Grand Gateway
Economic
Development
Association
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GRAND GATEWAY ECONOMIC DEVELOPMENT ASSOCIATION

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2019

cCCPA
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Grand Gateway Economic Development Association
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June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Grand Gateway Economic Development Association

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grand Gateway Economic Development Association (GGEDA), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise GGEDA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of GGEDA, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages I – VII, the schedule of changes in net pension liability (asset), the schedule of proportionate share of net pension & contributions, the schedule of changes in OPEB liability (asset), and the schedule of proportionate share of net OPEB & contributions on pages 25-28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise GGEDA's basic financial statements. The schedule of expenditures of Oklahoma state awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of Oklahoma state awards and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Oklahoma state awards and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 4, 2020, on our consideration of GGEDA'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GGEDA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the GGEDA's internal control over financial reporting and compliance.

Clothier + Company CPA's

Clothier & Company CPA's
June 4, 2020

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Management's Discussion and Analysis

Our discussion and analysis of Grand Gateway Economic Development Association's (the "Association") financial performance provides an overview of the Association's financial activities for the fiscal year ended June 30, 2019.

FINANCIAL HIGHLIGHTS

- The Association's net assets decreased from $1,111,466 in FY2018 to $1,068,648 in FY2019.

- During the year, the Association's expenses exceeded expenditures by $155,866. Prior period adjustment related to pension activities increased net assets by $113,048 for a net reduction in total net assets of $42,818 for 2019.

USING THE ANNUAL REPORT

This annual report consists of the Statement of Financial Position – Proprietary Funds and the Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds (on pages 13 and 14). These provide information about the two funds of the Association, the General Revenue Fund and the Trust Authority.

Reporting the Association as a Whole

Our analysis of the Association as a whole begins on page II. One of the most important questions asked about the Association's finances is "Is the Association as a whole better or worse off as result of the year's activities?" The Statement of Financial Position and the Statement of Revenues, Expenses, and Change in Net Assets report information about the Association as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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These statements report the Association's *net assets* and changes in them. You can think of the Association's net assets – the difference between assets and liabilities – as one way to measure the Association's financial health, or *financial position.* Over time, *increases or decreases* in the Association's net assets are one indicator of whether its *financial health* is improving or deteriorating. However, you will need to consider other nonfinancial factors, such as changes in the state economy and membership in the Association, to assess the *overall health* of the Association.

THE ASSOCIATION AS A WHOLE

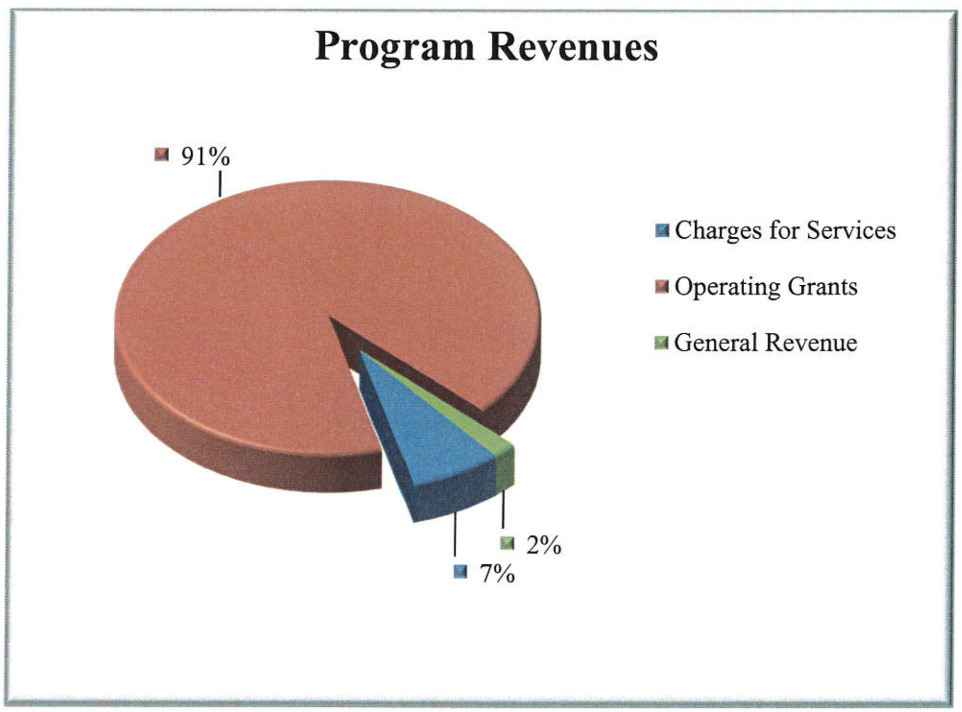
The Association's General Revenue Fund's net assets decreased from a year ago from $1,111,466 to $1,068,648 or $42,818. Our analysis below focuses on the total net assets (Table 1) and changes in net assets (Table 2) of the Association's activities.

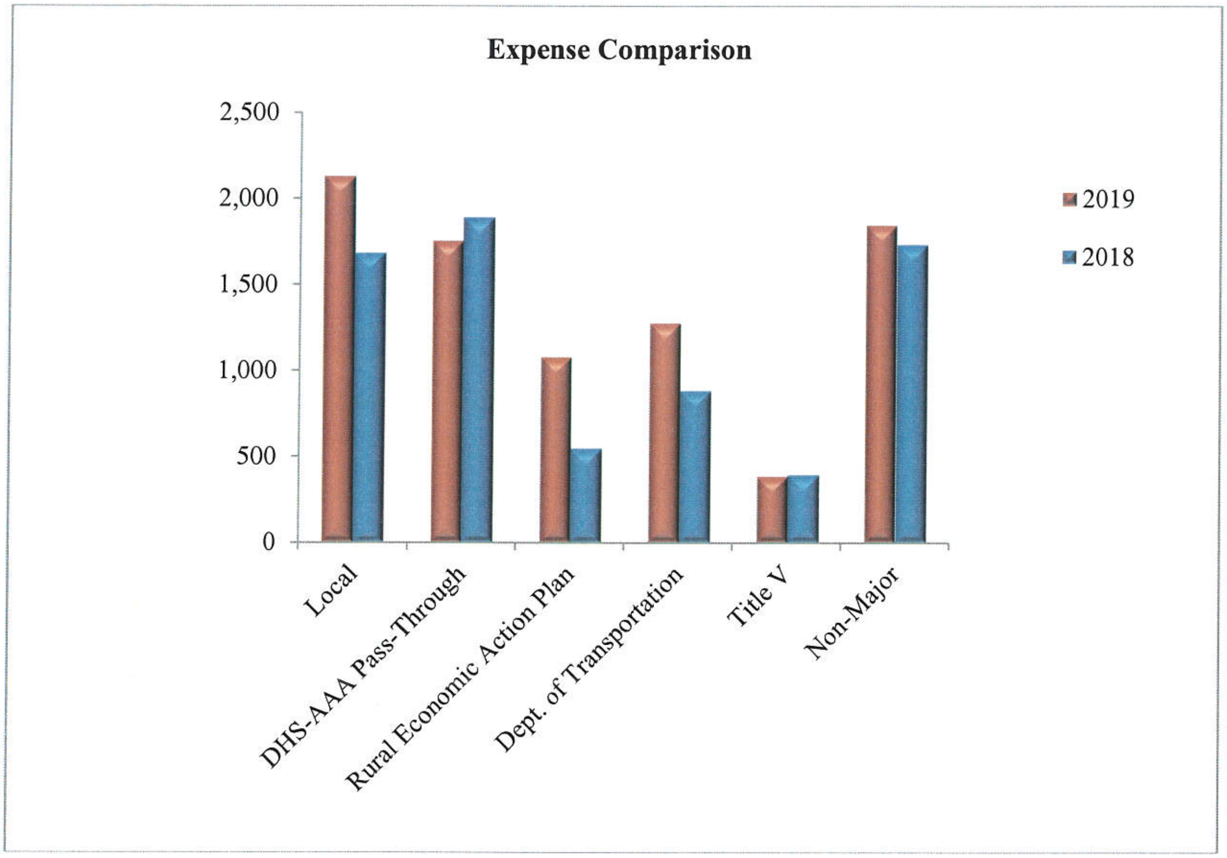
TABLE 1 - (In 1,000s)	**General Revenue Fund**		**Trust Authority**	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Assets:				
Current and other assets	$ 3,121	$ 2,962	$ 21	$ 34
Net Capital assets	630	632	604	626
Noncurrent Assets	80	219	0	0
Total assets	3,831	3,813	625	660
Liabilities:				
Long-term debt outstanding	0	0	429	450
Other liabilities	2,763	2,702	0	0
Total liabilities	2,763	2,702	429	450
Net assets:				
Invested in capital assets, net of debt	630	631	175	176
Restricted	1,815	1,798	0	0
Unrestricted	(1,376)	(1,318)	21	34
Total net assets	$ 1,069	$ 1,111	$ 196	$ 210

Net assets of the Association's General Revenue Fund decreased. *Unrestricted* net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirement – changed from $(1,318) thousand at June 30, 2018 to $(1,376) thousand at the end of this year.

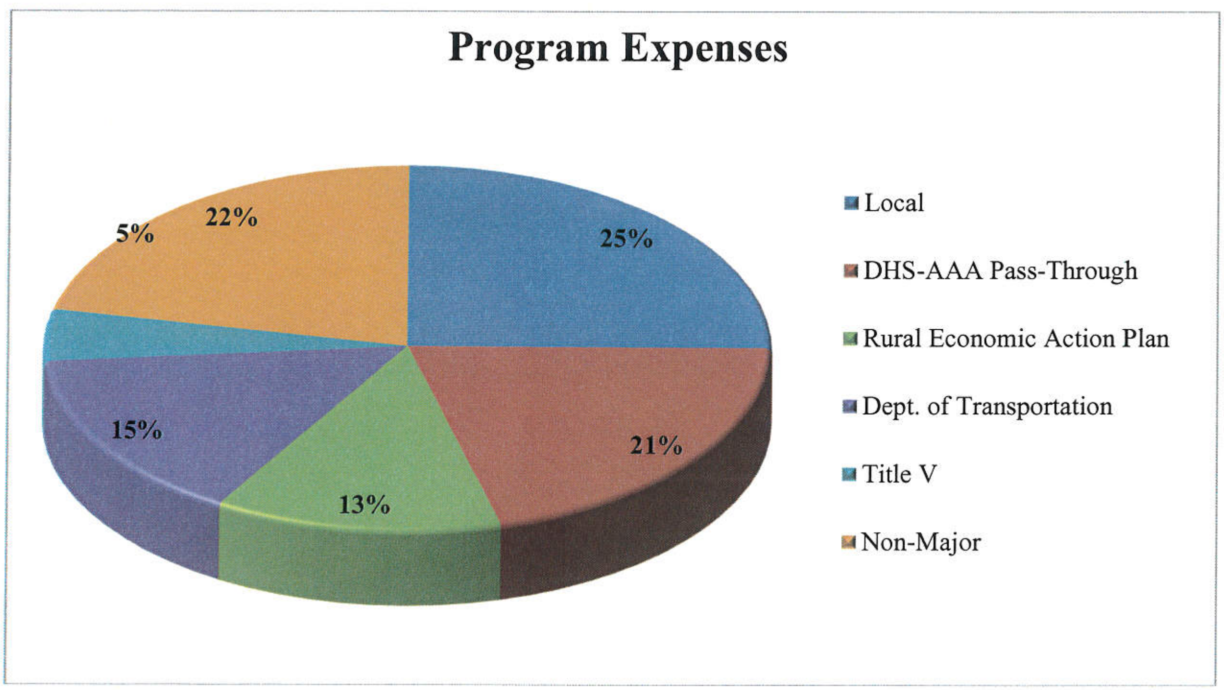
The Association's Total Revenues increased by 11% or $947 thousand. The total cost of all programs and services, excluding pension adjustments, increased by 16% or $1,356 thousand. Total decrease in net assets of $156 thousand is offset by prior period pension adjustments of $113 thousand for a net asset reduction of $43 thousand.

TABLE 2 - (In 1,000s)	General Revenue Fund		Trust Authority	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Program revenues:				
Charges for services	$580	$516	$0	$0
Operating grants & contributions	7,585	6,756	0	0
Capital grants & contributions	0	0	0	0
General revenues	155	101	36	32
Non-operating revenues	0	0	0	0
Total revenues	8,320	7,373	36	32
Program expenses:				
Local	2,128	1,679	0	0
DHS-AAA Pass Thru	1,755	1,887	0	0
Rural Economic Action Plan	1,080	548	0	0
Department of Transportation	1,279	882	0	0
Title V	388	394	0	0
Non-Major Funds	1,846	1,730	0	0
Trust Authority	0	0	51	49
Total Expenses	8,476	7,120	51	49
Increase(decrease) in net assets	($156)	$253	($15)	($17)





Expense Comparison
2,500
2,000
1,500
1,000
500
0
Local
DHS-AAA Pass-Through
Rural Economic Action Plan
Dept. of Transportation
Title V
Non-Major
2019
2018



Program Expenses
25%
21%
13%
15%
5%
22%
Local
DHS-AAA Pass-Through
Rural Economic Action Plan
Dept. of Transportation
Title V
Non-Major

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of June 2019, the Association and Trust Authority had $3,395 thousand invested in a broad range of capital assets, including office equipment. This amount represents a decrease (including additions and deductions) of $69 thousand or 2 percent, from last year.

FIXED ASSETS	BALANCE 6/30/2018	ADDITIONS	DELETIONS	BALANCE 6/30/2019
FURNITURE & FIXTURES	6,135	0	0	6,135
CAPITAL LEASES	0	0	0	0
OFFICE EQUIP	22,448	0	0	22,448
GGEDA AUTOS	25,447	0	0	25,447
BUSSES & VANS	407,717	0	(40,310)	367,407
RADIO EQUIP	0	0	0	0
FOOD SERIVCE EQUIPMENT	0	0	0	0
GIS EQUIP. NON-CHARGE	0	0	0	0
DEQ EQUIPMENT	0	0	0	0
IMPROVEMENTS	31,097	0	0	31,097
RURAL FIRE EQUIPMENT	0	0	0	0
HUD EQUIPMENT	0	0	0	0
ODOT EQUIP. NON-CHARGE	2,010,174	156,685	(185,752)	1,981,107
ODOT EQUIPMENT CHARGEABLE	70,441	0	0	70,441
CAREGIVER EQUIPMENT	1,218	0	0	1,218
SHIP EQUIPMENT	4,462	0	0	4,462
CASE MANAGEMENT EQUIPMENT	0	0	0	0
DHS/AAA EQUIPMENT	4,744	0	0	4,744
VTCL EQUIPMENT	54,500	0	0	54,500
CENA EQUIPMENT	0	0	0	0
TRUST AUTH BUILDING/IMPROVE	824,806	0	0	824,806
TOTALS	3,463,189	156,685	(226,062)	3,393,812

DEBT

State law prohibits the Association from having debts. The Trust Authority has $429 thousand in debt for the building.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The outlook for most Programs in FY20 appears to be relatively stable. Contracts with Oklahoma Department of Agriculture and the Oklahoma Department of Human Services are expected to remain at the same level of funding. Both REAP and CENA Contracts, held with the Oklahoma Department of Commerce are expected to see an increase, while funding received under the State Planning Contract is expected to decrease significantly. The State Planning Grant, which provides funds to match both EDA and AAA, has seen a continued reduction over the last several years from our original allocation of $50,000 to $17,321 (FY18 & FY 19) and we expect the grant to be less than $10,000 for FY20, if funded at all. Funding for the RTPO Program is also expected to remain level for FY20.

Transit funding received from the Oklahoma Department of Transportation is expected to increase by approximately 34% as a result of a formula change that combines previously designated inter-city funding with the existing 5311 pool. We are still operating various routes through contracts with area Native American Tribes. In addition, we have partnered with Grand Lake Mental Health and have taken over several routes in efforts to increase our revenue miles and thereby our funding allocations. We continue to sell vehicle wraps to area businesses and are still looking at various avenues to turn the maintenance facility into an additional revenue source.

Additionally, our designation as a 501(c)(3) community foundation has positioned us to seek opportunities to secure additional funding and provide more services. The Veteran Ride Connect program, a partnership with other transit providers across the state, was successfully launched last year and has provided approximately 65,000 discounted rides to veterans across the state of Oklahoma.

CONTACTING THE ASSOCIATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our members, granting agencies, customers and investors and creditors with a general overview of the Association's finances and to show the association's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Association's Executive Director at 333 South Oak Street, Big Cabin, OK 74332-0502

Edward Crone – Executive Director

FINANCIAL STATEMENTS

Grand Gateway Economic Development Association
Statement of Financial Position - Proprietary Funds
For the Year Ended June 30, 2019

Assets	General Revenue Fund	Trust Authority	Memo Total Only
Current Assets			
Cash	$ 114,038	$ 21,027	$ 135,065
Restricted cash	1,960,331	0	1,960,331
Receivables	1,044,508	0	1,044,508
Prepaid expenses	1,876	0	1,876
Due to other funds	0	0	0
Total Current Assets	3,120,753	21,027	3,141,780
Noncurrent Assets			
Capital assets	2,569,006	824,806	3,393,812
Accumulated depreciation	(1,938,802)	(220,566)	(2,159,368)
Net capital assets	630,204	604,240	1,234,444
Deferred OPEB outflows	73,838	0	73,838
Deferred Pension outflows	6,677	0	6,677
Total Noncurrent Assets	710,719	604,240	1,314,959
Total Assets	$ 3,831,472	$ 625,267	$ 4,456,739
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	$ 326,863	$ 0	$ 326,863
Pass-thru payable	1,971,875	0	1,971,875
Accrued expenses	202,804	0	202,804
Unearned revenue	25,000	0	25,000
Current portion of long term debt	0	20,082	20,082
Total Current Liabilities	2,526,542	20,082	2,546,624
Noncurrent Liabilitites			
Long term debt	0	409,254	409,254
Deferred OPEB inflows	28,475	0	28,475
Deferred Pension inflows	124,783	0	124,783
Net OPEB liability	(34,221)	0	(34,221)
Net Pension liability	117,245	0	117,245
Total Noncurrent Liabilitites	236,282	409,254	645,536
Total Liabilities	2,762,824	429,336	3,192,160
Net Assets			
Invested in capital assets	630,203	174,904	805,107
Restricted for:			
Other purposes	1,814,608	0	1,814,608
Unrestricted	(1,376,163)	21,027	(1,355,136)
Total Net Assets	1,068,648	195,931	1,264,579
Total Liabilities and Net Assets	$ 3,831,472	$ 625,267	$ 4,456,739

Grand Gateway Economic Development Association
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds
For the Year Ended June 30, 2019

	General Revenue Fund	Trust Authority	Memo Total Only
Operating Revenues			
General revenue	$ 155,120	$ 36,000	$ 191,120
Fees and services	580,657	0	580,657
Grants	7,584,515	0	7,584,515
Total Operating Revenues	8,320,292	36,000	8,356,292
Operating Expenses			
Personnel	2,906,846	0	2,906,846
Other services and charges	2,002,022	0	2,002,022
Indirect costs	596,979	0	596,979
Pass through expense	2,625,120	0	2,625,120
Capital outlay	0	0	0
Depreciation expense	158,015	22,195	180,210
Match expense	187,176	0	187,176
Total Operating Expenses	8,476,158	22,195	8,498,353
Excess (Deficiency) of Revenues Over Expenses	(155,866)	13,805	(142,061)
Nonoperating Revenue (Expense)			
Investment income	0	($28,450)	(28,450)
Gain (loss) on sale of capital assets	0	0	0
Total Nonoperating Revenue (Expense)	0	(28,450)	(28,450)
Change in Net Assets	(155,866)	(14,645)	(170,511)
Beginning Net Assets	1,111,466	210,576	1,322,042
Adjustment	113,048	0	113,048
Adjusted Beginning Net Assets	1,224,514	210,576	1,435,090
Ending Net Assets	$ 1,068,648	$ 195,931	$ 1,264,579

Grand Gateway Economic Development Association
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2019

	General Revenue Fund	Trust Authority
Cash flows from operating activities:		
Cash received from customers	$ 695,211	$ 45,000
Cash received from other sources	7,407,654	0
Cash payment to employees for services	(2,663,518)	0
Cash payments to suppliers for goods and services	(5,152,439)	(28,450)
Net Cash Provided (Used) by Operating Activities	286,908	16,550
Cash flows from noncapital financing activities:		
Cash received from debt	0	0
Matching expense	(187,176)	0
Net Cash Provided (Used) by Noncapital Financing Activities	(187,176)	0
Cash flows from capital and related financing activities:		
Payment of debt	0	(20,598)
Sale of fixed assets	0	0
Purchase of fixed assets	(156,685)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(156,685)	(20,598)
Cash flows from investing activities:		
Receipt of interest and dividends	0	0
Net Cash Provided (Used) by Investing Activities	0	0
Net Increase (Decrease) in Cash	(56,953)	(4,048)
Cash and Cash Equivalents, June 30, 2018	2,131,322	25,075
Cash and Cash Equivalents, June 30, 2019	$ 2,074,369	$ 21,027
Reconciliation of (Loss) from Operations to Net Cash Provided by Operating Activities:		
Income (loss) from operations	$ (155,866)	$ (14,645)
Adjustments:		
Depreciation expense	158,015	22,195
Matching Expense	187,176	
Change in Current Assets and Liabilities:		
Decrease (increase) in accounts receivable	217,427	9,000
Decrease (increase) in prepaid expenses	(2,187)	0
Increase (decrease) in accounts payable	69,495	0
Increase (decrease) in other liabilities	(187,152)	0
Net Cash Provided by Operating Activities	$ 286,908	$ 16,550

Grand Gateway Economic Development Association
Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Grand Gateway Economic Development Association (GGEDA) is a voluntary non-profit association of local governments formed to provide a mechanism for local officials to study, discuss, and solve common problems and to facilitate the administration of various social welfare programs of the Federal government and the State of Oklahoma for seven counties in northeastern Oklahoma. The Association's headquarters are in Big Cabin, Oklahoma, and it provides these services for Craig, Delaware, Mayes, Nowata, Ottawa, Rogers, and Washington counties of Oklahoma.

The accompanying financial statements include a proprietary fund statement that includes the General Revenue Fund and the Trust Authority. The presentation is in compliance with GASB 34 as discussed below.

The accompanying financial statements present GGEDA and its component unit, an entity for which GGEDA is considered to be financially accountable.

Discretely Presented Component Unit – The following component unit is reported within the component unit column in the combine financial statements to emphasize that it is legally separate from GGEDA.

- Grand Gateway Economic Development Association, a Trust Authority ("the Trust") is a trust that was created to own the building used to house the operations of GGEDA. GGEDA then rents the building on a monthly basis from the Trust. The Trust purchased the facilities in Big Cabin, Oklahoma on August 14, 2006.

GGEDA's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). 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. Although GGEDA had the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, GGEDA has chosen not to do so. The more significant accounting policies established in GAAP and used by GGEDA are discussed below.

The accounts of GGEDA are organized on the basis of grants. The operations of each grant are accounted for with a separate set of self-balancing accounts that comprise it assets, liabilities, net assets, revenues, and expenditures. The following fund is used by GGEDA:

General Fund – The General Fund is the primary operating fund of GGEDA. It is used to account for all financial resources not required to be accounted for in another fund. The general revenues, which are not restricted or designated as to use by outside sources, are recorded in the General Fund. The revenue in this fund comes from federal and state grants, other grants, membership dues, administration fees, interest income, donations, and CDBG/CIP revenue.

The grants included in the General Fund are:

- Area Agency on Aging (AAA)
- Rural Economic Acton Plan (REAP)
- Department of Transportation
- Case Management
- Rural Fire
- Caregiver
- E911
- Community Expansion of Nutrition Assistance (CENA)
- State Planning
- Masonic Charity Foundation
- Senior Health Insurance Program (SHIP)

- Homeland Security
- Economic Development Administration (ED)
- Health Promotion/ Medication Management (GGEDA "D")
- Miami Tribe Transportation
- Cherokee Nation Transportation
- Title V-Senior Community Service Employment Program

Budgets and Budgetary Accounting

The Association is not required to submit a legally binding budget. Most grant applications include a budget, which is approved by the grantor. As each grant term progresses, budget modifications may become necessary due to changing conditions and availability of funds. Budget modifications; are also approved by the grantor. The level of control for grant budgets varies from summary function to detailed line item depending on the grantor. The budget to actual schedule only includes the grants that have budgets.

Cash and Restricted Cash

GGEDA pools the cash resources of its various funds to facilitate the management of cash, unless required to maintain separate accounts by the grantor. Cash restricted by grant contracts is identified as restricted cash.

Cash and Cash Equivalents

For the purpose of the cash flow statement, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts and Grants Receivable

Accounts and grants receivable are shown net of estimated uncollectible accounts. For the year ended June 30, 2019, no accounts or grants receivable were determined to be uncollectible.

Asset Capitalization Policy

Depreciation is computed using the straight-line method, based on the estimated useful lives of the respective assets. Expenditures for repairs and maintenance are charged to expense as incurred, whereas major improvements are capitalized, if purchased by the local fund, have an individual cost of more than $500.00, and an estimated useful life in excess of 2 years. Capital expenditures made from grant funds are charged to the grant as an expense, and the related asset is accounted for in the Capital Asset Fund. The depreciation expense is accounted for in this fund also.

Assets purchased or acquired through capital leases are capitalized and depreciated using the straight-line method based on the estimated useful lives of the respective assets. Depreciation for these assets has been included as an indirect expense.

Use of Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Inter-fund Accounts Receivable and Payable

The accounts receivable and payable between funds result from the use of a pooled cash account with all revenue and expenditures flowing primarily through one checking account. Inter-fund account balances have been allocated first to funds of the same type and then to other fund types.

NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to them. Deposits are exposed to custodial credit risk if they are not covered by depository insurance or collateralized deposits. At year-end, none of the combined bank balances of $2,074,368 was exposed to custodial credit risk as they were insured and collateralized.

NOTE 3 – GRANTS AND ACCOUNTS RECEIVABLE

Grants receivable and accounts receivable are combined in the Statement of Financial Position for a total of $1,044,508.

At June 30, 2019, grants receivable consisted of the following:

a)	Caregiver	35,441
b)	CENA Pass-Thru	13,046
c)	DHS	331,789
d)	DOT	141,935
e)	JARC	8,912
f)	Medicare / MIPPA	5,580
g)	Ombudsman	14,555
h)	REAP	88,890
i)	RTPO	24,705
j)	Title V	97,676
k)	Miscellaneous Grants	13,281
	TOTAL	$775,810

Accounts Receivable:

a)	Case Management	18,119
b)	Cherokee Nation	113,816
c)	City of Grove	7,500
d)	City of Owasso	5,100
e)	City of Pryor	25,000
f)	Grand Lake Mental Health	14,944
g)	Living Choice	7,289
h)	Miami Tribe	49,545
i)	Miscellaneous Contracts	27,386
	TOTAL	$268,699

TOTAL RECEIVABLES	$1,044,508

NOTE 4 – FIXED ASSETS

FIXED ASSETS	BALANCE 6/30/2018	ADDITIONS	DELETIONS	BALANCE 6/30/2019
FURNITURE & FIXTURES	$6,135	$0	$0	$6,135
CAPITAL LEASES	0	0	0	$0
OFFICE EQUIP	22,448	0	0	$22,448
GGEDA AUTOS	25,447	0	0	$25,447
BUSSES & VANS	407,717	0	(40,310)	$367,407
RADIO EQUIP	0	0	0	$0
FOOD SERIVCE EQUIPMENT	0	0	0	$0
GIS EQUIP. NON-CHARGE	0	0	0	$0
DEQ EQUIPMENT	0	0	0	$0
IMPROVEMENTS	31,097	0	0	$31,097
RURAL FIRE EQUIPMENT	0	0	0	$0
HUD EQUIPMENT	0	0	0	$0
ODOT EQUIP. NON-CHARGE	2,010,174	156,685	(185,752)	$1,981,107
ODOT EQUIPMENT CHARGEABLE	70,441	0	0	$70,441
CAREGIVER EQUIPMENT	1,218	0	0	$1,218
SHIP EQUIPMENT	4,462	0	0	$4,462
CASE MANAGEMENT EQUIPMENT	0	0	0	$0
DHS/AAA EQUIPMENT	4,744	0	0	$4,744
VTCL EQUIPMENT	54,500	0	0	$54,500
CENA EQUIPMENT	0	0	0	$0
TRUST AUTH BUILDING/IMPROVE	824,806	0	0	824,806
TOTALS	$3,463,189	156,685	($226,062)	$3,393,812

ACCUMULATED DEPRECIATION	BALANCE 6/30/2018	ADDITIONS	DELETIONS	BALANCE 6/30/2019
FURNITURE & FIXTURES	4,229	493	0	4,722
CAPITAL LEASES	0	0	0	0
OFFICE EQUIP	22,448	0	0	22,448
GGEDA AUTOS	25,447	0	0	25,447
BUSSES & VANS	361,960	19,491	(40,310)	341,141
RADIO EQUIP	0	0	0	0
FOODSERVICE EQUIPMENT	0	0	0	0
GIS EQUIP NON-CHARGE	0	0	0	0
DEQ EQUIPMENT	0	0	0	0
IMPROVEMENTS	19,348	1,556	0	20,904
RURAL FIRE EQUIPMENT	0	0	0	0
HUD EQUIPMENT	0	0	0	0
ODOT EQUIPMENT-NON CHARG	1,501,015	125,183	(185,752)	1,440,446
ODOT EQUIPMENT-CHARGEABLE	55,385	5,165	0	60,550
CAREGIVER EQUIPMENT	1,217	0	0	1,217
SHIP EQUIPMENT	4,016	446	0	4,462
CASE MANAGEMENT EQUIPMENT	0	0	0	0
VTCL EQUIPMENT	3,608	231	0	3,839
CENA EQUIPMENT	8,175	5,450	0	13,625
CENA EQUIPMENT	0	0	0	0
TRUST AUTH BUILDING/IMPROVE	198,372	22,195	0	220,567
TOTALS	2,205,220	180,210	(226,062)	2,159,368

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NOTE 5 – GRANTS AND ACCOUNTS PAYABLE

Grants and accounts payable along with accrued expenses in the Statement of Financial Position consist of:

	Accounts Payable	Pass Thru Payable
Local	227,804	0
Non-Major	31,246	0
DHS/AAA	288,629	0
ODOT	6,613	0
Title V	376	0
REAP	0	1,971,875
TOTAL	554,668	1,971,875

NOTE 6 – VACATION AND SICK LEAVE

Regular full-time employees are eligible to accrue paid vacation. Vacation hours begin accruing on the first day of the month following their hire date. During the first through fifth year of employment, annual leave will be accrued at the rate of 8 hours per month. During years six through ten, 10 hours per month, years eleven through fifteen, 12 hours per month, years sixteen through twenty, 14 hours per month, and over twenty years, 16 hours per month of annual leave will be accrued.

Annual leave is accrued at the rate it is earned. The total amount of annual leave paid to an employee is limited to the amount accrued in the employee's annual leave account. The accrued annual leave was $57,674 at June 30, 2019. Sick leave is accrued from the date of employment, at the rate of eight (8) hours per month. Accrued sick leave is not included in the financial statements, because it is not paid at the time of departure from the Association.

NOTE 7 – NOTES PAYABLE

The Trust Authority has a loan with First National Bank of Vinita for the purchase of the building, with an interest rate of 6,25%. The last payment occurs in January of 2033. Below is the activity for the year.

	Balance 6/30/2018	Proceeds	Payments	Balance 6/30/2019
First National Bank Vinita	449,933	0	(20,597)	429,336
	449,933	0	(20,597)	429,336

	Debt Requirements	Current Maturities
2020	46,347	20,082
2021	46,347	21,374
2022	46,347	22,748
2023	46,347	24,212
2024-2028	231,734	146,522
2029-2033	226,033	194,398

NOTE 8 – EVALUATION OF SUBSEQUENT EVENTS

GGEDA has evaluated subsequent events through June 4, 2020 the date which the financial statements were available to be issued with none found.

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NOTE 9 – SUMMARY OF GRANTS

Assets	Department of Health and Human Services	Rural Economic Action Plan	Department of Transportation	TITLE V	Non-Major
Current Assets					
Cash	0	0	10,040	0	0
Restricted cash	0	1,844,631	61,178	0	54,112
Grants receivable	331,789	88,890	166,640	97,676	90,815
Accounts receivable	0	0	153,236	0	103,046
Prepaid expenses	0	0	0	0	0
Total Current Assets	331,789	1,933,521	391,094	97,676	247,973
Noncurrent Assets					
Capital assets	4,744	0	2,319,580	0	60,179
Accumulated depreciation	(3,839)	0	(1,805,814)	0	(19,306)
Total Noncurrent Assets	905	0	513,766	0	40,873
Total Assets	332,694	1,933,521	904,860	97,676	288,846
Liabilities and Net Assets					
Current Liabilities					
Accounts payable	288,629	0	6,613	376	31,245
Accrued expenses	0	0	0	0	0
Due to other funds	26,161	(38,354)	(2,124,426)	113,365	(1,136,273)
Pass Thru Payable	0	1,971,875	0	0	0
Total Current Liabilities	314,790	1,933,521	(2,117,813)	113,741	(1,105,028)
Total Liabilities	314,790	1,933,521	(2,117,813)	113,741	(1,105,028)
Net Assets					
Invested in Capital Assets	905	0	576,818	0	40,876
Restricted for:					
Other purposes	(2,154)	0	6,726	0	1,104,877
Unrestricted	19,153	0	2,439,129	(16,065)	248,121
Total Net Assets	17,904	0	3,022,673	(16,065)	1,393,874
Total Liabilities and Net Assets	332,694	1,933,521	904,860	97,676	288,846

Grand Gateway Economic Development Association

NOTE 9 – SUMMARY OF GRANTS CONTINUED

Revenues	Department of Health and Human Services	Rural Economic Action Plan	Department of Transportation	TITLE V	Non-Major Funds
Operating Revenues					
General revenue	0	0	0	0	0
Fees and services	0	0	0	0	0
Operating grants	1,755,088	1,080,402	1,304,924	388,399	1,957,385
Capital grants	0	0	0	0	0
Total Operating Revenues	1,755,088	1,080,402	1,304,924	388,399	1,957,385
Operating Expenses					
Personnel	161,797	0	1,138,405	368,395	961,762
Other services and charges	27,581	0	793,462	5,004	862,975
Indirect costs	45,303	0	318,753	16,359	209,130
Pass through expense	1,544,718	1,080,402	0	0	0
Capital outlay	0	0	0	0	0
Depreciation	231	0	130,348	0	5,896
Match expense	(24,312)	0	(1,102,383)	(1,359)	(194,299)
Total Operating Expenses	1,755,318	1,080,402	1,278,585	388,399	1,845,464
Net Operating Income	(230)	0	26,339	0	111,921
Non-Operating Revenue (Expense)					
Investment income	0	0	0	0	0
Gain (loss) on sale of assets	0	0	0	0	0
Total Non-operating Revenue (Expense)	0	0	0	0	0
Change in Net Assets	(230)	0	26,339	0	111,921
Beginning Net Assets	18,134	0	2,996,334	(16,065)	1,281,955
Ending Net Assets					
Invested in Capital Assets	905	0	576,818	0	40,876
Restricted for:					
Other purposes	(2,154)	0	6,726	0	1,104,877
Unrestricted	19,153	0	2,439,129	(16,065)	248,123
Total Net Assets	17,904	0	3,022,673	(16,065)	1,393,876

NOTE 10 – PENSIONS AND OTHER RETIREMENT PLANS

The Authority participates in the following plans:

Name of Plan/System	Type of Plan
American United Life	Agent Multiple Employer Contribution Plan
Oklahoma Public Employees Retirement System	Cost Sharing Multiple Employers' Public Employee Retirement System – Defined Benefit Plan
Oklahoma Public Employees Retirement System	Cost Sharing Multiple Employers Health Insurance Subsidy Plan – Defined Benefit OPEB Plan

A. American United Life:

All full time employees working over 30 hours a week are eligible for the program in accordance with Internal Revenue Code Section 457. Participants are permitted to make voluntary deductible contributions to the plan and GGEDA does not match any contributions.

The plan is administered by the American United Life. Neither American United Life nor GGEDA have any liability for losses under the plan, but have the duty of due care that would be required of an ordinary prudent investor.

Classes of Plan Members Covered:	All Employees Eligible
Number of Plan Members:	6
Number of Participating Employees:	6
Authority of Plan:	Internal Revenue Code Section 457
Employer Contributions:	$0
Employee Contributions:	$6,255
Total Payroll:	$2,057,240
Payroll for Covered Employees:	$331,907

B. Oklahoma Public Employees Retirement System:

Reporting Entity

The Oklahoma Public Employees Retirement System (OPERS) (the System) is a defined benefit cost-sharing multiple employer plan consisting of a retirement plan and a cost-sharing multiple employer health insurance subsidy plan (HISP) both held in irrevocable trusts. The System, together with other similar fiduciary pension trust funds of the state of Oklahoma (the State), is a component unit of the State. The System is administered by the Oklahoma Public Employees Retirement System (OPERS). As set forth in Title 74, of the Oklahoma Statutes, at Section 921, administrative expenses are paid with funds provided by operations of the System.

Summary of Significant Accounting Policies

Basis of Accounting

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of the Plan have been determined on the same basis as they are reported by the System.

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period in which they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are established by statute as a percentage of salaries and are recognized when due, pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

Investments

The System is authorized to invest in eligible investments as approved by the Board of Trustees (the Board) as set forth in its investment policy.

System investments are reported at fair value, which is the price that would be received if the investments were sold in an orderly transaction between a willing buyer and a willing seller. Short-term investments include bills and notes, commercial paper, and international foreign currency contracts. Short-term investments, debt securities, and equity securities are reported at fair value, as determined by the System's custodial agent, using pricing services or prices quoted by independent brokers based on the latest reported sales prices at current exchange rates for securities traded on national or international exchanges. The fair value of the pro rata share of units owned by the System in equity index and commingled trust funds is determined by the respective fund trustee based on quoted sales prices of the underlying securities. The investment in real estate is valued using an annual third party appraisal.

Cash equivalents include investments in money market funds and investment pools and are reported at amortized cost.

Net investment income (loss) includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, securities lending income and expenses, and investment expenses, which include investment management and custodial fees and all other significant investment related costs. Foreign currency translation gains and losses are reflected in the net appreciation (depreciation) in the fair value of investments.

The System's international investment managers may enter into forward foreign exchange contracts to protect against fluctuation in exchange rates between the trade date and the settlement date of foreign investment transactions. Any gains and losses on these contracts are included in income in the period in which the exchange rates change.

The System's investment policy provides for investments in combinations of stocks, bonds, fixed income securities, and other investment securities along with investments in commingled, mutual, and index funds. Investment securities and investment securities underlying commingled or mutual fund investments are exposed to various risks, such as interest rate and credit risks. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term, and those changes could materially affect the amounts reported in the statement of fiduciary net position.

Risk and Uncertainties

Contributions to the System and the actuarial information included in Net Pension Liability, Net HISP Liability and Actuarial Information and the RSI are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

Plan Description

The System is a multiple-employer, cost-sharing public employee retirement plan, which is a defined benefit pension plan covering substantially all state employees except employees covered by seven other plans sponsored by the State. It also covers employees of participating county and local agencies. Nearly all new state employees first employed by a System participating employer on or after November 1, 2015, will participate in the State's new defined contribution plan. Therefore, the System is closed to nearly all new State employees, but remains open to new employees of participating counties and local agencies. Agencies and/or participants not included in the System are as follows: teachers, municipal police, municipal firefighters, judicial, wildlife, state law enforcement and nearly all State employees first employed on or after November 1, 2015.

The System also administers the Health Insurance Subsidy Plan, a cost-sharing multiple-employer defined benefit OPEB plan that provides OPEB covering the same categories of employees covered by the pension plan.

The supervisory authority for the management and operation of the System and HISP is the Board, which acts as a fiduciary for investment of the funds and the application of System interpretations.

At June 30, the System's membership consisted of:

MEMBERSHIP AS OF JUNE 30	2019	2018	2017
Inactive members or their beneficiaries currently receiving benefits	35,869	35,260	34,579
Inactive members entitled to but not yet receiving benefits	6,106	6,024	5,951
Active members	34,536	36,329	38,873
Total	76,511	77,613	79,403
Inactive members and beneficiaries currently receiving benefits that are retirees and beneficiaries in the HISP	14,563	13,998	14,262
Non-vested terminated members entitled to a refund of their contributions	54,667	53,406	52,126

State law requires that, after July 1 and before December 1 of each year, the Oklahoma Public Employees Retirement System (the System) publish an annual report that covers the operation of the System during the past fiscal year, including income, disbursements and the financial condition at the end of the fiscal year. Copies of reports may be obtained from Oklahoma Public Employees Retirement System at Post Office Box 53007, Oklahoma City, Oklahoma 73152-3007 or http://www.opers.ok.gov/publications.

Benefits Provided

Pensions

Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90).

Normal retirement date is further qualified to require that all members employed on or after January 1, 1983 must have six or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

A member with a minimum of ten years of participating service may elect early retirement with reduced benefits beginning at age 55 if the participant became a member prior to November 1, 2011, or age 60 if the participant became a member on or after November 1, 2011.

Disability retirement benefits are available for members having eight years of credited service whose disability status has been certified as being within one year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

Health Insurance Subsidy Plan

HISP provides a health insurance premium subsidy for retirees of the System who elect to maintain health insurance with the Oklahoma Employees Group Insurance Division (EGID) or other qualified insurance plan provided by the employer. This subsidy continues until the retiree terminates health insurance coverage with EGID or other qualified plan, or until death. The subsidy is only for the retiree, not joint annuitants or beneficiaries.

Various benefit attributes for State, County, and Local Agency Employees

Benefits are determined at 2% of the average annual salary received during the highest thirty-six months of the last ten years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last ten years. Normal retirement age under the System is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.

Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount. The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the System.

Upon the death of an active member, the accumulated contributions of the member are paid to the member's named beneficiary(ies) in a single lump sum payment. If a retired member elected a joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects.

Benefits are payable to the surviving spouse of an elected official only if the elected official had at least six years of participating elected service and was married at least three years immediately preceding death. Survivor benefits are terminated upon death of the named survivor and, for elected officials, remarriage of the surviving spouse. Upon the death of a retired member, with no survivor benefits payable, the member's beneficiary(ies) are paid the excess, if any, of the member's accumulated contributions over the sum of all retirement benefit payments made.

Upon the death of a retired member, the System will pay a $5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary. Death benefits paid for the years ended June 30, 2019 and 2018 totaled approximately $5,570,000 and $5,576,000, respectively.

Legislation was enacted in 1999 which provided a limited additional benefit for certain terminated members eligible to vest as of July 1, 1998. This limited benefit is payable as an additional $200 monthly benefit upon the member's retirement up to the total amount of certain excess contributions paid by the participant to the System. In April 2001, limited benefit payments began for qualified retired members. The estimated liability for future payments of the limited benefit of approximately $0.4 million has been included in the calculation of the total pension liability of the System at June 30, 2019 and 2018.

Benefits are established and may be amended by the State Legislature from time to time.

Contributions

The contribution rates for each member category of the System are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. An actuarially determined portion of the total contributions to the System are set aside to finance the cost of the benefits of the HISP in accordance with provisions of the Internal Revenue Code.

Each member participates based on their qualifying gross salary earned, excluding overtime. There is no cap on the qualifying gross salary earned, subject to Internal Revenue Service (IRS) limitations on compensation. Only employers contribute to the HISP.

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For 2019 and 2018, state agency employers contributed 16.5% on all salary, and state employees contributed 3.5% on all salary.

For 2019 and 2018, contributions of participating county and local agencies totaled 20.0% of salary composed of a minimum employee contribution rate of 3.5% up to a maximum of 8.5% and a minimum employer contribution rate of 11.5% up to a maximum of 16.5%.

Members have the option to elect to increase the benefit computation factor for all future service from 2.0% to 2.5%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service. Those who make the election pay the standard contribution rate plus an additional contribution rate, 2.91% which is actuarially determined. The election is available for all state, county, and local government employees, except for elected officials and hazardous duty members.

Termination

Members become eligible to vest fully upon termination of employment after attaining eight years of credited service, or the members' contributions may be withdrawn upon termination of employment.

Pension Liabilities and Expense

At June 30, 2019, the Authority's proportionate share of the net pension liability was $171,696 . The net pension liability for the plan in total was measured as of June 30, 2018 and determined by an actuarial valuation as of that date. The Authority's proportionate share of the total net pension liability was based on the ratio of actual contributions of $227,455 paid to OPERS for the year ended June 30, 2018 relative to the actual contributions of $258,384,430 from all participating employers. At June 30, 2019, the Authority's proportionate share was 0.0880294%.

For the year ended June 30, 2019, the Authority recognized a pension expense of $121,591, our proportionate share of the total pension expense.

OPEB Liabilities and Expense

At June 30, 2019, the Authority's proportionate share of the net OPEB liability was ($11,392). The net OPEB liability for the plan in total was measured as of June 30, 2018 and determined by an actuarial valuation as of that date. The Authority's proportionate share of the total net OPEB liability was based on the ratio of actual contributions of $16,796 paid to OPERS for the year ended June 30, 2018 relative to the actual contributions of $19,080,000 from all participating employers. At June 30, 2019, the Authority's proportionate share was 0.0880294%.

For the year ended June 30, 2019, the Authority recognized an OPEB expense of $2,023, our proportionate share of the total pension expense.

Pension and OPEB Deferred Outflows and Deferred Inflows of Resources

At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources related to OPERS benefits:

	PENSION		OPEB	
	Outflows	Inflows	Outflows	Inflows
Balance of Deferred Outflows and Inflows due to:				
Differences between expected and actual experience	0	(96,697)	0	(17,911)
Changes of assumptions	73,838	0	6,677	0
Net difference between projected and actual earnings on pension plan investments	0	(28,086)	0	(10,564)
Total	73,838	(124,783)	6,677	(28,475)

Other amounts reported as collective deferred outflows/(inflows) of resources to be recognized in expense:

Year Ending June 30:	PENSION	OPEB
2019	46,912	(5,634)
2020	125,899	(5,634)
2021	30,862	(5,634)
2022	(69,279)	(2,913)
2023	0	(1,800)
Thereafter	0	(183)
	134,394	(21,798)

Actuarial Assumptions

The total pension liability and total HISP liability, both as of June 30, 2019 and 2018, were determined based on actuarial valuations prepared as of July 1, 2018, using the following actuarial assumptions:

- Investment return – 7.00% compounded annually net of investment expense and including inflation
- Salary increases – 3.5% to 9.5% per year including inflation
- Mortality rates – active participants and nondisabled pensioners – RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years)
- No annual post-retirement benefit increases
- Assumed inflation rate – 2.75%
- Payroll growth – 3.5%
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years

The actuarial assumptions used in the July 1, 2019, valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2016. The experience study report is dated April 13, 2017.

Expected Rate of Return

The long-term expected rate of return on pension plan investments and HISP plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The HISP represents a subsidy that is capped at $105 per month per retiree.

The target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2019 and 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	38.00%	3.80%
U.S. Small Cap Equity	6.00%	4.90%
U.S. Fixed Income	24.00%	9.20%
International Stock	32.00%	1.50%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability and the total HISP liability was 7.00%, net of investment expenses, for 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that contributions from System members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan's fiduciary net position and the HISP's fiduciary net position were projected through 2114 to be available to make all projected future benefit payments of current System members. Therefore, the long-term expected rate of return on pension plan and HISP plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total HISP liability. The discount rate determined does not use a municipal bond rate.

Sensitivity of the Net Pension Liability and net HISP Liability to Changes in the Discount Rate:

The following presents the net pension liability of the employer calculated using the discount rate of 7.00% for 2019, as well as what the System's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

At June 30, 2019	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Employers' net pension liability (asset)	1,204,228,260	133,188,077	(744,849,359)
Authority's proportionate liability (asset)	1,060,079	117,245	(655,689)

The following presents the net HISP liability of the employer calculated using the discount rate of 7.00% for 2019, as well as what the System's net HISP liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

At June 30, 2019	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Employers' net HISP liability (asset)	(6,308,220)	(39,042,473)	(67,199,154)
Authority's proportionate liability (asset)	(5,553)	(34,369)	(59,155)

Due to the structure of the HISP, healthcare cost trend rate sensitivity analysis is not meaningful.

Plan Amendments

The State Legislature enacted the following System provisions during the session ended in May 2018:

One-time Stipend Payment

HB 1340 provides a one-time stipend for members of OPERS who have been retired for five years as of October 1, 2018. The stipend is based on the funding level of the system. OPERS members will receive the lesser of 2% of their gross annual retirement amount or $1,200. The bill also provides a minimum payment of $350 for members with 20 years of service. This stipend will be paid in October 2018.

Clarification of Certain System Provisions

OPERS requested HB 2516 to clarify certain System provisions related to billing employers for sick leave and early retirement for elected officials.

Billing Employers for Sick Leave – Prior language only allowed OPERS to bill employers when sick leave rounded an employee up to an additional year of service. Revised language allows OPERS to bill employers for actual months of sick leave after rounding was eliminated for members who joined the System on or after November 1, 2012.

Elected Officials – Prior language regarding early retirement for elected officials conflicted with the eligibility for normal retirement.

Defined Benefit Plan Eligibility for Elected Officials

SB 527 states that a statewide elected official or legislator who is first elected or appointed on or after November 1, 2018, and who has participating service in the OPERS defined benefit plan prior to November 1, 2015, shall be a member of the defined benefit plan.

The System's actuary does not believe any of these amendments will have any significant financial impact to the System.

NOTE 11 – RECENTLY ISSUED ACCOUNTING STANDARDS

The following accounting standards have been recently issued and will be adopted as applicable by GGEDA. Unless otherwise noted below, management has not yet determined the impact of these Statements on the GGEDA's financial statements.

- GASB Statement No. 86, "Certain Debt Extinguishment Issues" – The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

- GASB Statement No. 87, "Leases" – The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

- GASB Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements" – The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

- GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period" – The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

- GASB Statement No. 90, "Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61" – The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

Beginning net assets of the Authority as of June 30, 2018 were restated for prior period adjustments. The adjustments relate to the change in allocation proportion and estimates related to recording net pension liabilities along with the deferred outflows and inflows. Net assets of the Authority as of June 30, 2018 have been restated as follows:

June 30, 2018 Net Assets	$ 1,111,466
Prior Period Adjustments	113,048
June 30, 2018 Net Assets Restated	$ 1,224,514

REQUIRED SUPPLEMENTARY INFORMATION

GRAND GATEWAY ECONOMIC DEVELOPMENT ASSOCIATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
COST SHARING PENSION PLAN
JUNE 30, 2019

	Increase (Decrease)		
	Oklahoma Public Employees Retirement Plan		
	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Beg Balance at July 1, 2018	8,322,891	7,846,947	475,944
Changes for the year:			
Service Cost	150,082	0	150,082
Interest	564,166	0	564,166
Benefit changes	0	0	0
Difference between expected and actual experience	(97,069)	0	(97,069)
Changes of assumptions	0	0	0
Benefit payments	(521,775)	(521,775)	0
Refunds of contributions	(14,047)	(14,047)	0
Contributions - employer	0	227,915	(227,915)
Contributions - member	0	58,918	(58,918)
Net investment income	0	646,997	(646,997)
Administrative Expense	0	(4,544)	4,544
Change in allocation percentage	7,860	0	7,860
Net Changes	89,217	393,465	(304,248)
Ending Balance at June 30, 2019	$8,412,108	$8,240,412	$171,696

GRAND GATEWAY ECONOMIC DEVELOPMENT ASSOCIATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION & CONTRIBUTIONS
COST SHARING PENSION PLAN
JUNE 30, 2019

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

	OPERS				
	FY2019	FY2018	FY2017	FY2016	FY2015
Authority's proportion of the net pension liability (asset)	0.088%	0.080%	0.080%	0.075%	0.077%
Authority's proportionate share of the net pension liability (asset)	$ 117,245	$ 156,503	$ 433,831	$ 712,855	$ 276,225
Authority's total employee payroll	$ 2,057,240	$ 1,862,225	$ 1,341,532	$ 955,695	$ 967,135
Authority's proportionate share of the net pension liability (asset) as a percentage of its total employee payroll	5.699%	8.404%	32.338%	74.590%	28.561%

SCHEDULE OF CONTRIBUTIONS

	OPERS				
	FY2019	FY2018	FY2017	FY2016	FY2015
Contractually required contributions	$ -	$ 227,455	$ 215,844	$ 222,004	$ 224,001
Contributions in relation to the contractually required contribution	-	227,455	215,844	222,004	224,001
Contribution deficiency (excess)	0	0	0	0	0
Authority's total employee payroll	$ 2,057,240	$ 1,862,225	$ 1,341,532	$ 955,695	$ 967,135
Contribution as a percentage of covered employee payroll	0.000%	12.214%	16.089%	23.230%	23.161%

Note: These schedules are intended to show information for ten years. Additional years will be presented as they become available.

Current year amounts are based on estimates due to OPERS reports not being available.

GRAND GATEWAY ECONOMIC DEVELOPMENT ASSOCIATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET)
COST SHARING OPEB PLAN
JUNE 30, 2019

	Increase (Decrease)		
	Oklahoma Public Employees Retirement Plan		
	Total OPEB Liability (Asset)	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Beg Balance at July 1, 2018	287,834	277,751	10,083
Changes for the year:			
Service Cost	7,366	0	7,366
Interest	19,578	0	19,578
Benefit changes	0	0	0
Difference between expected and actual experience	(9,330)	0	(9,330)
Changes of assumptions	0	0	0
Benefit payments	(16,585)	(16,585)	0
Refunds of contributions	0	0	0
Contributions - employer	0	16,796	(16,796)
Contributions - member	0	0	0
Net investment income	0	22,449	(22,449)
Administrative Expense	0	(157)	157
Change in allocation percentage	0	0	0
Net Changes	1,028	22,503	(21,475)
Ending Balance at June 30, 2019	$288,863	$300,254	($11,392)

GRAND GATEWAY ECONOMIC DEVELOPMENT ASSOCIATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB & CONTRIBUTIONS
COST SHARING OPEB PLANS
JUNE 30, 2019

SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY (ASSET)

	OPERS		
	FY2019	FY2018	FY2017
Authority's proportion of the net OPEB liability (asset)	0.088%	0.080%	0.080%
Authority's proportionate share of the net OPEB liability (asset)	$ (11,392)	$ (10,384)	$ 9,191
Authority's total employee payroll	$ 2,057,240	$ 1,862,225	$ 2,344,716
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its total employee payroll	-0.554%	-0.558%	0.392%

SCHEDULE OF CONTRIBUTIONS

	OPERS		
	FY2019	FY2018	FY2017
Contractually required contributions	$ -	$ 16,796	$ 15,108
Contributions in relation to the contractually required contribution	-	16,796	15,108
Contribution deficiency (excess)	0	0	0
Authority's total employee payroll	$ 2,057,240	$ 1,862,225	$ 2,344,716
Contribution as a percentage of covered employee payroll	0.000%	0.902%	0.644%

Note: These schedules are intended to show information for ten years. Additional years will be presented as they become available.

Current year amounts are based on estimates due to OPERS reports not being available.

SUPPLEMENTAL INFORMATION

Grand Gateway Economic Development Association
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2019

	CFDA Number	Program Award	Program Expenditures
U.S. Department of Health & Human Services (*)			
Passed through Oklahoma Department of Human Services - Area Agency on Aging Services			
III-B Supportive Services	93.044	349,820	349,820
III-C-1 Congregrate Meals	93.045	424,847	424,847
III-C-2 Home Delivered Meals	93.045	218,785	218,785
III-D Preventive Health	93.043	20,153	20,153
III-E Caregiver Support	93.052	146,754	146,754
VII Abuse Prevention	93.041	5,351	5,351
NSIP Cash in Lieu of Commodities	93.053	117,520	117,520
Total Agency		1,283,230	1,283,230
U.S. Department of Agriculture			
Pass through Oklahoma Department of Agriculture			
Rural Development		70,000	45,613
Total Agency		70,000	45,613
U.S. Department of Commerce			
Pass through Oklahoma Department of Commerce			
Economic Development Administration	11.302	70,000	70,000
Total Agency		70,000	70,000
U.S. Department of Labor (*)			
Pass through Oklahoma Department of Human Services	17.235		
Title V - Older Americans Act		399,019	389,758
Total Agency		399,019	389,758
U.S. Department of Transportation (*)			
Federal Transit Administration			
Passed through Oklahoma Department of Transportation			
Public Transit Revolving Fund	20.500	175,336	175,336
FY 18 Section 5311 Program	20.509	0	428,764
FY 19 Section 5311 Program	20.509	781,514	1,355,212
FY 19 Section 5339 Program	20.526	559,194	317,060
Regional Transportation Planning Organization 18	20.205	0	40,730
Regional Transportation Planning Organization 19	20.205	125,000	108,855
Total Agency		1,641,044	2,425,957
		$3,393,293	$4,144,558

(*) Major Program

Grand Gateway Economic Development Association
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2019

NOTE 1 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is accounted for under the accrual method of accounting.

NOTE 2 – U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

The federal expenditures for the U.S. Department of Health and Human Services includes grants to subrecipients

Subrecipient	Federal Pass-Through Amount
Grand Gateway AAA Health Promotion/Medication Management	20,153
Legal Aid Services of Oklahoma	40,647
Sertoma Transportation	2,753
Claremore Sr. Citizens Transportation	2,718
Washington/Nowata Nutrition	0
DOCS Senior Services	338,556
CARD Sr. Citizens Nutrition & Homemaker	493,215
Washington County Elder Care Homemaker/Chore Services	59,477
Grand Gateway AAA Caregiver	132,029
	1,089,548

Grand Gateway Economic Development Association
Schedule of Expenditures of Oklahoma Awards
For the year ended June 30, 2019

	Pass-Through Grantor No.	Program Award	Program Expenditures	Obligated
U.S. Department of Health & Human Services (*)				
Passed through Oklahoma Department of Human Services - Area Agency on Aging Services				
III-B Supportive Services		67,978	67,978	
III-C-1 Congregrate Meals		200,891	200,891	
III-C-2 Home Delivered Meals		243,260	243,260	
III-D Preventive Health		3,592	3,592	
III-E Caregiver Support		49,237	49,237	
VII Abuse Prevention		945	945	
Total Agency		565,903	565,903	
Oklahoma Department of Human Services				
Ombudsman Program	FY 2019	76,343	64,630	
Total Agency		76,343	64,630	
Department of Agriculture, Forestry Services				
Rural Fire Defense Program	FY 2019	61,000	100,530	
Total Agency		61,000	100,530	
Department of Commerce				
Community Expansion of Nutrition Assistance	FY 2019	156,609	156,609	
State Appropriated Funds for Substate Planning Dist.	17368 SS 19	17,322	17,322	
Total Agency		173,931	173,931	
Oklahoma Department of Commerce (*)				
REAP Administration	17394 REAP 19	50,634	50,634	-
Rural Economic Action Plan	FY03-04 Projects	0	21,657	-
Rural Economic Action Plan	2011 Funds	0	45,937	-
Rural Economic Action Plan	2012 Funds	0	-	-
Rural Economic Action Plan	2013 Funds	0	60,945	39,722
Rural Economic Action Plan	2014 Funds	0	(9,625)	19,210
Rural Economic Action Plan	2015 Funds	0	54,517	80,444
Rural Economic Action Plan	2016 Funds	0	81,650	166,127
Rural Economic Action Plan	2017 Funds	0	187,336	175,606
Rural Economic Action Plan	2018 Funds	0	201,810	271,393
Rural Economic Action Plan	17394 REAP 19	962,047	869,182	1,092,298
Total Agency		1,012,681	1,564,043	1,844,800
Oklahoma Insurance Department				
Senior Medicare Patrol (SMP)	90MPPG0048-01-00	8,000	2,187	
State Health Insurance Assistance (SHIP)	90SAP0014-02-01	21,000	17,254	
Medicare Improvement for Patients and Providers (MIPPA)	1801OKMISH-00	14,500	10,438	
Total Agency		43,500	29,879	
Total Oklahoma State Awards		$1,933,358	$2,498,916	$1,844,800

(*) Major Program

Grand Gateway Economic Development Association
Notes to the Schedule of Expenditures of Oklahoma Awards
For the year ended June 30, 2019

NOTE 1 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Oklahoma Awards is accounted for under the accrual method of accounting.

NOTE 2 – U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

The state expenditures for the U.S. Department of Health and Human Services includes grants to subrecipients as follows:

Subrecipient	Pass-Through Amount
Grand Gateway AAA Health Promotion/Medication management	3,592
Legal Aid Services of Oklahoma	7,287
Sertoma Transportation	493
Claremore Sr. Citizens Transportation	488
Washington/Nowata Nutrition	0
DOCS Senior Services	172,711
CARD Sr. Citizens Nutrition & Homemaker	273,839
Washington County Elder Care Homemaker/Chore Services	10,662
Grand Gateway AAA Caregiver	44,329
	513,401

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTINGAND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Grand Gateway Economic Development Association

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grand Gateway Economic Development Association (GGEDA), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise GGEDA's basic financial statements, and have issued our report thereon dated June 4, 2020.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs noted as Item 1 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs noted as Item 1 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether GGEDA'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*.

GGEDA's Response to Findings

GGEDA's response to the findings identified in our audit is described in the accompany schedule of findings and questioned costs. GGEDA's response was not subjected to the auditing procedures in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Clothier + Company CPA's

Clothier & Company, CPA's, P.C.
June 4, 2020

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

To the Board of Directors of
Grand Gateway Economic Development Association

Report on Compliance for Each Major Federal Program

We have audited Grand Gateway Economic Development Association's (GGEDA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of GGEDA's major federal programs for the year ended June 30, 2019. GGEDA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, GGEDA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

Clothier + Company CPA's

Clothier & Company, CPA's
June 4, 2020

Grand Gateway Economic Development Association, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SUMMARY OF PRIOR YEAR FINDINGS
No prior year findings

SECTION I - SUMMARY OF AUDITOR'S RESULTS:
Financial Statements

Type of auditor's report issued:	Unqualified			
Internal control over financial reporting:				
• Material weakness(es) identified?	X	yes		no
• Significant deficiency(ies) identified?	X	yes		no

Item 1 - Inadequate disaster recovery and backup systems noted. GGEDA experienced in October 2019 a complete failure of IT systems. Backup tapes were found to be corrupt causing a manual rekey of September, 2018 to October, 2019 data into accounting software package.

GGEDA Response: All systems are currently backed up to the cloud, and business continuity is now in place.

Noncompliance material to financial statements noted?		yes	X	no
Federal Awards				
Internal control over major programs:				
• Material weakness(es) identified?		yes	X	no
• Significant deficiency(ies) identified?		yes	X	no
Type of auditor's report issued on compliance for major programs:	Unqualified			
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 500.516(a)?		yes	X	no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.041, 93.043, 93.044, 93.045, 93.052, and 93.053	U.S. Department of Health and Human Services Area Agency on Aging
20.500, 20.509, 20.526, 20.205	U.S. Department of Transportation, Federal Transit Administration
17.235	U.S. Department of Labor

Dollar threshold used to distinguish between type A and Type B programs:	$ 750,000			
Auditee qualifies as a low-risk auditee?	X	yes		no

SECTION II - FINANCIAL STATEMENT FINDINGS
No findings