Grand Gateway
Economic Development Association

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GRAND GATEWAY ECONOMIC DEVELOPMENT ASSOCIATION

FINANCIAL STATEMENTS AND AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2016

cCCPA

Clothier & Company CPA's P.C.
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Grand Gateway Economic Development Association
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June 30, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Grand Gateway Economic Development Association

We have audited the accompanying financial statements of Grand Gateway Economic Development Association (GGEDA), which comprise the statement of financial position as of June 30, 2016, and the related statement of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Gateway Economic Development Association as of June 30, 2016, and the respective changes in its net assets and its cash flows for the year then ended in accordance with 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 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 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 an 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 an opinion on the financial statements as a whole. 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* (Uniform Guidance), and is also 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 information is fairly stated, in all material respects, in relation to the 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 February 13, 2017, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GGEDA's internal control over financial reporting and compliance.

Clothier + Company CPA's

Clothier & Company CPA's
February 13, 2017

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, 2016.

FINANCIAL HIGHLIGHTS

- The Association's net assets decreased from $597,046 in FY2015 to $214,180 in FY2016. The decrease is predominantly due to an increase in the net pension liability, from $269,383 in FY2015 to $743,124 in FY2016.

- During the year, the Association's expenditures, including pension expense, exceeded revenues by $381,924.

- Total cost of all of the Association's programs had a very slight increase of 1% from FY2015 to FY2016.

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 12 and 13). 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 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

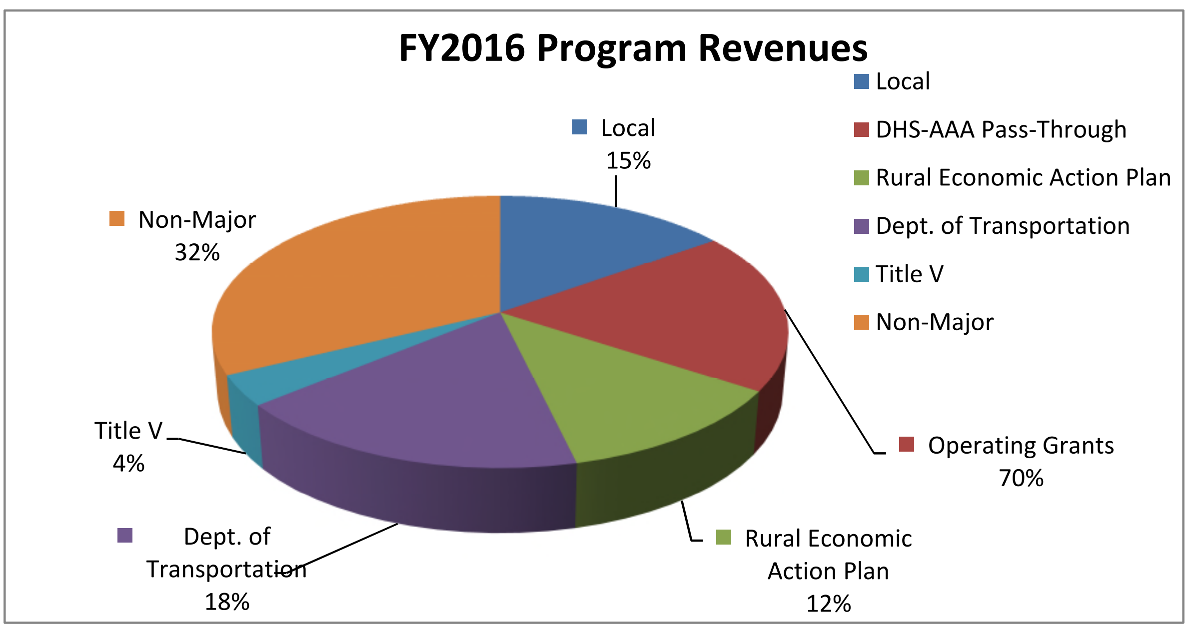
The Association's General Revenue Fund's net assets decreased from a year ago-*decreasing* from $597,046 to $214,180, or $381,923. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Association's activities.

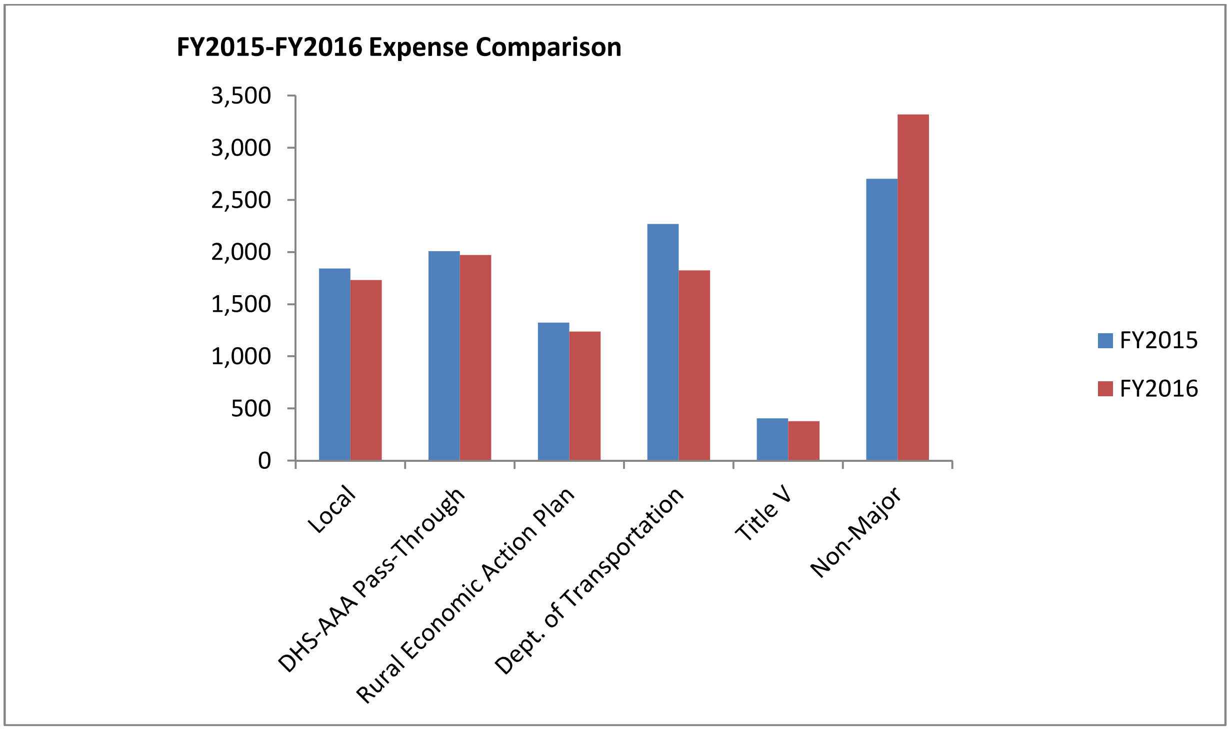
(In 1,000s)	General Revenue Fund		Trust Authority	
	6/30/16	6/30/15	6/30/16	6/30/15
Current and other assets	$3,056	$2,896	$58	$75
Net Capital assets	373	484	651	659
Noncurrent Assets	261	237	0	0
Total assets	3,690	3,617	709	734
Long-term debt outstanding	0	0	463	504
Other liabilities	3,476	3,020	0	0
Total liabilities	3,476	3,020	463	504
Net assets:				
Invested in capital assets, net of debt	1,351	1,351	157	157
Restricted	740	650	0	0
Unrestricted	(1,877)	(1,404)	69	73
Total net assets	$214	$597	$226	$230

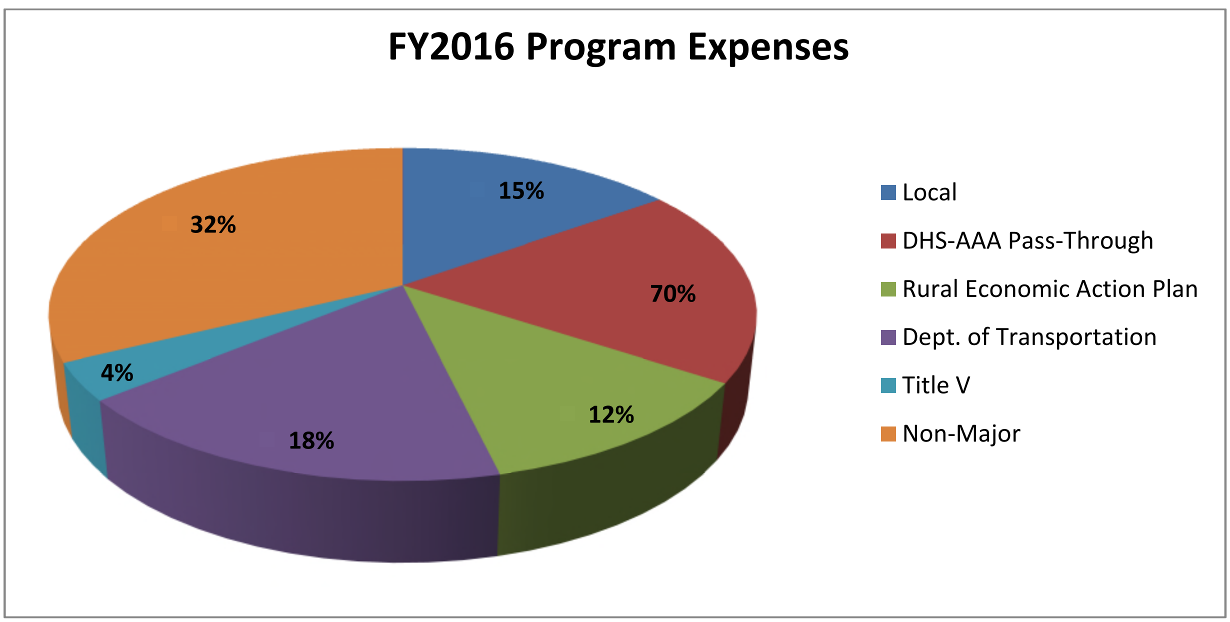
Net assets of the Association's General revenue Fund decreased. *Unrestricted* net assets-the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirement-changed from (1,404) thousand at June 30, 2015 to (1,877) at the end of this year.

(In 1,000s)	General Revenue Fund		Trust Authority	
	6/30/16	6/30/15	6/30/16	6/30/15
Program revenues:				
Charges for services	$1,019	$921	$0	$0
Operating grants & contributions	7,832	7,763	0	0
Capital grants & contributions	0	0	0	0
General revenues	1,230	1,484	41	12
Non-operating revenues	0	0	0	0
Total revenues	10,081	10,168	41	12
Program expenses:				
Local	1,732	1,843	0	0
DHS-AAA Pass Thru	1,971	2,008	0	0
Rural Economic Action Plan	1,237	1,324	0	0
Department of Transportation	1,825	2,269	0	0
Title V	378	406	0	0
Non-Major Funds	3,319	2,701	0	0
Trust Authority	0	0	45	43
Total Expenses	10,463	10,551	45	43
Increase(decrease) in net assets:	($382)	($383)	($4)	($31)

The Association's General Revenue Fund revenues decreased by less than 1%, or 87 thousand. The total cost of all programs and services (excluding pension adjustments) decreased by 579 thousand. Although there was a slight decrease in revenue, the sizeable decrease in expenses allowed the Association to cover this year's cost, exclusive of net pension adjustments.




FY2015-FY2016 Expense Comparison
3,500
3,000
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
FY2015
FY2016


FY2016 Program Expenses
15%
70%
12%
18%
4%
32%
Local
DHS-AAA Pass-Through
Rural Economic Action Plan
Dept. of Transportation
Title V
Non-Major

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 2016, the Association and Trust Authority had 4,827 thousand invested in a broad range of capital assets, including office equipment. This amount represents an increase (including additions and deductions) of 113 thousand or 2 percent, from last year.

Fixed assets consisted of:	BALANCE 6/30/15	ADDITIONS	DELETIONS	BALANCE 6/30/16
FURNITURE & FIXTURES	26,015	0	0	26,015
CAPITAL LEASES	10,704	0	0	10,704
OFFICE EQUIP	134,137	0	0	134,137
GGEDA AUTOS	25,447	105,497	(6,120)	124,824
BUSSES & VANS	464,566	0	0	464,566
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	18,356	0	0	18,356
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	3,037,284	0	0	3,037,284
ODOT EQUIPMENT CHARGEABLE	57,009	5,127	0	62,136
CAREGIVER EQUIPMENT	10,585	0	0	10,585
SHIP EQUIPMENT	25,382	0	0	25,382
CASE MANAGEMENT EQUIPMENT	7,993	0	0	7,993
DHS/AAA EQUIPMENT	4,747	0	0	4,744
VTCL EQUIPMENT	2,797	0	0	2,797
CENA EQUIPMENT	1,046	0	0	1,046
TRUST AUTH BUILDING/IMPROVE	797,654	8,625	0	806,278
TOTALS	4,713,496	119,249	(6,120)	4,826,624

Debt

State law prohibits the Association from having debts. The Trust Authority has $483 thousand in debt for the building.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The outlook for most Programs in FY2017 appears to be relatively stable though state shortfalls may cause reductions in services and statting. Contracts with Oklahoma Department of Agriculture funding reductions are anticipated. Programs funded through the Oklahoma Department of Commerce are expected to see a 30% reduction in funding.

A funding reduction of 4 to 6% is also expected for the Oklahoma Department of Human Services budget for FY 17.

Oklahoma Department of Transportation received additional federal monies and increased state appropriation over a five year window in FY 15. However, a proposed new formula to allocate monies to the various transit coalition has required Pelivan to pursue additional avenues for local match in order to continue the service. 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 lower our operating costs as passenger demand is rising. 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 have implemented a smart reservation system designed to add greater efficiencies with more passengers per mile.

In FY 17, we 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. In FY 14, we completed 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. A second phase, including the installation of generators and various other technologies designed to increase the efficiency of our transit operations is forthcoming in FY 17 including the purchase of a field service truck.

Additionally, with our designation as a 501(c)3 community foundation, we are actively seeking opportunities to secure additional funding and provide more services. We anticipate receiving our first funds from United Way to support our Transit operations.

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

FINANCIAL STATEMENTS

Grand Gateway Economic Development Association
Statement of Financial Position - Proprietary Funds
For the Year Ended June 30, 2016

Assets	General Revenue Fund	Trust Authority	Memo Total Only
Current Assets			
Cash	$151,141	$58,394	$209,536
Restricted cash	1,742,010	0	1,742,010
Receivables	1,155,602	0	1,155,602
Prepaid expenses	7,439	0	7,439
Due to other funds	0	0	0
Total Current Assets	3,056,192	58,394	3,114,587
Noncurrent Assets			
Capital assets	4,020,345	806,279	4,826,624
Accumulated depreciation	(3,646,853)	(155,842)	(3,802,695)
Net Capital Assets	373,492	650,437	1,023,929
Deferred Pension Inflows	260,759	0	260,759
Total Noncurrent Assets	634,251	650,437	1,284,688
Total Assets	$3,690,443	$708,832	$4,399,275
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	$473,472	$0	$473,472
Pass-thru payable	1,326,201	0	1,326,201
Accrued expenses	273,994	0	273,994
Unearned revenue	0	0	0
Current portion of long term debt	0	20,121	20,121
Total Current Liabilities	2,073,667	20,121	2,093,787
Noncurrent Liabilitites			
Long term debt	0	462,770	462,770
Deferred Pension Outflows	659,472	0	659,472
Net Pension Liability	743,124	0	743,124
Total Noncurrent Liabilitites	1,402,596	462,770	1,865,366
Total Liabilities	3,476,263	482,890	3,959,153
Net Assets			
Invested in Capital Assets	1,351,054	156,892	1,507,946
Restricted for:			
Other purposes	740,607	0	740,607
Unrestricted	(1,877,481)	69,050	(1,808,431)
Total Net Assets	214,180	225,942	440,122
Total Liabilities and Net Assets	$3,690,443	$708,832	$4,399,276

See accompanying footnotes and independent auditors' report.

Grand Gateway Economic Development Association
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds
For the Year Ended June 30, 2016

Revenues	General Revenue Fund	Trust Authority	Memo Total Only
Operating Revenues			
General revenue	$1,229,737	$40,500	$1,270,237
Fees and services	1,018,534	0	1,018,534
Grants	7,832,255	0	7,832,255
Total Operating Revenues	10,080,526	40,500	10,121,026
Operating Expenses			
Personnel	3,027,515	0	3,027,515
Other services and charges	1,610,309	0	1,610,309
Indirect costs	687,947	0	687,947
Pass through expense	4,056,959	0	4,056,959
Capital outlay	0	0	0
Depreciation expense	220,763	16,729	237,492
Match expense	859,899	0	859,899
Total Operating Expenses	10,463,392	16,729	10,480,121
Excess (Deficiency) of Revenues Over Expenditures	(382,866)	23,771	(359,095)
Nonoperating Revenue (Expense)			
Investment income	0	($28,294)	(28,294)
Gain (loss) on sale of capital assets	0	0	0
Total Nonoperating Revenue (Expense)	0	(28,294)	(28,294)
Change in Net Assets	(382,866)	(4,523)	(387,389)
Beginning Net Assets	597,046	230,464	827,510
Adjustment	0	0	0
Adjusted Beginning Net Assets	597,046	230,464	827,510
Ending Net Assets	$214,180	$225,941	$440,121

See accompanying footnotes and independent auditors' report.

Grand Gateway Economic Development Association

Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 2016

	General Revenue Fund	Trust Authority
Cash flows from operating activities:		
Cash received from customers	$2,205,713	$40,500
Cash received from other sources	7,594,519	0
Cash payment to employees for services	(3,027,515)	0
Cash payments to suppliers for goods and services	(5,826,158)	(28,294)
Net Cash Provided (Used) by Operating Activities	946,559	12,206
Cash flows from noncapital financing activities:		
Cash received from debt	0	0
Matching expense	(859,899)	0
Net Cash Provided (Used) by Noncapital Financing Activities	(859,899)	0
Cash Flows from Investing Activities:		
Receipt of interest and dividends	0	0
Payment of debt	0	(20,289)
Sale of fixed assets	6,120	0
Purchase of fixed assets		(8,625)
Net Cash Provided (Used) by Investing Activities	6,120	(28,914)
Net Increase (Decrease) in Cash	92,780	(16,708)
Cash and Cash Equivalents, June 30, 2015	1,800,371	75,103
Cash and Cash Equivalents, June 30, 2016	$1,893,151	$58,395
Reconciliation of (Loss) from Operations to Net Cash Provided by Operating Activities:		
Income (loss) from operations	477,977	($4,523)
Adjustments:		
Depreciation expense	220,763	16,729
Change in Current Assets and Liabilities:		
Decrease (increase) in accounts receivable	(195,188)	0
Decrease (increase) in prepaid expenses	(27,102)	0
Increase (decrease) in accounts payable	205,432	0
Increase (decrease) in other liabilities	264,678	0
Net Cash Provided by Operating Activities	$946,559	$12,206

See accompanying footnotes and independent auditors' report.

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

<u>Budgets and Budgetary Accounting</u>

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.

<u>Cash and Restricted Cash</u>

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.

<u>Cash and Cash Equivalents</u>

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.

<u>Accounts and Grants Receivable</u>

Accounts and grants receivable are shown net of estimated uncollectible accounts. For the year ended June 30, 2016, no accounts or grants receivable were determined to be uncollectible.

<u>Asset Capitalization Policy</u>

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.

<u>Use of Estimates</u>

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.

<u>Inter-fund Accounts Receivable and Payable</u>

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

<u>Custodial Credit Risk – Deposits</u>

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 $1,893,151 was exposed to custodial credit risk as they were insured and collateralized.

NOTE 3 – GRANTS RECEIVABLE

Grants receivable and accounts receivable are combined in the Statement of Financial Position for a total of $1,155,602.

At June 30, 2016, grants receivable consisted of the following:

a)	DHS	380,753
b)	Medicare-SHIP/MIPPA	11,443
c)	CENA Pass-Thru	34,177
d)	State Planning	1,731
e)	Rural Fire Protection	7,400
f)	Caregiver	28,139
g)	Title V	34,024
h)	GGEDA "D" Health Management	2,723
i)	DOT	275,087
j)	Case Management	13,344
	TOTAL	$788,818

NOTE 4 – ACCOUNTS RECEIVABLE

At June 30, 2016, accounts receivable consisted of the following:

a)	Cherokee Nation	19,750
b)	DOCS Nutrition	897
c)	New Freedom III (Kibois)	858
d)	Cherokee Nation Demand/Resp	19,205
e)	City of Bartlesville	24,809
f)	City of Grove	11,250
g)	Miami Tribe	212,090
h)	City of Owasso	15,300
i)	City of Claremore	8,033
j)	Taniff - Ottawa County	1,890
k)	Grand Lake Mental Health	2,200
l)	VTCL	41,960
m)	Miscellaneous Contracts	4,154
	TOTAL	$366,784
	TOTAL RECEIVABLES	$1,155,602

NOTE 5 – FIXED ASSETS

Fixed assets consisted of:

	BALANCE 6/30/15	ADDITIONS	DELETIONS	BALANCE 6/30/16
FURNITURE & FIXTURES	26,015	0	0	26,015
CAPITAL LEASES	10,704	0	0	10,704
OFFICE EQUIP	134,137	0	0	134,137
GGEDA AUTOS	25,447	105,497	(6,120)	124,824
BUSSES & VANS	464,566	0	0	464,566
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	18,356	0	0	18,356
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	3,037,284	0	0	3,037,284
ODOT EQUIPMENT CHARGEABLE	57,009	5,127	0	62,136
CAREGIVER EQUIPMENT	10,585	0	0	10,585
SHIP EQUIPMENT	25,382	0	0	25,382
CASE MANAGEMENT EQUIPMENT	7,993	0	0	7,993
DHS/AAA EQUIPMENT	4,747	0	0	4,747
VTCL EQUIPMENT	2,797	0	0	2,797
CENA EQUIPMENT	1,046	0	0	1,046
TRUST AUTH BUILDING/IMPROVE	797,654	8,625	0	806,278
TOTALS	4,713,496	119,249	(6,120)	4,826,624

ACCUMULATED DEPRECIATION	BALANCE 6/30/2015	ADDITIONS	DELETIONS	BALANCE 6/30/2016
FURNITURE & FIXTURES	22,268	614	0	22,882
CAPITAL LEASES	10,704	0	0	10,704
OFFICE EQUIP	124,402	5,431	0	129,833
GGEDA AUT OS	25,447	0	(6,120)	19,327
BUSSES & VANS	426,881	31,590	0	458,471
RADIO EQUIP	7,130	0	0	7,130
FOODSERVICE EQUIPMENT	2,165	0	0	2,165
GIS EQUIP NON-CHARGE	39,372	0	0	39,372
DEQ EQUIPMENT	18,356	0	0	18,356
IMPROVEMENTS	14,680	1,556	0	16,236
RURAL FIRE EQUIPMENT	1,665	0	0	1,665
HUD EQUIPMENT	8,345	0	0	8,345
ODOT EQUIPMENT-NON CHARG	2,662,838	167,121	0	2,829,959
ODOT EQUIPMENT-CHARGEABLE	22,990	11,588	0	34,578
CAREGIVER EQUIPMENT	9,873	243	0	10,116
SHIP EQUIPMENT	22,971	1,074	0	24,045
CASE MANAGEMENT EQUIPMENT	7,993	0	0	7,993
VTCL EQUIPMENT	1,496	718	0	2,214
CENA EQUIPMENT	1,586	560	0	2,146
CENA EQUIPMENT	1,046	0	0	1,046
TRUST AUTH BUILDING/IMPROVE	172,841	16,729	0	156,112
TOTALS	3,605,049	237,492	(6,120)	3,802,695

NOTE 6 – GRANTS AND ACCOUNTS PAYABLE

Grants and accounts payable in the Statement of financial position consist of:

	Accounts Payable	Pass Thru Payable
Local	$74,611	$0
Non-Major	62,643	0
DHS/ AAA	327,078	0
ODOT	9,140	0
Title V	0	0
REAP	0	1,326,201
TOTAL	$473,472	$1,326,201

NOTE 7 – 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 $60,153 at June 30, 2016. 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 8 – 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 5.5%. The last payment occurs in January of 2033. Below is the activity for the year.

	Balance 6/30/2015	Proceeds	Payments	Balance 6/30/2016
First National Bank Vinita	503,180	-0-	(20,289)	482,891
	503,180	-0-	(20,289)	482,891

	Debt Requirements	Current Maturities
2017	44,740	18,530
2018	44,740	19,575
2019	44,740	20,680
2020	44,740	21,846
2021-2025	223,702	129,165
2026-2030	223,702	169,942
2031-2033	112,939	103,153

NOTE 9 – EVALUATION OF SUBSEQUENT EVENTS

GGEDA has evaluated subsequent events through February 14, 2017, the date which the financial statements were available to be issued with none found.

Grand Gateway Economic Development Association

NOTE 10 - 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	$0	$0	$62,586
Restricted cash	0	1,353,601	286,978	0	101,293
Grants receivable	380,753	0	275,087	34,024	98,956
Accounts receivable	0	0	94,424	0	272,360
Prepaid expenses	0	0	0	0	0
Total Current Assets	380,753	1,353,601	656,489	34,024	535,195
Noncurrent Assets					
Capital assets	4,744	0	3,571,117	0	49,469
Accumulated depreciation	(2,214)	0	(3,330,404)	0	(47,013)
Total Noncurrent Assets	2,530	0	240,713	0	2,456
Total Assets	$383,283	$1,353,601	$897,202	$34,024	$537,651
Liabilities and Net Assets					
Current Liabilities					
Accounts payable	$327,078	$21,658	$35,783	$0	$36,114
Accrued expenses	0	0	0	0	0
Due to other funds	52,957	27,400	(1,853,902)	50,330	(482,576)
Pass Thru Payable	0	1,304,543	0	0	0
Total Current Liabilities	380,035	1,353,601	(1,818,119)	50,330	(446,460)
Total Liabilities	380,035	1,353,601	(1,818,119)	50,330	(446,460)
Net Assets					
Invested in Capital Assets	4,684	0	1,277,816	0	15,163
Restricted for:					0
Other purposes	0	0	3,325	0	801,029
Unrestricted	(1,436)	0	1,434,180	(16,306)	167,919
Total Net Assets	3,248	0	2,715,321	(20,655)	948,111
Total Liabilities and Net Assets	$383,283	$1,353,601	$897,202	$34,024	$537,651

Grand Gateway Economic Development Association
NOTE 10 - 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	$5,137	$0	$1,120,268
Fees and services	21,437	0	0	0	743,392
Operating grants	1,948,439	1,237,353	1,614,636	378,116	1,693,650
Capital grants	0	0	0	0	0
Total Operating Revenues	1,969,876	1,237,353	1,619,773	378,116	3,557,310
Operating Expenses					
Personnel	207,913	0	848,861	355,693	1,098,719
Other services and charges	32,602	0	426,845	6,482	858,307
Indirect costs	57,176	0	233,438	15,941	290,621
Pass through expense	1,672,185	1,237,353	0	0	1,147,421
Capital outlay	0	0	105,497	0	0
Depreciation	718	0	210,567	0	0
Match expense	0	0	0	0	(76,300)
Total Operating Expenses	1,970,594	1,237,353	1,619,773	378,116	3,318,768
Net Operating Income	(718)	0	(205,435)	0	238,542
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	(718)	0	(205,435)	0	238,542
Beginning Net Assets	3,966	0	2,920,756	(16,306)	745,851
Ending Net Assets					
Invested in Capital Assets	3,966	0	2,920,756	0	0
Restricted for:					0
Other purposes	0	0	0	0	745,851
Unrestricted	(718)	0	(205,435)	(16,306)	238,542
Total Net Assets	$3,248	$0	$2,715,321	$(16,306)	$984,393

NOTE 11. PENSIONS AND OTHER RETIREMENT PLANS

The GGEDA participates in three employee pension 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

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:	9
Number of Participating Employees:	8
Authority of Plan:	Internal Revenue Code Section 457.

Employer Contributions:	$0
Employee Contributions:	$13,005
Total payroll:	$2,276,549
Payroll for covered employees	$428,574

B. Oklahoma Public Employees Retirement System:

Plan Description.

The Plan 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 six other plans sponsored by the State. It also covers employees of participating county and local agencies. Agencies and/or participants not included in the Plan are as follows: teachers, municipal police, municipal firefighters, judicial, wildlife, and state law enforcement. The supervisory authority for the management and operation of the Plan is the Board, which acts as a fiduciary for investment of the funds and the application of Plan interpretations. At June 30, the Plan's membership consisted of:

	2016	2015
Inactive members or their beneficiaries currently receiving benefits	33,749	32,754
Inactive members entitled to but not yet receiving benefits	5,946	5,863
Active members	41,806	43,843
Total	81,501	82,460

*The Plan includes 50,922 and 48,671 non-vested terminated members entitled to a refund of their member contributions as of June 30, 2016 and 2015. For purposes of the discussion on benefits and contributions, the members are described in the following categories: hazardous duty members, which includes certain employees of the Department of Corrections who are classified as correction officers, probation and parole officers, and fugitive apprehension agents along with Oklahoma Military Department firefighters; elected officials, which includes elected officials who serve the State and participating counties; and State, county, and local agency employees, which includes all other employees previously described. If the member category is not specifically identified, the attributes of the Plan discussed apply to all members. Copies of reports may be obtained from Oklahoma Public Employees Retirement System at Post Office Box 53007, Oklahoma City, Oklahoma 73152-3007

Benefits Provided.

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.

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 Plan 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 Plan.

Normal Retirement

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 Plan 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, 2016 and 2015 totaled approximately $5,190,000 and $5,199,000, 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 Plan. In April 2001, limited benefit payments began for qualified retired members. The estimated liability for future payments of the limited benefit of approximately $0.5 million and has been included in the calculation of the total pension liability of the Plan at June 30, 2016 and 2015, respectively.

Terminations

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.

Grand Gateway Economic Development Association

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the district's proportionate share of the net pension liability was $743,124. The net pension liability for the plan in total was measured as of June 30, 2016 and determined by an actuarial valuation as of that date June 30, 2016. The district's proportionate share of the total net pension liability was based on the ratio of our actual contributions of $222,004 paid to OPERP for the year ended June 30, 2016 relative to the actual contributions of $296,423,079 from all participating employers. At June 30, 2016, the district's proportionate share was 0.0749%.

For the year ended June 30, 2016, GGEDA recognized a pension expense of $150,191, our proportionate share of the total pension expense.

At June 30, 2016, we reported deferred outflows of resources and deferred inflows of resources from the following sources related to OPERP pension benefits:

Balance of Deferred Outflows and Inflows Due to:	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ 0	$ 238,128
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	(659,472)	22,631
Changes in proportion and differences between Employer contributions and proportionate share of contributions	0	0
Total	$ (659,472)	$ 260,759

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

Year Ending June 30:		
2017	81,239	179,520
2018	81,239	98,281
2019	81,239	17,042
2020	10,572	6,470
2021	4,041	2,429
2022	2,429	0
	$260,759	$ 260,759

Actuarial Assumptions

The total pension liability as of June 30, 2016 and 2015 was determined based on an actuarial valuation prepared as of July 1, 2016 and July 1, 2015, respectively, using the following actuarial assumptions:

- Investment return – 7.25% for 2016 and 7.5% for 2015, compounded annually net of investment expense and including inflation
- Salary increases – 4.5% to 8.4% per year including inflation
- Mortality rates – Active participants and nondisabled pensioners – RP-2000 Mortality Table projected to 2010 by Scale AA (disabled pensioners set forward 15 years)
- No annual post-retirement benefit increases
- Assumed inflation rate – 3.0%
- Payroll growth – 4.0% per year
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years

The actuarial assumptions used in the July 1, 2016 and 2015, valuation are based on the results of the most recent actuarial experience study, which cover the three-year period ending June 30, 2013. The experience study report is dated May 9, 2014. The long-term rate of return was modified by the Board during 2016.

Expected Rate of Return

The long-term expected rate of return on pension 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 Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	38.0%	5.3%
U.S. Small Cap Equity	6.0%	5.6%
U.S. Fixed Income	25.0%	0.7%
International Stock	18.0%	5.6%
Emerging Market Stock	6.0%	6.4%
TIPS	3.5%	0.7%
Rate Anticipation	3.5%	1.5%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.25% for 2016 and 7.50% for 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan 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 was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

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

The following presents the net pension liability of the employer calculated using the discount rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount (7.25%)	Rate1% Increase (8.25%)
Net pension liability (asset)	$1,521,326	$ 743,129	$ 82,601

NOTE 12. 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. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" — The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability and replaces the requirements of GASB Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" and GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans". This Statement also includes requirements for those OPEB plans in GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and GASB Statement No. 50, "Pension Disclosures". This Statement will become effective for GGEDA in the fiscal year ended June 30, 2017.

• GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" — The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions and replaces the requirements of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" and GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans". This Statement will become effective for GGEDA in the fiscal year ended June 30, 2018

• GASB Statement No. 77, "Tax Abatement Disclosures" — This Statement requires governments that enter into tax abatement agreements to disclose information about the nature and magnitude of the agreements to increase transparency to financial statement users. This Statement will become effective for GGEDA in the fiscal year ended June 30, 2017.

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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 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 Grand Gateway Economic Development Association (GGEDA), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 13, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Grand Gateway Economic Development Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for expressing our opinion 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 the GGEDA's internal control.

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

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

Compliance and Other Matters

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

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 no to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. According, this communication is not suitable for any other purpose.

Clothier + Company CPA's

Clothier & Company, CPA's, P.C.
February 13, 2017

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND 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, 2016. 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 compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major 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 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 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, Grand Gateway Economic Development 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, 2016.

Report on Internal Control over Compliance

Management of Grand Gateway Economic Development Association is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit of compliance, we considered GGEDA's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a 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
February 13, 2017

Grand Gateway Economic Development Association
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2016

			Program Award	Expenditures
US Department of Health & Human Services (*)				
Passed through Oklahoma Department of Human				
Services - Area Agency on Aging Services				
For the year ended June 30, 2016				
III-B	93.044	11004956	299,276	299,276
III-C-1	93.045	11004956	384,042	384,042
III-C-2	93.045	11004956	191,052	191,052
III-D	93.043	11004956	20,312	12,970
	93.052	11004956	129,432	121,648
VII	93.041	11004956	5,351	3,589
NSIP	93.053	11004956	126,039	126,039
Section 5310 Transit Assistance Grant	20513	11004956	0	0
Total Agency			1,155,504	1,138,616
US Dept of Tranportation (*)				
Federal Transit Administration				
Passed through Oklahoma				
Department of Transportation				
Public Transit Revolving Fund			152,260	152,260
FY 14 5311 Program	20.509		136,162	136,162
FY 15 5311 Program	20.509		809,341	809,341
Total Agency			1,097,763	1,097,763
US Dept of Labor (*)				
Pass through Oklahoma Department of Human Services				
Title V- of the Older Americans Act	17.235		418,794	405,470
Total Agency			418,794	405,470
Total Federal Assistance			$2,672,061	$2,641,849

(*) Major Program

Grand Gateway Economic Development Association
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2016

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:

Subrecipient	Federal Pass-Through Grant Amount
Grand Gateway AAA Health Promotion/Medication management	12,970
Legal Aid Services of Oklahoma	50,740
Sertoma Transportation	4,081
Claremore Sr. Citizens Transportation	1,072
Washington/Nowata Nutrition	5,933
DOCS Senior Services	357,361
CARD Sr. Citizens Nutrition & Homemaker	498,208
Washington County Elder Care Homemaker/Chore Services	75,203
Grand Gateway AAA Caregiver	105,426
	$1,110,994

Grand Gateway Economic Development Association
Schedule of Expenditures for Oklahoma Awards
For the year ended June 30, 2016

	Pass-Through Grantor Number	Program Award	Expenditure	Obligated
Department of Commerce				
Community Expansion of Nutrition Assistance	FY 2016 CENA	$174,681	$174,681	$0
State Appro	15315 SS 15	23,550	23,550	0
Agency Total		198,231	198,231	0
Department of Agriculture, Forestry Services:				
Rural Fire Defense Program FY 2016		66,500	66,500	0
US Department of Health & Human Services				
Passed through Oklahoma Department of Human Services-AAA				
III-B		52,814.00	52,814.00	0
III-C-1		221,312.00	221,312.00	0
III-C-2		241,823.00	241,823.00	0
III-D		3,584.00	2,288.88	0
III-E		43,144.00	18,920.00	0
VII		945.00	633.44	0
MIPPA Grant		11,000.00	11,000.00	0
Agency Total		574,622	548,791	0
Oklahoma Department of Commerce (*)				
Rural Economic Action Plan	2007 Funds	0		0
Rural Economic Action Plan	2009 Funds	0	9,300.07	4,300.07
Rural Economic Action Plan	2010 Funds	0	0.00	-
Rural Economic Action Plan	2011 Funds	0	0.00	132,651.00
Rural Economic Action Plan	2012 Funds	0	125.00	50,814.00
Rural Economic Action Plan	2013 Funds	0	74,473.50	146,566.50
Rural Economic Action Plan	2014 Funds	0	209,928.68	743.85
Rural Economic Action Plan	2015 Funds	0	448,311.05	92,416.95
Rural Economic Action Plan	2016 Funds	1,012,295	314,636.70	-
Agency Total		1,012,295	1,056,775	427,492
Oklahoma Insurance Department				
21013 SHIP/Diabetes Screening/SMP		3,996	3,996	0
Total Oklahoma State Awards		$1,855,644	$1,874,293	$427,492

(*) Major Program

Grand Gateway Economic Development Association
Notes to the Schedule of Expenditures of Oklahoma Awards
For the year ended June 30, 2016

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

Subrecipient	Pass-Through Amount
Grand Gateway AAA Health Promotion/Medication management	2,289
Legal Aid Services of Oklahoma	8,954
Sertoma Transportation	720
Claremore Sr. Citizens Transportation	189
Washington/Nowata Nutrition	1,047
DOCS Senior Services	194,662
CARD Sr. Citizens Nutrition & Homemaker	304,917
Washington County Elder Care Homemaker/Chore Services	13,271
Grand Gateway AAA Caregiver	35,142
	$561,191

Grand Gateway Economic Development Association, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

SUMMARY OF PRIOR YEAR FINDINGS

No prior year findings

SECTION I - SUMMARY OF AUDITORS' RESULTS:

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	_____ yes __x__ no
• Significant deficiency(ies) identified?	_____ yes __x__ no
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 auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	_____ yes __x__ no

Grand Gateway Economic Development Association, Inc.

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
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?	_____ yes __x__ no

SECTION II - FINANCIAL STATEMENT FINDINGS

No finding

GGEDA
REQUIRED SUPPLEMENTARY INFORMATION
COST SHARING PENSION PLANS
JUNE 30, 2016

	SCHEDULE OF CHANGES IN NET PENSION LIABILITY Increase (Decrease)		
	Oklahoma Public Employees Retirement Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beg Balance at July 1, 2015	6,737,586	6,468,203	269,383
Changes for the year:			
Service Cost	133,704	0	133,704
Interest Cost	489,289	0	489,289
Difference Between expected and actual experience	(39,503)	0	(39,503)
Contributions Employer	0	221,874	(221,874)
Contributions Members	0	55,273	(55,273)
Contributions State of Oklahoma	0	0	0
Net Investment Income	0	11,800	(11,800)
Benefit Payments including refunds	(435,341)	(435,341)	0
Administrative Expense	0	(4,041)	4,041
Other	175,158	0	175,158
Net Changes	323,307	(150,435)	473,742
Ending Balance at June 30, 2016	$7,060,893	$6,317,768	$743,124
	0.0748943034%		Agrees to Audit Report

GRAND GATEWAY ECONOMIC DEVELOPMENT ASSOCIATION
REQUIRED SUPPLEMENTARY INFORMATION
COST SHARING PENSION PLANS
AS OF JUNE 30, 2016

	OPP&RS	
	FY2015	FY2016
GGEDA's proportion of the net pension liability (asset)	0.077%	0.075%
GGEDA's proportionate share of the net pension liability (asset	$ 276,225	$743,124
GGEDA's total employee payroll	$ 1,834,583	$ 2,276,549
GGEDA's proportionate share of the net pension liability (asset) As a percentage of its total employee payroll	15.060%	32.643%

	OPP&RS	
	FY2015	FY2016
Contractually required contributions	$ 224,001	$ 221,874
Contributions in relation to the contractually required contribution	(224,001)	(221,874)
Contribution deficiency (excess)	0	0
GGEDA's total employee payroll	$ 1,834,583	$ 2,276,549
Contribution as a percentage of covered employee payroll	12.210%	9.746%