental activities	\$	45,431

Capital asset activity for business-type activities for the year ended June 30, 2015, was as follows:

	July 1, 2014	Additions	Reductions	June 30, 2015
Capital assets, not being depreciated				
Land	\$ 6,500	\$ -	\$ -	\$ 6,500
Construction in process	130,815	1,536,167	-	1,666,982
Total capital assets, not being depreciated	137,315	1,536,167	-	1,673,482
Capital assets, being depreciated				
Water plant and improvements	1,219,222	-	-	1,219,222
Automobiles	84,229	-	-	84,229
Equipment	229,710	1,358	-	231,068
Sewer improvements	678,162	-	-	678,162
Total capital assets, being depreciated	2,211,323	1,358	-	2,212,681
Less accumulated depreciation				
Water plant and improvements	629,387	45,647	-	675,034
Automobiles	70,194	6,322	-	76,516
Equipment	166,137	12,764	-	178,901
Sewer improvements	183,606	21,317	-	204,923
Total accumulated depreciation	1,049,324	86,050	-	1,135,374
Total capital assets, being depreciated, net	1,161,999	(84,692)	-	1,077,307
Business-type activities, capital assets, net	\$ 1,299,314	\$ 1,451,475	\$ -	\$ 2,750,789

Depreciation expense for business-type activities totaled \$86,050, and was entirely charged to the Public Works Authority.

TOWN OF GORE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

6. Long-Term Debt

Long-term debt consists of:

As Of June 30,	2015	2014
2014 Series Sales Tax Revenue Note, issued May 1, 2014, in the original amount of \$1,710,000. The note bears interest of 3.69% with principal and interest paid semi-annually. The note is due to mature May 1, 2029. The Note is secured by a pledge of the revenues derived from sales tax collection.	\$ 1,625,000	\$ 1,710,000
Armstrong Bank - payments are made monthly in the amount of \$577.46 including interest of 3.23%. The loan is scheduled to mature in May 2021 and is secured by a 2008 Case Excavator.	37,203	42,830
Total	1,662,203	1,752,830
Less current portion	95,813	90,629
Long-Term Debt	\$ 1,566,390	\$ 1,662,201

Principal is scheduled to mature as follows:

June 30,	Principal	Interest	Total
2016	\$ 95,813	\$ 60,248	\$ 156,061
2017	101,004	56,737	157,741
2018	101,201	53,034	154,235
2019	106,404	49,233	155,637
2020	111,614	45,333	156,947
2021-2025	596,167	162,828	758,995
2026-2029	550,000	46,679	596,679
Total	\$ 1,662,203	\$ 474,092	\$ 2,136,295

Activity of the long-term debt consists of the following:

As Of	July 1, 2014	Additions	Reductions	June 30, 2015
Water Department				
2014 Sales Tax Revenue Note	\$ 1,710,000	\$ -	\$ 85,000	\$ 1,625,000
Armstrong Bank	42,830	-	5,627	37,203
Total	\$ 1,752,830	\$ -	\$ 90,627	\$ 1,662,203

TOWN OF GORE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

7. Inter-fund Transfers

Interfund transfers

	Transfers In	Transfers Out	Net Transfers
Governmental Funds			
General	\$ 21,935	\$ 298,706	\$ (276,771)
Special Revenue Funds	-	-	-
Other Non-major Funds	24,000	525	23,475
Total - Governmental Funds	45,935	299,231	(253,296)
Business-type Activities	274,706	21,410	253,296
Total	\$ 320,641	\$ 320,641	\$ -

8. Concentrations of Credit Risks

Financial instruments that potentially subject the Town and Gore Public Works Authority to credit risk consist primarily of the accounts receivable of Gore Public Works Authority. Gore Public Works Authority sells primarily to members in and around Gore, Oklahoma.

9. Risk Management

The Town is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance along with policies through Oklahoma Municipal Assurance Group for risk of loss.

There has been no significant reduction in the Town's insurance coverage from the previous year. In addition, there have been no settlements in excess of the Town's coverage in any of the prior three fiscal years.

10. Fund Balance Reporting

The Town follows GASB 54 as part of its 2014-2015 fiscal year reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are non-spendable and spendable. Non-spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town does not have any non-spendable funds related to inventories or endowments.

TOWN OF GORE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

10. Fund Balance Reporting (continued)

As of June 30, 2015, fund balances of the governmental funds are classified as follows:

Non-spendable - amounts that cannot be spent either because they are in non-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, charter requirements 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 of the Town. The council is the highest level of decision making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the council.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned - all other spendable amounts.

	General	Special Revenue	Other Non-major Funds	Total Governmental Funds
Fund Balances				
Non-spendable				
Prepays	\$ 4,625	\$ -	\$ 1,334	\$ 5,959
Assigned				
Police department	119,653	-	-	119,653
Fire department	19,019	-	-	19,019
Unassigned	145,776	24,788	(21,962)	148,602
Total Fund Balances	\$ 289,073	\$ 24,788	\$ (20,628)	\$ 293,233

11. Capitalized Interest

The Public Works Authority follows the policy of capitalizing interest as a component of the cost of property, plant and equipment constructed for its own use. For the year ended June 30, 2015, total interest incurred was \$63,303 of which \$62,361 was capitalized and \$942 was charged to operations. For the year ended June 30, 2014, total interest incurred was \$8,763 of which \$7,265 was capitalized and \$1,498 was charged to operations.

TOWN OF GORE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

12. Employee Retirement Systems and Plans

Implementation of GASB 68 - Restatement of Prior Year Ending Net Position

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, which became effective with fiscal year ending June 30, 2015. The Statement establishes standards for public pension plan obligations for participating employers. Under the new statement, a cost-sharing employer whose employees receive pensions through a trust will report in the government-wide statements a net pension asset/liability, deferred outflows or inflows of resources related to pensions, and pension expense based on its proportionate share of the collective net pension asset/liability of all employers in the plan. A net pension liability can be volatile due to changes in actuarial estimates and the actual investment return. Accordingly, the effect of the changes was to add \$22,905 to net pension asset, add \$29,773 to deferred outflows, and an increase in unrestricted undesignated net position of \$52,678 as of June 30, 2014.

Oklahoma Municipal Retirement Fund - Defined Benefit

The Town contributes to the OkMRF for all eligible employees. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from the OkMRF or their website: www.okmrf.org/reports.html. Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

Summary of Significant Accounting Policies

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's plan and additions to/deductions from the Town's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on market prices. Detailed information about the OkMRF plan's fiduciary net position is available in the separately issued OkMRF financial report.

Eligibility Factors and Benefit Provisions

Eligibility - All regular, full-time employees except police, firefighters and other employees who are covered under an approved system.

Probationary period - 6 months.

Employee contributions - 1.5% of pay.

TOWN OF GORE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

12. Employee Retirement Systems and Plans (continued)

Eligibility Factors and Benefit Provisions (continued)

Service

Credited service - The last period of continuous employment with the employer excluding any periods before 5/1/1992.

Vesting - Credited service plus transferred service from other OkMRF employers.

Benefit Eligibility - 7 or more years of vesting service.

Final Average Compensation - The average of the 5 highest consecutive years of salaries out of the last 10 years of service.

Accrued Benefit - Plan C. 0.75% of final average compensation multiplied by the number of years of credited service.

Normal Retirement Age - Age 65 with 10 or more years of vesting service.

Normal Retirement

Eligibility - Termination of employment on or after normal retirement age.

Benefit - The accrued benefit payable immediately.

Early Retirement

Eligibility - Termination after age 55 with 10 or more years of vesting service.

Benefit - The accrued benefit payable starting at normal retirement age, or the accrued benefit reduced 5% per year for commencement prior to normal retirement age.

Disability Retirement

Eligibility - Total and permanent disability after 10 or more years of service.

Benefit - The accrued benefit is payable upon disablement without reduction for early payment.

Termination Before Retirement Age

Before vesting - Return of employee contributions, if any, with interest.

After vesting - The accrued benefit payable starting at normal retirement age, or a reduced benefit payable at an early retirement age.

In-service Death

Before vesting - Return of employee contributions, if any, with interest.

After vesting (married participants only) - 50% of the accrued benefit is payable to the spouse until death or remarriage.

After vesting (other participants) - 50% of the accrued benefit is payable for 5 years certain.

TOWN OF GORE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

12. Employee Retirement Systems and Plans (continued)

Eligibility Factors and Benefit Provisions (continued)

Payment Options

Normal form - The normal form of payment of the accrued benefit is a monthly lifetime annuity with 5 years certain.

Optional forms - Disability retirement benefits are paid only under the normal form. Other retirement benefits are available under actuarially equivalent optional forms:

Joint and 50% survivor annuity

Joint and 66-2/3rds% last survivor annuity

Joint and 100% survivor annuity

Cost of Living - This plan has not elected the automatic post-retirement cost-of-living adjustments.

Contributions

The Town Council has the authority to set and amend contributions rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The employer contribution rate was 6.83% for the fiscal year ending June 30, 2015. Contributory members are required to contribute 3.75% of gross wages to OkMRF.

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Date of last actuarial valuation	July 1, 2014
Actuarial cost method	Entry age normal
Rate of return on investments and discount rate	7.75%
Projected salary increase	Rates by age
Post retirement cost-of-living increase	None
Inflation rate	3%
Mortality table	UP 1994, with projected mortality improvement
Percent of married employees	100%
Spouse age difference	3 years (female spouses younger)

TOWN OF GORE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

12. Employee Retirement Systems and Plans (continued)

Actuarial Assumptions (continued)

Turnover

Select and ultimate rates
 Ultimate rates are age-related as shown
 Additional rates per thousand are added
 during the first 5 years:

Year 1: 215

Year 2: 140

Year 3: 95

Year 4: 65

Year 5: 40

Date of last experience study

September 2012 for the fiscal years 2007 thru
 2011

Discount Rate

The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.75% since the plan's net fiduciary position is projected to be sufficient to make projected benefits.

The Town has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each asset class included in the pension plan's target asset allocation as of July 1, 2014 are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large cap stocks - S&P 500	25%	5.40%	1.35%
Small/mid cap stocks - Russell 2500	10%	7.50%	0.75%
Long/short equity - MSCI ACWI	10%	6.10%	0.61%
International stocks - MSCI EAFE	20%	5.10%	1.02%
Fixed income bonds - Barclay's Capital Aggregate	30%	2.60%	0.78%
Real estate - NCREIF	5%	4.80%	0.24%
Cash equivalents - 3 month Treasury	0%	0.00%	0.00%
Total	<u>100%</u>		

TOWN OF GORE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

12. Employee Retirement Systems and Plans (continued)

Discount Rate (continued)

Average real return	4.75%
Inflation	3.00%
Long-term expected return	<u>7.75%</u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension (asset)/ liability of the Town, calculated using the discount rate of 7.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease 6.75%	Current Rate 7.75%	1% Increase 8.75%
Net Pension (Asset) / Liability \$	2,121 \$	(68,575) \$	(122,868)

The Town reported \$3,127 in pension expense for the year ended June 30, 2015. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	19,025
City contributions subsequent to the measurement date	<u>27,168</u>	<u>-</u>
Total	<u>\$ 27,168</u>	<u>\$ 19,025</u>

\$27,168 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2016	\$ 4,756
2017	4,756
2018	4,756
2019	<u>4,757</u>
	<u>\$ 19,025</u>

TOWN OF GORE, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

14. Subsequent Events

The Town has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2015 through January 18, 2016, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF GORE, OKLAHOMA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2015

Revenues	Budget	Actual	Variance Favorable (Unfavorable)
Sanitation	\$ 116,000	\$ 122,368	\$ 6,368
Sales and use tax	308,000	319,631	11,631
Franchise tax	31,500	56,231	24,731
Other taxes	12,200	11,851	(349)
Fines	86,000	69,376	(16,624)
Permits and fees	1,500	1,131	(369)
Facility charges	9,000	10,500	1,500
Service charges	12,500	15,504	3,004
Grants and contributions	-	251,507	251,507
Miscellaneous	54,972	5,798	(49,174)
Interest	200	217	17
Total Revenues	631,872	864,114	232,242
Expenditures			
General government	218,225	254,752	(36,527)
Personnel services	263,000	263,486	(486)
Public safety	54,400	49,551	4,849
Capital outlay	7,000	1,379	5,621
Total Expenditures	542,625	569,168	(26,543)
Excess of Revenues Over Expenditures	89,247	294,946	205,699
Total Other Financing Sources	-	(276,771)	(276,771)
Net Change in Fund Balance	89,247	18,175	(71,072)
Fund Balance, Beginning of Year	270,898	270,898	-
Fund Balance, End of Year	\$ 360,145	\$ 289,073	\$ (71,072)

See independent auditor's report.

TOWN OF GORE, OKLAHOMA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS LAST FISCAL YEAR

FOR THE YEAR ENDED JUNE 30, 2015

	2014
Total Pension Liability	
Service cost	\$ 31,183
Interest cost	26,953
Benefit changes due to plan amendments	-
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payment, including refunds of employee contributions	(12,981)
Net change in total pension liability	45,155
Total pension liability - beginning	322,967
Total pension liability - ending	\$ 368,122
Plan Net Fiduciary Position	
Contributions - employer	\$ 29,773
Contributions - employee	16,347
Net investment income	58,558
Benefit payments, including refunds of employee contributions	(12,981)
Administrative	(871)
Benefit payment, including refunds of employee contributions	-
Net change in plan net fiduciary position	90,826
Plan net fiduciary position - beginning	345,872
Plan net fiduciary position - ending	\$ 436,698
Net pension liability - ending	\$ (68,576)
Plan net fiduciary position as percentage of total pension liability	118.63%
Covered employee payroll	\$ 431,826
Net pension liability position as percentage of covered employee payroll	-15.88%

Note to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

See independent auditor's report.

TOWN OF GORE, OKLAHOMA

SCHEDULE OF EMPLOYER CONTRIBUTIONS LAST FISCAL YEAR

FOR THE YEAR ENDED JUNE 30, 2015

	<u>2014</u>
Contractually required contribution	\$ 29,494
Contributions in relation to the contractually required contribution	\$ (29,494)
Contribution deficiency (excess)	\$ (0)
District's covered-employee payroll	\$ 431,826
Contributions as a percentage of covered-employee payroll	6.83%

Note to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

See independent auditor's report.

ADDITIONAL SUPPLEMENTARY INFORMATION

TOWN OF GORE, OKLAHOMA

SCHEDULE OF GOVERNMENTAL & NON-GOVERNMENTAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2015

Cherokee Nation grant - water treatment plant	\$	240,000
Cherokee Nation grant - splash pad		25,000
Fire grant		7,005
Police grant		4,502
Total	\$	276,507

Note A - Basis of Presentation

This schedule of governmental and non-governmental assistance of Town of Gore, Oklahoma is presented on the accrual basis of accounting.

See independent auditor's report.

ADDITIONAL REQUIRED REPORT



**Independent Auditor's Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit of Financial
Statements Performed In Accordance With *Government Auditing Standards***

To the Honorable Mayor and Town Council
Town of Gore, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of Town of Gore, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Town of Gore, Oklahoma's basic financial statements, and have issued our report thereon dated January 18, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Gore Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Gore, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Gore, Oklahoma's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Gore, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
January 18, 2016