

***GRAND GATEWAY ECONOMIC DEVELOPMENT  
ASSOCIATION***

***FINANCIAL STATEMENTS  
AND  
AUDITORS' REPORT***

**FOR THE YEAR ENDED JUNE 30, 2012**



***Clothier & Company CPA's P.C.***

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Grand Gateway Economic Development Association (GGEDA)

We have audited the accompanying statement of financial position of Grand Gateway Economic Development Association as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Grand Gateway Economic Development Association's management. Our responsibility is to express an opinion 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of Grand Gateway Economic Development Association as of June 30, 2012, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2012, on our consideration of Grand Gateway Economic Development Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages I through V 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 supplemental information in accordance with auditing standards

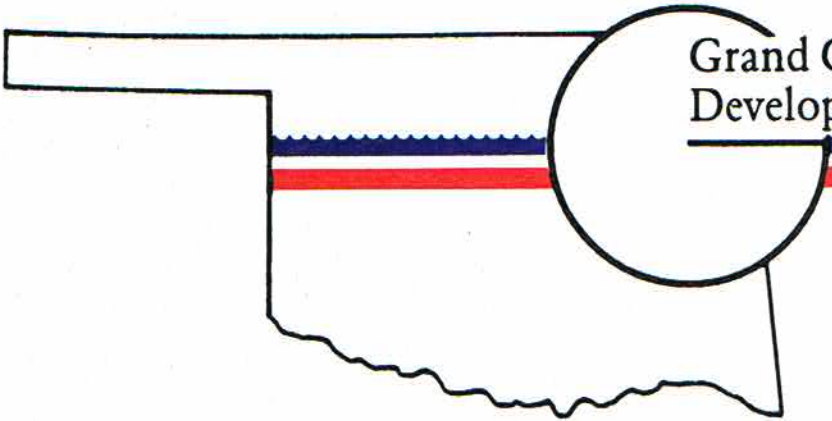
generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Grand Gateway Economic Development Association. The accompanying schedule of expenditures of federal and state awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133)* are presented for purposed of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 federal and state awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements of Grand Gateway Economic Development Association. The budgetary comparison information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Clothier & Company CPA's".

Clothier & Company CPA's  
December 13, 2012



# Grand Gateway Economic Development Association

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## Management's Discussion and Analysis

Our discussion and analysis of Grand Gateway Economic Development Association's financial performance provides an overview of the Association's financial activities for the fiscal year ended June 30, 2012.

### FINANCIAL HIGHLIGHTS

- The Association's net assets decreased \$321,970 as a result of this year's operations.
- During the year, the Association had expenses that were \$324,640 more than the \$10,308,034 generated in revenue. This compares to last year when expenditures exceeded revenues by \$43,957.
- Total cost of all of the Association's programs went from \$9,528,518 to \$10,632,674 for a 10.38 percent increase with the Miami Tribe and Cherokee Nation transit programs making up most of the increase.
- The general fund's total net assets decreased from \$2,328,304 to \$2,006,334 decreasing almost \$322 thousand.

### USING THE ANNUAL REPORT

This annual report consists of the Statement of Net Assets – Proprietary Fund and Statement of Revenue, Expenses, and Changes in Net Assets – Proprietary Fund (on pages 2 and 3). These provide information about the two funds of the Association – General Revenue Fund and the Trust Authority.

#### Reporting the Association as a Whole

Our analysis of the Association as a whole begins on page III. One of the most important questions asked about the Association's finances is "Is the Association as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets 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.

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. You will need to consider other nonfinancial

factors, however, 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-decreasing from \$2,328 thousand to over \$2,007 thousand. In contrast, last year net assets decreased by \$48 thousand. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Association's activities.

**Table 1**  
**Net Assets**  
**(in Thousands)**

	<b>General Revenue Fund</b>		<b>Trust Authority</b>	
	<u>6/2012</u>	<u>6/2011</u>	<u>6/2012</u>	<u>6/2011</u>
Current and other assets	\$ 3,149	\$ 3,544	\$ 43	\$ 32
Capital assets	<u>1,139</u>	<u>1,396</u>	<u>573</u>	<u>590</u>
Total assets	<u>4,288</u>	<u>4,940</u>	<u>616</u>	<u>622</u>
Long-term debt outstanding	0	0	356	389
Other liabilities	<u>2,281</u>	<u>2,612</u>	<u>29</u>	<u>27</u>
Total liabilities	<u>2,281</u>	<u>2,612</u>	<u>385</u>	<u>416</u>
Net assets:				
Invested in capital assets, net of debt	1,139	1,396	188	174
Restricted	218	404	0	0
Unrestricted (deficit)	<u>650</u>	<u>528</u>	<u>43</u>	<u>32</u>
Total net assets	<u>\$ 2,007</u>	<u>\$2,328</u>	<u>\$ 231</u>	<u>\$ 206</u>

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 \$528 thousand at June 30, 2011 to \$650 thousand at the end of this year.

**Table 2**  
**Changes in Net Assets**  
**(in Thousands)**

	<b>General Revenue Fund</b>		<b>Trust Authority</b>	
	<u>6/2012</u>	<u>6/2011</u>	<u>6/2012</u>	<u>6/2011</u>
<b>Revenues</b>				
Program revenues:				
Charges for services	\$ 2,292	\$1,591	\$ 0	\$ 0
Operating grants and contributions	6,934	6,196	0	0
Capital grants and contributions	0	528	0	0
General revenues	1,082	1,170	71	68
Non-operating revenues	<u>3</u>	<u>(4)</u>	<u>0</u>	<u>0</u>
Total revenues	<u>10,311</u>	<u>9,481</u>	<u>71</u>	<u>68</u>



**Program expenses**

Local Fund	997	676	0	0
Assistance to Elderly	1,926	1,972	0	0
Economic Action	1,339	1,043	0	0
State planning	36	36	0	0
Economic Development	121	72	0	0
Fire Safety	90	73	0	0
Transportation	2,801	2,940	0	0
Caregiver	68	60	0	0
GIS/CIP	0	0	0	0
E-911	1,034	1,079	0	0
CENA	203	197	0	0
Homeland Security	998	958	0	0
Masonic Charities	63	58	0	0
SHIP	9	15	0	0
Miami Tribe	466	35	0	0
Cherokee Nation	264	170	0	0
Legislative Funds	0	0	0	0
AAA D Pass-through	14	15	0	0
Case Management	204	130	0	0
Trust Authority	<u>0</u>	<u>0</u>	<u>47</u>	<u>46</u>
Total expenses	<u>10,633</u>	<u>9,529</u>	<u>47</u>	<u>46</u>
Excess (deficiency)				
before special items and transfers	(322)	(48)	24	22
Increase (decrease) in net assets	<u>(322)</u>	<u>(48)</u>	<u>24</u>	<u>22</u>

The Association's General Revenue Fund revenues (excluding special items) increased more than 8 percent (\$831 thousand). The total cost of all programs and services increased by \$1,104 thousand or more than 8 percent. With the increase in revenue, the Association did not cover this year's costs.

**CAPITAL ASSET AND DEBT ADMINISTRATION****Capital Assets**

At the end of June 2012, the Association and Trust Authority had \$4,076 thousand invested in a broad range of capital assets, including office equipment. This amount represents a net decrease (including additions and deductions) of \$201 thousand or 4.7 percent, from last year.

**Table 4**  
**Capital Assets at Year-end**  
**(in Thousands)**

	<b><u>General Revenue</u></b>		<b><u>Trust Authority</u></b>	
	<b><u>6/2012</u></b>	<b><u>6/2011</u></b>	<b><u>6/2012</u></b>	<b><u>6/2011</u></b>
Furniture and fixtures	\$ 26	\$ 21	\$ 0	\$ 0
Capital leases	11	11	0	0
Office equipment	125	111	0	0

GGEDA autos	26	25	0	0
Buses & vans	470	707	0	0
Radio equipment	7	7	0	0
Foodservice equipment	2	2	0	0
Improvements	31	31	0	0
Rural fire equipment	2	2	0	0
HUD equipment	8	8	0	0
DEQ equipment	19	19	0	0
CENA equipment	1	1	0	0
Caregiver equipment	9	9	0	0
SHIP equipment	25	25	0	0
CIP equipment	39	39	0	0
ODOT equipment	2,606	2,585	0	0
Case Management equipment	8	8	0	0
Buildings and improvements	<u>0</u>	<u>0</u>	<u>662</u>	<u>662</u>
Totals	<u>\$3,415</u>	<u>\$3,611</u>	<u>\$ 662</u>	<u>\$ 662</u>

This year's major addition was:

Six buses and vans	\$210,296
Servers/Computer Equipment	<u>14,179</u>
	<u>\$224,475</u>

## Debt

State law prohibits the Association from having debts.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The outlook for most Programs in FY2013 appears to be relatively stable. Contracts with Oklahoma Department of Agriculture, Oklahoma Department of Commerce remain steady. Estimates are expected to be unchanged. The State Legislature has cut REAP program funds by \$500,000.

Oklahoma Department of Human Services budget for FY 12 remained steady. The Oklahoma Legislative held the state association harmless and by formula for the AAA, we expect a similar budget for FY 2013.

Oklahoma Department of Transportation received additional federal monies and increased state appropriation over a five year window, but a proposed new formula to allocate monies to the various transit coalition will require Pelivan to pursue additional avenues for local match if we are to continue the service. Rising cost of the fuel and insurance add to the potential loss of service and value to GGEDA and the area. We are still operating various routes through contracts with area Native American Tribes. Our experiment with CNG vehicles are a marked success. The effective gasoline equivalent is around 85 cents a gallon and the vehicles are performing very well. We are expected to begin replacing all vehicles on schedule with CNG vehicles. We are currently exploring vehicle conversion for our lower mileage vehicles which will would lower our operating costs as passenger demand is rising. We have been in discussions and experimentation with Grand Lake Mental Health about taking over several of the routes. Growth has been substantial with Sooner Ride Medical trips and we have implemented a smart reservation system designed to add greater efficiencies with more passengers per mile. We are exploring fixed in Routes in Claremore in conjunction with Rogers State University.

In FY 12 and 13, we are and will continue to make extraordinary changes in both management and technology which will require GGEDA to make investments that should enable much greater efficiencies in the future.



This plus the disposal of equipment accounts for much of the reduction in fund balance. Additionally, we have received a State of Good Repair Grant for the renovation of additional office space and maintenance facility of \$525,000 requiring a match of \$135,000. The Grand Gateway Trust Authority is in the process of refinancing the match for a probable net gain of \$500,000 in fund balance.

Grand Gateway accepted the Title V Older Workers Program in FY2013 from the Oklahoma Employee Service Commission. This program is operating at an estimated loss of \$12,000 for FY2013, but additional match from the counties is forthcoming.

We are also preparing for possible sequestration in January, 2013 at the federal level, which could impact our budget with an 8 to 12% funding decrease in federal programs. We have requested our sub-grantees submit plans and revised budgets documenting how they anticipate handling the possible cuts to us by the end of December.

Additionally, we are in the final stages of having our 501c3 community foundation approved by the Internal Revenue Service. We hope to secure additional funding and provide more services once this designation is in place.

## **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.

Executive Director- Edward Crone

Grand Gateway Economic Development Association  
Statement of Financial Position - Proprietary Funds  
For the Year Ended June 30, 2012

<b>Assets</b>	<b>General Revenue Fund</b>	<b>Trust Authority</b>	<b>Memo Total Only</b>
<b>Current Assets</b>			
Cash	\$178,248	\$42,901	\$221,149
Restricted cash	\$1,893,729	\$0	1,893,729
Grants receivable	543,413	0	543,413
Accounts receivable	492,423	0	492,423
Prepaid expenses	40,980	0	40,980
<b>Total Current Assets</b>	<b>3,148,793</b>	<b>42,901</b>	<b>3,191,694</b>
<b>Noncurrent Assets</b>			
Capital assets	3,414,505	661,779	4,076,284
Accumulated depreciation	(2,275,720)	(88,926)	(2,364,646)
<b>Total Noncurrent Assets</b>	<b>1,138,785</b>	<b>572,853</b>	<b>1,711,638</b>
<b>Total Assets</b>	<b>\$4,287,578</b>	<b>\$615,754</b>	<b>\$4,903,332</b>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable	\$254,556	\$0	\$254,556
Accrued expenses	100,992	0	100,992
Due to other funds	0	0	0
Unearned revenue	1,925,696	0	1,925,696
Current portion of long term debt	0	28,558	28,558
<b>Total Current Liabilities</b>	<b>2,281,244</b>	<b>28,558</b>	<b>2,309,802</b>
<b>Noncurrent Liabilities</b>			
Long term debt	0	356,207	356,207
<b>Total Noncurrent Liabilities</b>	<b>0</b>	<b>356,207</b>	<b>356,207</b>
<b>Total Liabilities</b>	<b>2,281,244</b>	<b>384,765</b>	<b>2,666,009</b>
<b>Net Assets</b>			
Invested in Capital Assets	1,138,785	188,088	1,326,873
Restricted for:			
Other purposes	217,837	0	217,837
Unrestricted	649,712	42,901	692,613
<b>Total Net Assets</b>	<b>2,006,334</b>	<b>230,989</b>	<b>2,237,323</b>
<b>Total Liabilities and Net Assets</b>	<b>\$4,287,578</b>	<b>\$615,754</b>	<b>\$4,903,332</b>

See accompanying notes to financial statements.

Grand Gateway Economic Development Association  
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds  
For the Year Ended June 30, 2012

<b>Revenues</b>	<b>General Revenue Fund</b>	<b>Trust Authority</b>	<b>Memo Total Only</b>
<b>Operating Revenues</b>			
General revenue	\$1,081,721	\$70,800	\$1,152,521
Fees and services	2,292,537	0	2,292,537
Operating grants	6,933,776	0	6,933,776
Capital grants	0	0	0
<b>Total Operating Revenues</b>	<b>10,308,034</b>	<b>70,800</b>	<b>10,378,834</b>
<b>Operating Expenses</b>			
Personnel	2,699,417	0	2,699,417
Other services and charges	2,577,301	29,864	2,607,165
Indirect costs	734,794		
Pass through expense	4,124,019	0	4,124,019
Capital outlay	10,303	0	10,303
Depreciation expense	486,840	16,728	503,568
<b>Total Operating Expenses</b>	<b>10,632,674</b>	<b>46,592</b>	<b>9,944,472</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(324,640)</b>	<b>24,208</b>	<b>434,362</b>
<b>Nonoperating Revenue (Expense)</b>			
Investment income	0	0	0
Gain (loss) on sale of capital assets	2,670	0	2,670
Transfers	0	0	0
<b>Total Nonoperating Revenue (Expense)</b>	<b>2,670</b>	<b>0</b>	<b>2,670</b>
<b>Change in Net Assets</b>	<b>(321,970)</b>	<b>24,208</b>	<b>(297,762)</b>
<b>Beginning Net Assets</b>	<b>2,328,304</b>	<b>206,781</b>	<b>2,535,085</b>
<b>Ending Net Assets</b>	<b>\$2,006,334</b>	<b>\$230,989</b>	<b>\$2,237,323</b>

See accompanying notes to the financial statements.

Grand Gateway Economic Development Association  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended June 30, 2012

	General Revenue Fund	Trust Authority
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$9,838,537	\$76,700
Cash received from other sources	0	0
Cash payment to employees for services	(2,699,417)	0
Cash payments to suppliers for goods and services	(7,537,388)	(29,864)
Net Cash Provided (Used) by Operating Activities	(398,268)	46,836
<b>Cash flows from noncapital financing activities:</b>		
Transfers from other funds	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	0	0
<b>Cash Flows from Investing Activities:</b>		
Receipt of interest and dividends	0	0
Payment of debt	0	(30,764)
Sale of fixed assets	2,670	0
Purchase of fixed assets	(229,410)	0
Net Cash Provided (Used) by Investing Activities	(226,740)	(30,764)
Net Increase (Decrease) in Cash	(625,008)	16,072
Cash and Cash Equivalents, July 1, 2011	2,696,984	26,829
Cash and Cash Equivalents, June 30, 2012	\$2,071,976	\$42,901
<b>Reconciliation of (Loss) from Operations to Net Cash Provided by Operating Activities:</b>		
Income (loss) from operations	(\$324,640)	\$24,208
<b>Adjustments:</b>		
Depreciation expense	486,840	16,728
<b>Change in Current Assets and Liabilities:</b>		
Decrease (increase) in accounts receivable	(188,504)	5,900
Decrease (increase) in prepaid expenses	(40,980)	0
Increase (decrease) in accounts payable	(129,476)	0
Increase (decrease) in other liabilities	(201,508)	0
Net Cash Provided by Operating Activities	(\$398,268)	\$46,836

See accompanying footnotes and auditor's report.

**Grand Gateway Economic Development Association**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**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

## **Grand Gateway Economic Development Association**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### Budgets and Budgetary Accounting

The Association is not required to submit a legally binding budget. They did not prepare a budget for fiscal year 2012. 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 on pages 19 through 21 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, 2012, 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 \$2,114,877 was exposed to custodial credit risk as they were insured and collateralized.

## Grand Gateway Economic Development Association

### NOTE 3 – GRANTS RECEIVABLE

Grants receivable and accounts receivable are combined in the Statement of Financial Position for a total of \$1,035,837.

At June 30, 2012, grants receivable consisted of the following:

a)	DHS	\$194,373
b)	ODOT	79,617
c)	CENA Admin	344
d)	CENA Pass-Thru	16,043
e)	EDA	15,000
f)	State Planning	9,091
g)	Rural Fire Protection	3,958
h)	Caregiver	7,512
i)	Case Management	20,183
j)	REAP	192,208
k)	MIPPA	1,532
l)	GGEDA "D" Health Management	2,168
m)	Living Choices	1,384
TOTAL		<u>\$543,413</u>

### NOTE 4 – ACCOUNTS RECEIVABLE

At June 30, 2011, accounts receivable consisted of the following:

a)	Community Crisis	1,050
b)	Integris Fares	627
c)	Wood Manor Fares	100
d)	DOCS Nutrition	1,562
e)	OK DRS	180
f)	Miscellaneous Fares	3,224
g)	Senior Companion	40
h)	Grand Lake Mental	625
I)	Craig General Hospital	2,757
j)	City of Grove	8,140
k)	Miami Tribe of Ok – Trolley	187,993
l)	Tyson Foods	53,146
m)	City of Vinita	4,433
n)	City of Owasso	14,817
o)	Taniff - Mayes County	6,357
p)	Taniff - Craig County	20,350
q)	City of Claremore	13,923
r)	Taniff - Ottawa County	3,400
s)	Impaired Low Vision	195
t)	Taniff - Delaware County	3,377
u)	Logistacare (rural)	91,458
v)	Logistacare (city)	1,532
w)	Safenet	15
x)	Kibois	29,237
y)	New Freedom III	5,417
z)	Cherokee Nation	38,184
aa)	Claremore Senior Center	284
TOTAL		<u>\$492,423</u>



**Grand Gateway Economic Development Association**

**NOTE 5 – FIXED ASSETS**

Fixed assets consisted of:

	BALANCE 6/30/11	ADDITIONS	DELETIONS	BALANCE 6/30/12
FURNITURE & FIXTURES	\$21,089	\$4,927	\$0	\$26,016
CAPITAL LEASES	10,704	0	0	10,704
OFFICE EQUIP	111,108	14,178	0	125,286
GGEDA AUTOS	25,447	0	0	25,447
BUSSES & VANS	706,693	32,239	(268,827)	470,105
RADIO EQUIP	7,130	0	0	7,130
FOOD SERIVCE EQUIPMENT	2,165	0	0	2,165
GIS EQUIP. NON-CHARGE	39,372	0	0	39,372
DEQ EQUIPMENT	18,353	0	0	18,353
IMPROVEMENTS	31,097	0	0	31,097
RURAL FIRE EQUIPMENT	1,665	0	0	1,665
HUD EQUIPMENT	8,345	0	0	8,345
ODOT EQUIP. NON-CHARGE	2,584,653	178,057	(160,910)	2,601,801
ODOT EQUIPMENT CHARGEABLE	3,231	0	0	3,231
CAREGIVER EQUIPMENT	9,367	0	0	9,367
SHIP EQUIPMENT	25,382	0	0	25,382
CASE MANAGEMENT EQUIPMENT	7,993	0	0	7,993
CENA EQUIPMENT	1,046	0	0	1,046
TRUST AUTH BUILDING & IMPROVE	661,779	0	0	661,779
TOTALS	\$4,276,620	\$229,401	\$(429,737)	\$4,076,284

ACCUMULATED DEPRECIATION	BALANCE 6/30/2011	ADDITIONS	DELETIONS	BALANCE 6/30/2012
FURNITURE & FIXTURES	\$17,922	\$1,413	\$0	\$19,335
CAPITAL LEASES	10,704	0	0	10,704
OFFICE EQUIP	99,361	5,540	0	104,902
GGEDA AUTOS	8,906	5,089	0	13,995
BUSSES & VANS	586,443	68,211	(268,827)	385,827
RADIO EQUIP	7,130	0	0	7,130
FOODSERVICE EQUIPMENT	1,859	217	0	2,076
GIS EQUIP NON-CHARGE	39,371	0	0	39,371
DEQ EQUIPMENT	16,949	774	0	17,723
IMPROVEMENTS	8,460	1,555	0	10,015
RURAL FIRE EQUIPMENT	1,665	0	0	1,665
HUD EQUIPMENT	6,991	525	0	7,516
ODOT EQUIPMENT-NON CHARG	1,390,931	395,919	(160,910)	1,625,939
ODOT EQUIPMENT-CHARGEABLE	2,316	514	0	2,830
CAREGIVER EQUIPMENT	7,701	853	0	8,554
SHIP EQUIPMENT	7,484	4,630	0	12,114
CASE MANAGEMENT EQUIPMENT	3,380	1,599	0	4,979
CENA EQUIPMENT	1,046	0	0	1,046
TRUST AUTH BUILDING & IMPROVE	72,198	16,728	0	88,926
TOTALS	\$2,290,817	\$503,566	\$(429,737)	\$2,364,646

## Grand Gateway Economic Development Association

### NOTE 6 – GRANTS AND ACCOUNTS PAYABLE

Grants and accounts payable are combined in the Statement of financial position for a total of \$254,556. They consist of:

AAA “D” Pass Thru	\$90
E – 911	2,411
Masonic Charity Foundation	797
DHS/AAA	159,304
ODOT	38,891
Local Fund	30,009
Case Management	14,042
Trolley – Miami Tribe	5,636
Cherokee Nation	3,376
	<hr/>
Totals	\$254,556

### NOTE 6 – VACATION AND SICK LEAVE

Annual leave is provided to all full-time and part-time probationary and permanent employees. Annual leave may be taken as earned after completion of ninety (90) calendar days of employment. During the first through fifth year of employment, annual leave will be accrued at the rate of twelve days per year. During years six through ten, fifteen days, years eleven through nineteen, eighteen days, and over twenty years, twenty days 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 \$58,882 at June 30, 2012. 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. Accrued sick leave at June 30, 2012 was \$240,581.

### NOTE 7 – PENSION PLAN

Employees are eligible to participate in the Oklahoma Public Employee Retirement System beginning the first day of the month following the date of hire. The employee can contribute up to 5½% of the employee’s gross wage each month. In addition, the Association will contribute 8%. Contributions made by Grand Gateway Economic Development Association to the pension plan for the year ending June 30, 2012 were \$233,428.

### NOTE 8 – NOTES PAYABLE

The Trust Authority has a loan with First National Bank of Vinita for the purchase of the building. Below is the activity for the year.

	Balance 6/30/2011	Proceeds	Payments	Balance 6/30/2012
First National Vinita	\$ 415,529	\$ 0	\$ 30,764	\$ 384,765

	Current Maturities	Debt Requirements
2013	\$ 28,558	\$ 52,107
2014	30,395	52,107
2015	32,350	52,107
2016	34,431	52,107
2017	36,645	52,107
2018-2022	221,765	260,533
2023-2027	620	656

## **Grand Gateway Economic Development Association**

### **NOTE 9 – COMMITMENTS AND CONTINGENCIES**

Grant funding sources may, at their discretion, request reimbursement for expenses of return of funds, or both, as a result of perceived non-compliance by GGEDA with the terms of grants.

During an audit of Older Citizens Services, a sub recipient of the DHS Area Agency on Aging Grant (AAA), it was discovered that items were paid from Title III funds that should have been paid through the Advantage program. They are paying back those funds totaling \$54,185 in four payments of \$13,546.25 to GGEDA who then is paying back DHS. In fiscal year 2012, Older Citizens Services and GGEDA paid the first payment. We have shown this as a revenue and expense in the AAA grant.

### **NOTE 10 – EVALUATION OF SUBSEQUENT EVENTS**

GGEDA has evaluated subsequent events through December 13, 2012, the date which the financial statements were available to be issued with none found.

### **NOTE 11 – SUMMARY OF GRANTS IN THE GENERAL REVENUE FUND**

Included in the Department of Health and Human Services are AAA, MIPPA, and DHS 5310 Transportation Grants. The \$2,040 in restricted net assets consist of \$1,314 for MIPPA and \$726 for DHS 5310 Transportation Grant. The transfer is a transfer of vehicles to the Department of Transportation Grant.

Department of Transportation includes fare-box revenue and special contracts in fees and services which are used for local match of the grant.

The transfers, other than the transfer of vehicles to Department of Transportation, are local match.

**NOTE 11 - SUMMARY OF GRANTS IN THE GENERAL REVENUE FUND**

<b>Assets</b>	Department of Health and Human Services	Rural Economic Action Plan	Department of Transportation	Case Management	Rural Fire	Caregiver	E911
<b>Current Assets</b>							
Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Restricted cash	\$0	\$1,575,442	\$194,801	\$0	\$0	\$0	\$2,411
Grants receivable	195,905	192,209	79,617	20,184	3,958	7,512	0
Accounts receivable	0	0	266,246	0	0	0	0
Prepaid expenses	40,219	0	0	0	0	0	0
<b>Total Current Assets</b>	<b>236,124</b>	<b>1,767,651</b>	<b>540,664</b>	<b>20,184</b>	<b>3,958</b>	<b>7,512</b>	<b>2,411</b>
<b>Noncurrent Assets</b>							
Capital assets	0	0	0	0	0	0	0
Accumulated depreciation	0	0	0	0	0	0	0
<b>Total Noncurrent Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Assets</b>	<b>\$236,124</b>	<b>\$1,767,651</b>	<b>\$540,664</b>	<b>\$20,184</b>	<b>\$3,958</b>	<b>\$7,512</b>	<b>\$2,411</b>
<b>Liabilities and Net Assets</b>							
<b>Current Liabilities</b>							
Accounts payable	\$159,305	\$0	\$38,891	\$14,043	\$0	\$0	\$2,411
Accrued expenses	0	0	0	0	0	0	0
Due to other funds	74,779	22,871	128,227	(218,074)	3,958	7,512	(2,398)
Unearned revenue	0	1,744,780	224	0	0	0	0
<b>Total Current Liabilities</b>	<b>234,084</b>	<b>1,767,651</b>	<b>167,342</b>	<b>(204,031)</b>	<b>3,958</b>	<b>7,512</b>	<b>13</b>
<b>Total Liabilities</b>	<b>234,084</b>	<b>1,767,651</b>	<b>167,342</b>	<b>(204,031)</b>	<b>3,958</b>	<b>7,512</b>	<b>13</b>
<b>Net Assets</b>							
Invested in Capital Assets	0	0	0	0	0	0	0
Restricted for:							
Other purposes	2,040	0		224,215	0	0	2,398
Unrestricted	0	0	373,322	0	0	0	0
<b>Total Net Assets</b>	<b>2,040</b>	<b>0</b>	<b>373,322</b>	<b>224,215</b>	<b>0</b>	<b>0</b>	<b>2,398</b>
<b>Total Liabilities and Net Assets</b>	<b>\$236,124</b>	<b>\$1,767,651</b>	<b>\$540,664</b>	<b>\$20,184</b>	<b>\$3,958</b>	<b>\$7,512</b>	<b>\$2,411</b>

Community Expansion of Nutrition Assistance	State Planning	Masonic Charity Foundation	Senior Health Insurance Program	Homeland Security	Economic Development Administration	Health Promotion/ Medication Management	Miami Tribe	Cherokee Nation
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$22,659	\$0
16,387	9,091	0	0	0	15,000	2,168	0	0
0	0	0	0	0	0	0	187,993	38,184
0	0	0	0	0	0	0	0	0
16,387	9,091	0	0	0	15,000	2,168	210,652	38,184
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
\$16,387	\$9,091	\$0	\$0	\$0	\$15,000	\$2,168	\$210,652	\$38,184
\$0	\$0	\$797	\$0	\$0	\$0	\$90	\$5,636	\$3,378
0	0	0	0	0	0	0	0	0
16,387	9,091	(797)	(8,828)	513	15,000	2,078	(37,022)	42,909
0	0	0	1,390	0	0	0	0	0
16,387	9,091	0	(7,438)	513	15,000	2,168	(31,386)	46,287
16,387	9,091	0	(7,438)	513	15,000	2,168	(31,386)	46,287
0	0	0	0	0	0	0	0	0
0	0	0	7,438	(513)	0	0	242,038	(8,103)
0	0	0	0	0	0	0	0	0
0	0	0	7,438	(513)	0	0	242,038	(8,103)
\$16,387	\$9,091	\$0	\$0	\$0	\$15,000	\$2,168	\$210,652	\$38,184

**NOTE 11 - SUMMARY OF GRANTS IN THE GENERAL REVENUE FUND**

<b>Revenues</b>	Department of Health and Human Services	Rural Economic Action Plan	Department of Transportation	Case Management	Rural Fire	Caregiver	E911
<b>Operating Revenues</b>							
General revenue	\$13,546	\$0	\$0	\$0	\$0	\$0	\$1,033,634
Fees and services	303	0	1,602,962	273,280	0	0	0
Operating grants	2,070,796	1,338,905	707,214	0	70,000	67,655	0
Capital grants	0	0	0	0	0	0	0
<b>Total Operating Revenues</b>	<b>2,084,645</b>	<b>1,338,905</b>	<b>2,310,176</b>	<b>273,280</b>	<b>70,000</b>	<b>67,655</b>	<b>1,033,634</b>
<b>Operating Expenses</b>							
Personnel	198,104	0	1,478,023	182,299	64,919	41,601	0
Other services and charges	42,900	0	683,489	8,072	5,830	14,303	0
Indirect costs	57,480	0	428,843	13,735	18,836	12,070	0
Pass through expense	1,624,869	1,338,905	0	0	0	0	1,033,634
Capital outlay	2,780	0	210,296	0	0	0	0
Depreciation expense	0	0	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>1,926,133</b>	<b>1,338,905</b>	<b>2,800,651</b>	<b>204,106</b>	<b>89,585</b>	<b>67,974</b>	<b>1,033,634</b>
<b>Total Operating Income</b>	<b>158,512</b>	<b>0</b>	<b>(490,475)</b>	<b>69,174</b>	<b>(19,585)</b>	<b>(319)</b>	<b>0</b>
<b>Nonoperating Revenue (Expense)</b>							
Investment income	0	0	0	0	0	0	0
Gain (loss) on sale of assets	0	0	2,670	0	0	0	0
Transfers	(156,472)	0	490,475	0	19,585	319	0
<b>Total Nonoperating Revenue (Expense)</b>	<b>(156,472)</b>	<b>0</b>	<b>493,145</b>	<b>0</b>	<b>19,585</b>	<b>319</b>	<b>0</b>
<b>Change in Net Assets</b>	<b>2,040</b>	<b>0</b>	<b>2,670</b>	<b>69,174</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Beginning Net Assets</b>	<b>0</b>	<b>0</b>	<b>370,652</b>	<b>155,041</b>	<b>0</b>	<b>0</b>	<b>2,398</b>
<b>Ending Net Assets</b>							
Invested in Capital Assets	0	0	0	0	0	0	0
Restricted for:							
Other purposes	2,040	0	0	224,215	0	0	2,398
Unrestricted	0	0	373,322	0	0	0	0
<b>Total Net Assets</b>	<b>\$2,040</b>	<b>\$0</b>	<b>\$373,322</b>	<b>\$224,215</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,398</b>

Community Expansion of Nutrition Assistance	State Planning	Masonic Charity Foundation	Senior Health Insurance Program	Homeland Security	Economic Development Administration	Health Promotion/ Medication Management	Miami Tribe	Cherokee Nation
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	15,304	6,509
202,642	36,364	63,346	16,846	997,213	66,084	13,397	670,596	208,199
0	0	0	0	0	0	0	0	0
202,642	36,364	63,346	16,846	997,213	66,084	13,397	685,900	214,708
0	27,491	0	0	0	89,933	10,859	248,668	136,787
76,000	0	0	9,408	997,726	5,324	2,387	145,170	87,320
0	8,873	0	0	0	26,095	151	72,150	39,688
126,642	0	63,346	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
202,642	36,364	63,346	9,408	997,726	121,352	13,397	465,988	263,795
0	0	0	7,438	(513)	(55,268)	0	219,912	(49,087)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	55,268	0	0	0
0	0	0	0	0	55,268	0	0	0
0	0	0	7,438	(513)	0	0	219,912	(49,087)
0	0	0	0	0	0	0	22,126	40,984
0	0	0	0	0	0	0	0	0
0	0	0	7,438	(513)	0	0	242,038	(8,103)
0	0	0	0	0	0	0	0	0
\$0	\$0	\$0	\$7,438	(\$513)	\$0	\$0	\$242,038	(\$8,103)



***SUPPLEMENTAL INFORMATION***

**Grand Gateway Economic Development Association**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2012**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	Program or Award Amount	Expenditure
<b>U.S. Department of Commerce:</b>				
Economic Development Administration	11-302	08-83-04668	180,000	66,084
Total Agency			180,000	66,084
<b>U.S. Department of Health and Human Services: (*)</b>				
Passed through Oklahoma Department of Human Services - Area Agency on Aging Services				
For the year ended June 30, 2012				
III-B	93.044	11004956	\$333,809	\$333,809
III-C-1	93.045	11004956	406,153	406,153
III-C-2	93.045	11004956	201,494	201,494
III-D	93.043	11004956	11,387	11,387
III-E	93.052	11004956	65,938	65,938
VII	93.041	11004956	4,397	4,397
NSIP	93.053	11004956	154,846	154,846
Section 5310 Transit Assistance Grant	20513		414,827	178,057
Total Agency			1,592,851	1,356,081
<b>U.S. Department of Transportation: (*)</b>				
Federal Transit Administration				
Passed through Oklahoma				
Department of Transportation				
Public Transit Revolving Fund			\$ 262,410	\$ 262,410
FY12 5311 Program	20.509		707,483	706,847
FY11 5311 Program	20.509		0	367
Total Agency			969,893	969,624
Total Federal Assistance			\$2,742,744	\$2,391,789

**(\*) Major Program**

See accompanying footnotes and auditors' report.

**Grand Gateway Economic Development Association  
Notes to the Schedule of Federal Financial Assistance  
For the Year Ended June 30, 2012**

**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 grants consist of or include grants to subrecipients as follows:

<u>Subrecipient</u>	<u>Federal Pass-Through Grant Amount</u>
Grand Gateway AAA Health Promotion/Medication Management	\$11,387
Legal Aid Services of Oklahoma	46,719
Sertoma Transportation	3,374
Claremore Sr Citizens Transportation	2,815
Washington/ Nowata Nutrition	252,741
D O C' S Senior's Service	366,762
C.A.R.D. Sr. Citizens Nutrition & Homemaker	246,920
Washington County Elder Care Homemaker/Chore Services	67,121
Grand Gateway AAA Caregiver	50,741
	<hr/>
Totals	\$1,048,580
	<hr/>

**Grand Gateway Economic Development Association  
Schedule of Expenditures of Oklahoma Awards  
For the Year Ended June 30, 2012**

State Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Grantor Number	Program or Award Amount	Expenditure	Obligated
<b>Department of Commerce: (*)</b>				
Community Expansion of Nutrition Assistance	14696 CENA 12	\$202,642	\$202,642	\$0
State Appropriated Funds for Substate Planning Dist	14763 SS 12	36,364	36,364	0
Agency Total		239,006	239,006	0
<b>Department of Agriculture, Forestry Services:</b>				
Rural Fire Defense Program FY2012		\$70,000	\$70,000	\$0
Agency Total		70,000	70,000	0
<b>Department of Human Services (*):</b>				
Area Agency on Aging Services				
III-B	93.044	\$97,770	\$97,770	\$0
III-C-1	93.045	302,612	302,612	0
III-C-2	93.045	279,244	279,244	0
III-D	93.043	2,010	2,010	0
III-E	93.052	27,918	27,918	0
VII	93.041	776	776	0
LTC Ombudsman Program - ADRC and Living Choice	11022773	7,000	2,778	0
MIPPA Grant	11029643	8,337	3,070	0
Agency Total		710,330	710,330	0
<b>Oklahoma Department of Commerce (*):</b>				
REAP Administration	2012 Funds	\$57,662	\$57,662	\$0
Rural Economic Action Plan	2007 Funds		5,700	0
Rural Economic Action Plan	2008 Funds		13,769	94,101
Rural Economic Action Plan	2009 Funds		193,437	230,264
Rural Economic Action Plan	2010 Funds		149,745	240,708
Rural Economic Action Plan	2011 Funds		592,672	306,505
Rural Economic Action Plan	2012 Funds	1,095,585	383,552	723,730
Reap Total		1,153,247	1,396,537	1,595,308
<b>Office of Homeland Security:</b>				
Homeland Security #103.001	\$103		\$2,404	\$0
Homeland Security #121.000	121.000		8,346	0
Homeland Security #122.000	122.000		628,601	0
Homeland Security #141.000	141.000		191,903	0
Homeland Security #142.002	142.002		73,001	0
Homeland Security #210.000	210.000		93,471	0
Homeland Security Total		0	997,726	0
<b>Oklahoma Insurance Department:</b>				
2012 SHIP/Diabetic Screening Initiative		16,600	9,408	0
Agency Total		16,600	9,408	0
<hr/>				
Total Oklahoma State Awards		\$2,189,183	\$3,423,007	\$1,595,308

(\*) Major Program

See accompanying footnotes and auditors' report.

**Grand Gateway Economic Development Association**  
**Notes to the Schedule of Oklahoma Financial Assistance**  
**For the Year Ended June 30, 2012**

**NOTE 1 – BASIS OF ACCOUNTING**

The accompanying schedule of Expenditures of Oklahoma Awards is prepared under the accrual method of accounting.

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

The Oklahoma expenditures for the U.S. Department of Health and Human Services grants consist of or include grants to subrecipients as follows:

<u>Subrecipient</u>	<u>State Pass-Through Grant Amount</u>
Grand Gateway AAA Health Promotion/Medication Management	\$2,010
Legal Aid Services of Oklahoma	8,244
Sertoma Transportation	596
Claremore Sr. Citizens Transportation	497
Washington/Nowata Nutrition	176,229
D O C' S Senior Service	212,084
C.A.R.D. Sr. Citizens Nutrition & Homemaker	147,870
Washington County Elder Care Homemaker/Chore Services	11,845
Grand Gateway Caregiver	16,914
	<hr/>
Total	<u><u>\$576,289</u></u>

**Grand Gateway Economic Development Association**  
**Statement of Revenues and Expenditures -**  
**Budget and Actual**  
**For the Year Ended June 30, 2012**

	<b>Actual 6/30/12</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Over Under</b>
<b>AAA ADMIN</b>				
Salaries/Fringe benefits	\$198,104	\$211,065	\$211,065	\$12,961
Indirect costs	57,479	61,205	61,205	3,726
Travel	13,946	20,000	20,000	6,054
Other	15,118	12,414	12,414	(2,704)
Equipment	0	0	0	0
Revenue	(263,485)	(283,112)	(283,112)	(19,627)
Match revenue	(20,859)	(21,572)	(21,572)	(713)
Project income	(303)	0	0	303
Expenditures (Over) Under Revenue	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>FY SHIP/DIABETIC HEALTH SCREENING PROJECT</b>				
Salaries	\$0	\$7,400	\$7,400	\$7,400
Fringe benefits	0	0	0	0
Indirect costs	0	0	0	0
Travel	811	2,300	2,300	1,489
Equipment	0	0	0	0
Other	8,597	6,900	6,900	(1,697)
Revenue	(16,846)	(16,600)	(16,600)	246
Match	0	0	0	0
Expenditures (Over) Under Revenue	<u>(7,438)</u>	<u>0</u>	<u>0</u>	<u>7,438</u>
<b>EDA</b>				
Salaries	\$57,166	\$51,000	\$51,000	(\$6,166)
Fringe benefits	32,768	33,150	33,150	382
Indirect costs	26,094	29,452	29,452	3,358
Travel	4,924	5,348	5,348	424
Other	400	1,050	1,050	650
Revenue	(66,084)	(60,000)	(60,000)	6,084
Match	(55,268)	(60,000)	(60,000)	(4,732)
Expenditures (Over) Under Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

See accompanying footnotes and auditor's report.

**Grand Gateway Economic Development Association**

	<b>Actual 6/30/12</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Over Under</b>
<b>TRANSPORTATION FY 12</b>				
Salaries	\$704,719	\$886,074	\$886,074	\$181,355
Fringe benefits	410,989	545,706	545,706	134,717
Indirect costs	323,804	462,873	462,873	139,069
Travel	20,210	25,000	25,000	4,790
Other	502,708	783,337	783,337	280,629
Equipment	0	1,000	1,000	1,000
Revenue	(706,847)	(707,483)	(707,483)	(636)
Match revenue	(1,255,583)	(1,996,507)	(1,996,507)	(740,924)
Expenditures (Over) Under Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**OKLAHOMA DEPARTMENT OF COMMERCE**

State Planning				
Salaries	\$16,364	\$16,364	\$16,364	\$0
Fringe benefits	11,127	11,127	11,127	0
Indirect costs	8,873	8,873	8,873	0
Travel	0	0	0	0
Other	0	0	0	0
Revenue	(36,364)	(36,364)	(36,364)	0
Match revenue	0	0	0	0
Expenditures (Over) Under Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

See accompanying footnotes and auditor's report .



**Grand Gateway Economic Development Association**  
**Schedule of Expenses**  
**For the Year Ended June 30, 2012**

	<b>Actual 6/30/12</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Over Under</b>
<b>FRINGE BENEFITS</b>				
Annual leave, sick, holiday	\$220,166	\$0	\$0	\$220,166
Payroll FICA	150,405	0	0	150,405
Payroll SUTA	15,963	0	0	15,963
Group insurance	372,720	0	0	372,720
Pension insurance	233,428	0	0	233,428
Worker comp insurance	64,395	0	0	64,395
Total Fringe Benefits	1,057,077	0	0	1,057,077
Benefits applied to grants and projects	(1,057,077)	0	0	(1,057,077)
Benefits Over (Under) Applied	\$0	\$0	\$0	\$0
<b>INDIRECT COSTS</b>				
Salaries	\$220,781	\$0	\$0	\$220,781
Fringe benefits	126,552	0	0	126,552
Legal fees	7,500	0	0	7,500
Registrations	446	0	0	446
Travel	7,423	0	0	7,423
Rent	120,319	0	0	120,319
Lease/maintenance	32,650	0	0	32,650
Supplies	33,099	0	0	33,099
Insurance and bonding	15,813	0	0	15,813
Internet expense	9,300	0	0	9,300
Software expense	5,317	0	0	5,317
Publication and printing	2,390	0	0	2,390
Telephone	30,857	0	0	30,857
Postage	7,573	0	0	7,573
Audit	28,360	0	0	28,360
Accounting fees	14,140	0	0	14,140
Dues	6,825	0	0	6,825
Payroll service	8,055	0	0	8,055
Contract services	57,513	0	0	57,513
Miscellaneous	6,092	0	0	6,092
Total Indirect Costs	741,005	0	0	741,005
Indirect cost applied to grants and projects	(741,005)	0	0	(741,005)
Indirect Cost Over (Under) Applied	0	0	0	0
Net Indirect Cost Over (Under) Applied	\$0	\$0	\$0	\$0

See accompanying footnotes and auditors' report.



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**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 Board of Directors  
Grand Gateway Economic Development Association (GGEDA)

We have audited the financial statements of Grand Gateway Economic Development Association as of and for the year ended June 30, 2012, and have issued our report thereon dated December 13, 2012. 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.

**Internal Control Over Financial Reporting**

Management of Grand Gateway Economic Development Association is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Grand Gateway Economic Development Association's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Grand Gateway Economic Development Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Grand Gateway Economic Development Association's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grand Gateway Economic Development Association's financial statements are free of 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*

This report is intended solely for the information and use of management, the Board of Directors, the State Auditor and Inspector, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Clothier & Company CPA's".

Clothier & Company, CPA's, P.C.  
December 13, 2012



*Clothier & Company CPA's P.C.*  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Independent Auditors' Report**

To the Board of Directors  
Grand Gateway Development Association

**Compliance**

We have audited Grand Gateway Development Association's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Association's major federal programs for the year ended June 30, 2012. The Association's major federal programs are identified in the summary of auditors' result section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Association's management. Our responsibility is to express an opinion on the Association's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association'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. Our audit does not provide a legal determination of the Association's compliance with those requirements.

In our opinion, the Association complied, in all material respects, with the 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, 2012.

**Internal Control Over Compliance**

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Association's internal control over compliance with requirements that could have a direct and material effect on a major

federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 on the Association's internal control over compliance.

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of Grand Gateway Economic Development Association as of and for the year ended June 30, 2012, and have issued our report thereon dated December 13, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, management, the State of Oklahoma awarding agencies, Federal awarding agencies, the State Auditor and Inspector, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Clothier & Company CPA's  
December 13, 2012

Grand Gateway Economic Development Association, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2012

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS:**

2011-1 – Individual Grant Funds

*Condition:* Individual grant funds within the general ledger did not balance.

*Current Status:* All of the grant funds balanced within the general ledger this year.

2011-2 – Timeliness of Audit

*Condition:* The audit is required to be submitted to the grants, the Federal Audit Clearinghouse, and the State Auditor and Inspector within a certain amount of time after the year-end. The time varies with each agency.

*Current Status:* The audit was submitted to the auditor and completed in a timely manner this year.

**SECTION I - SUMMARY OF AUDITORS' RESULTS:**

*Financial Statements*

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

\_\_\_\_\_ yes      X   no  
\_\_\_\_\_ yes      X   no  
\_\_\_\_\_ yes      X   no

Noncompliance material to financial statements noted?

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

\_\_\_\_\_ yes      X   no  
\_\_\_\_\_ yes      X   no

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

\_\_\_\_\_ yes      X   no

Identification of major programs:

CFDA Number(s)

Name if Federal  
Program or Cluster

93.041, 93.043, 93.044, 93.045, 93.052,  
93.053, 93705, and 93.707

U.S. Department of Health and Human Services  
Area Agency on Aging

20.500, 20.509

U.S. Department of Transportation, Federal Transit  
Administration

Grand Gateway Economic Development Association, Inc.

Dollar threshold used to distinguish between

type A and Type B programs:

\$300,000.00

Auditee qualifies as a low-risk auditee?

           yes   X   no

## **SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported