Grand River Dam Authority

(A Component Unit of the State of Oklahoma)

Basic Financial Statements as of and for the
Years Ended December 31, 2020 and 2019
Required Supplementary Information (Unaudited)
and Independent Auditors' Report

GRAND RIVER DAM AUTHORITY
(A Component Unit of the State of Oklahoma)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Grand River Dam Authority
Tulsa, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of Grand River Dam Authority, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Grand River Dam Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 over financial reporting relevant to the Grand River Dam Authority'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 Grand River Dam Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand River Dam Authority as of December 31, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, subsequent to the date of the financial statements, Grand River Dam Authority has been impacted by the market response to the February 2021, Winter Storm Uri. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated March 31, 2021 on our consideration of the Grand River Dam Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Grand River Dam Authority internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Grand River Dam Authority's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Madison, Wisconsin
March 31, 2021

Management's Discussion and Analysis – Unaudited

The following discussion and analysis of the Grand River Dam Authority's (GRDA or the Authority) financial performance provides an overview of the Authority's financial activities for the year ended December 31, 2020 and provides a comparison with the prior years' financial results. Please read it in conjunction with the financial statements, which follow this section.

USING THIS FINANCIAL REPORT

This annual financial report consists of a series of financial statements and reflects the self-supporting, proprietary activities of the Authority, funded primarily by the sale of electrical power and energy.

The State of Oklahoma reports the business-type activities of the Authority as a discretely presented major component unit.

The basic financial statements presented in this report consist of the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; the Statements of Cash Flows; and the Notes to Financial Statements.

STATEMENTS OF NET POSITION; STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION; STATEMENTS OF CASH FLOWS; AND NOTES TO FINANCIAL STATEMENTS

The Authority's Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position provide an indication of the Authority's financial health.

The Statements of Net Position report all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the accrual basis of accounting, as well as an indication of which assets can be used for general purposes and which are restricted as a result of bond covenants, contracts, or for other purposes.

The Statements of Revenues, Expenses, and Changes in Net Position report all of the Authority's revenues and expenses recognized during the time periods indicated.

The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources, such as investment income or bond proceeds, and other cash uses, such as cash payments for repayment of bonds and capital additions.

The Notes to Financial Statements provide additional explanation and detail about the financial information, as well as required disclosures.

FINANCIAL HIGHLIGHTS

The Authority began 2020 with "A Grand Vision for the Future," after a successful completion of 2019, which was dedicated to "The Year of Implementation." The events of 2020 were shaded by the COVID-19 pandemic, as they were for most companies, but GRDA's financial results triumphed over the pandemic, ending with a strong net income, and resulting in a financial position that allowed the Authority to contribute to a rate stabilization account. The Authority did not experience an increase in uncollectible accounts due to the pandemic. GRDA is a member of the Southwest Power Pool (SPP) Regional Transmission Organization (RTO). Low natural gas prices and an abundant supply of wind generation led to economical purchased power costs within the SPP Integrated Marketplace in both 2020 and 2019.

From October 2019 to February 2021, Standard and Poor's, Fitch Ratings, and Moody's Investor Service issued rating affirmations of AA-, with a stable outlook, A+, with a stable outlook, and A1, with a stable outlook, respectively. These affirmations were largely due to the Authority's continuing financial health and increasing debt leverage. S&P noted strong unrestricted cash balances and liquidity. Fitch based its decision, in part, on GRDA's continued strong financial performance and very low operating costs. Moody's noted GRDA's diverse and competitively priced resource mix as a key reason for its rating.

On July 29, 2019, Grand River Energy Center (GREC) Unit 2 (GREC 2) experienced a mechanical failure and subsequent shutdown, which resulted in damages to the low pressure section of the turbine. While restoration of the damage totaled $15.0 million, the Authority was insured, limiting the cash outlay to the $1.3 million insurance deductible. GREC 2 was returned to service June 9, 2020.

On October 9, 2019, the GRDA Board of Directors voted to remove GREC Unit 1 (GREC 1) from service, pending final approval and determination of an official retirement date by SPP. Approval was subsequently received and the unit was officially retired as of December 31, 2020.

FINANCIAL HIGHLIGHTS - DECEMBER 31, 2020, 2019, AND 2018

	2020	2019	2018
CONDENSED SCHEDULE OF NET POSITION			
Assets:			
Current assets	**220,111,240**	254,560,021	260,455,415
Net utility plant	**1,228,205,944**	1,252,699,332	1,218,249,936
Noncurrent investments	**378,500,098**	317,211,399	308,789,981
Other noncurrent assets	**11,972,912**	3,000,068	1,772,872
Total assets	**1,838,790,194**	1,827,470,820	1,789,268,204
Deferred outflows related to pension plans	**13,484,694**	4,286,903	7,326,606
Deferred outflows related to other postemployment benefits	**3,408,830**	1,051,412	1,068,541
Deferred outflows related to loss on reacquired debt	**27,810,693**	31,079,603	34,523,355
Deferred outflows related to derivative hedges	**333,110**	2,595,165	-
Total deferred outflows	**45,037,327**	39,018,083	42,918,502
Liabilities:			
Current liabilities	**78,937,570**	75,710,901	80,407,089
Noncurrent liabilities	**1,005,007,245**	1,034,426,516	1,078,066,715
Total liabilities	**1,083,944,815**	1,110,137,417	1,158,473,804
Deferred inflows related to pension plans	**603,759**	1,905,145	3,574,189
Deferred inflows related to other postemployment benefits	**633,829**	829,895	-
Deferred inflows related to regulated operations	**88,634,963**	77,173,332	46,947,793
Deferred inflows related to derivative hedges	**-**	-	700,390
Total deferred inflows	**89,872,551**	79,908,372	51,222,372
Net Position:			
Net investment in capital assets	**305,481,403**	281,454,483	239,876,589
Restricted for:			
Board Designated	**40,381,000**	39,998,000	39,615,000
Debt service	**22,889,999**	21,877,917	15,286,250
Other special purposes	**2,208,452**	2,186,412	2,201,996
Unrestricted	**339,049,301**	330,921,302	325,510,695
Total net position	**710,010,155**	676,438,114	622,490,530

FINANCIAL HIGHLIGHTS - DECEMBER 31, 2020, 2019, AND 2018 (continued)

	2020	2019	2018
CONDENSED SCHEDULE OF CHANGES IN NET POSITION			
Operating Revenues:			
Sales of power	**380,115,355**	399,342,391	405,533,477
Other operating revenues	**24,695,083**	26,566,101	37,150,792
Regulatory asset revenues	**24,057,317**	2,949,837	1,098,338
Transfer (provision) for rate stabilization	**(31,703,098)**	-	-
Total operating revenues	**397,164,657**	428,858,329	443,782,607
Non-Operating Revenues:			
Investment income-net	**17,846,422**	19,416,075	3,398,153
Award revenue (loss) - operating	**86,255**	(259,865)	253,218
Income (loss) - nonoperating	**3,182**	(40,734)	(97,966)
Income from nonutility operations	**(4,445,325)**	(4,163,639)	(879,822)
Costs (recovered) to be recovered	**(3,854,699)**	(33,196,760)	(5,070,883)
Total non-operating revenues	**9,635,835**	(18,244,923)	(2,397,300)
Total revenues	**406,800,492**	410,613,406	441,385,307
Operating Expenses:			
Fuel	**(82,451,994)**	(103,982,895)	(94,838,349)
Depreciation	**(72,422,157)**	(75,266,780)	(80,383,786)
Operations	**(68,833,979)**	(65,806,547)	(67,051,953)
Purchased power – net	**(68,162,828)**	(64,864,171)	(88,779,253)
Administrative and general	**(31,624,140)**	(23,708,144)	(18,210,948)
Maintenance	**(24,722,494)**	(24,447,446)	(28,162,855)
Total operating expenses	**(348,217,592)**	(358,075,983)	(377,427,144)
Non-Operating Expenses:			
Interest expense	**(47,672,958)**	(49,296,921)	(50,110,812)
Amortization of debt discount and expense	**(38,706)**	(92,894)	(92,894)
Amortization of bond premium	**10,662,823**	11,028,883	11,206,324
Total non-operating expenses	**(37,048,841)**	(38,360,932)	(38,997,382)
Total expenses	**(385,266,433)**	(396,436,915)	(416,424,526)
Award revenue - capital	**12,037,982**	39,771,093	5,170,213
Net increase in net position	**33,572,041**	53,947,584	30,130,994
Net Position – Beginning of year	**676,438,114**	622,490,530	605,002,780
Adoption of new accounting standard	**-**	-	(12,643,244)
Net Position – Beginning of year, as restated	**676,438,114**	622,490,530	592,359,536
Net Position – End of year	**710,010,155**	676,438,114	622,490,530

During the month of February 2021, the Authority was hit by Winter Storm Uri, as was the entire footprint of the Southwest Power Pool. Between February 4, 2021, and February 20, 2021, the SPP was operating in various levels of an Energy Emergency Alert, resulting in conservation measures being implemented, and eventual shedding of load, by all SPP members. In conjunction with this event, the Authority was subjected to unprecedented natural gas prices. While the total impact of this event is yet unknown, estimates range from $51.1 million to $153.7 million. Results are dependent on an ongoing review process by SPP's Market Monitoring Unit. The Authority was able to fund the event entirely through cash reserves and plans to recover these costs through a modification to the Power Cost Adjustment (PCA) over the next 48 months. See Note 12 to financial statements for further information.

The financial results are further discussed in the following paragraphs and reflect the financial impact of the highlights mentioned above.

NET POSITION

The Net Position increased by $33.6 million, or 5%, in 2020, following a $53.9 million, or 9%, increase in 2019. Both increases in Net Position were the result of net income; though, the 2020 increase was offset by a contribution to a rate stabilization account, which reduced current year revenue, by deferring it to future years. This subsequently reduced the impact to Net Position by $31.7 million. See further discussion regarding the rate stabilization account under Operating Income.

Total Assets increased by $11.3 million, or 1%, in 2020, following a $38.2 million, or 2%, increase in 2019. The 2020 increase is mainly due to an increase in investments, offset by a decrease in Net Utility Plant resulting from the retirement of GREC 1. Conversely, the 2019 increase is materially due to a $34.4 million increase in Net Utility Plant, which resulted from the construction of several significant transmission and distribution assets.

Current Assets decreased by $34.4 million, or 14%, in 2020, following a 2019 decrease of $5.9 million, or 2%. The 2020 decrease was materially due to a $33.0 million decrease in current investments. The 2019 decrease is mostly attributable to decreases in both Accounts Receivable and Materials and Supplies Inventory of $8.4 million and $12.2 million, respectively, offset by increases in both General Operating Cash and Cash Equivalents of $7.7 million and Restricted Investment Accounts of $6.3 million.

Materials and Supplies Inventory, included in Current Assets, increased by $1.7 million, or 4%, after decreasing by $12.2 million, or 22%, in 2019 due to an ongoing effort to identify and surplus inventory items related to GREC 1. The Authority also implemented Vendor Managed Inventory in 2019, reducing both carrying cost of inventory items, as well as reducing overhead costs involved with procurement and handling of these items.

Receivables for under recovered fuel costs decreased to zero in 2020, as they were recovered through the PCA throughout the year. In 2019, the under recovered balance was $2.1 million.

Net Utility Plant decreased by $24.5 million, or 2%, in 2020, as GREC 1 was fully retired from service. This is in contrast to a 2019 increase of $34.4 million, or 3%, due to the construction of transmission and distribution assets, as previously mentioned and discussed in further detail in Capital Assets herein. More detailed information about changes in Net Utility Plant is presented in Note 4 to Financial Statements, Utility Plant.

Noncurrent Investments, which includes long term prepaid assets, increased by $61.3 million, or 19%, in 2020, as $33.0 million was transferred from current investments to noncurrent investments. Further increases in noncurrent investments were due to the continuing growth of cash balances. In 2019, the balance grew by $8.4 million, or 3%, due to increases in the debt service accounts. Additional information about the Restricted Investments, included in Noncurrent Investments, is presented in Note 2 to Financial Statements, Deposits and Investments. Restricted Assets are discussed later in more detail in the Significant Assets and Debt Administration section.

Other Noncurrent Assets consist of non-utility property and long-term receivables. Other noncurrent assets increased by $8.9 million, or 299%, in 2020, due to additions in non-utility property related to the construction of the Waters of Oklahoma and Arkansas (WOKA) whitewater project. This increase is subsequent to a 2019 increase of $1.2 million, or 69%.

Deferred Outflows of Resources increased by $6.0 million, or 15%, in 2020, mainly due to an increase in deferred outflows related to the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). In 2019, Deferred Outflows decreased by $3.9 million, or 9%, due to the amortization of loss on reacquired debt, combined with amortizations of the deferred outflows related to the GASB 68 pension accounting.

Total Liabilities decreased by $26.2 million, or 2%, in 2020, after likewise decreasing $48.4 million, or 4%, in 2019.

Current Liabilities increased by $3.2 million, or 4%, in 2020. This contrasts with a decrease of $4.7 million, or 6%, in 2019. Accounts Payable and Accrued Liabilities increased by $2.9 million, or 9%, in 2020, after it decreased in 2019 by $10.0 million, or 24%, due to the completion of most major construction projects prior to year-end. The current portion of Bonds Payable increased by $1.7 million, or 5%, in 2020. Likewise, in 2019, there was an increase of $11.3 million, or 43%. Unearned Revenue Related to Insurance Proceeds decreased to zero, from a balance of $2.2 million in 2020, after it increased by $661 thousand in 2019. The amount relates to the July 2019 GREC 2 mechanical outage discussed previously, which was completed in 2020. To facilitate timely and efficient reimbursement of expenditures related to this insured event, the insurance carrier advanced funds, which were deposited into a restricted account by GRDA. This account has been the source to replenish cash, following approval by the insurance company. The balance of the amount unearned by the Authority, at the end of each year, is presented as part of Current Liabilities.

Noncurrent Liabilities, which include the long-term obligations for revenue bonds outstanding, decreased by $29.4 million, or 3%, in 2020, following a $43.7 million, or 4%, decrease in 2019. Both the 2020 and 2019 decreases are attributable to payments of principal on outstanding debt. In 2020, Noncurrent Liabilities, other than Bonds Payable, increased by $20.4 million, or 62%, after also increasing by $4.8 million, or 17%, in 2019. The 2020 increase is related to an increase of $17.7 million in pension plan liability and a $2.5 million increase in liabilities related to other postemployment benefits. An increase of $5.1 million in the landfill closure/post-closure liability accounts for the majority of the increase in 2019, offset by reductions in the liabilities related to pension and other postemployment benefits. Additional details about bonds outstanding are presented in Note 6 to Financial Statements, Bonds Payable, and details about pension and other postemployment benefit liabilities are presented in Note 7 to Financial Statements, Retirement Plans, Postretirement, and Other Employee Benefits.

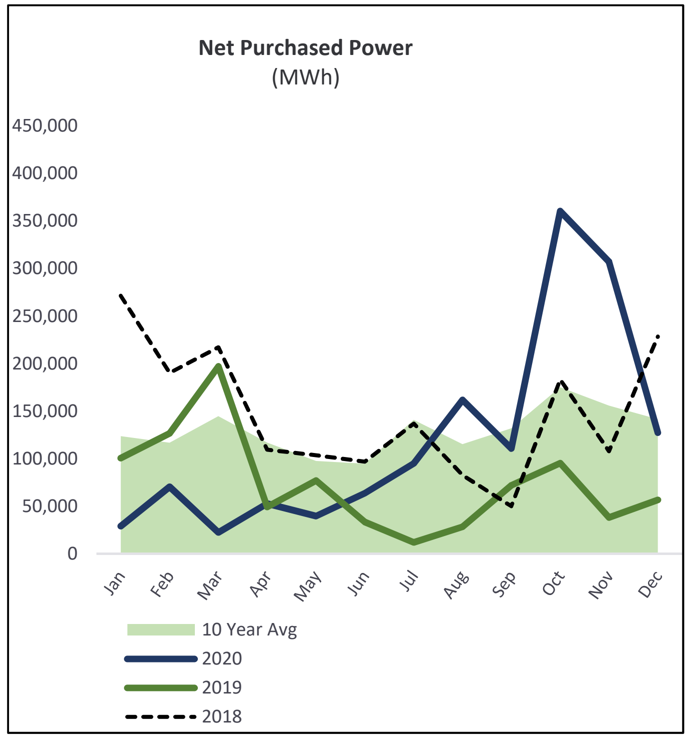
Deferred Inflows of Resources increased by $10.0 million, or 12%, in 2020, following a similar increase of $28.7 million, or 56%, in 2019. Both the 2020 and 2019 increases are attributable to increases in Deferred Inflows Related to Regulated Operations. These are discussed in further detail in Deferred Inflows of Resources and Deferred Outflows of Resources.

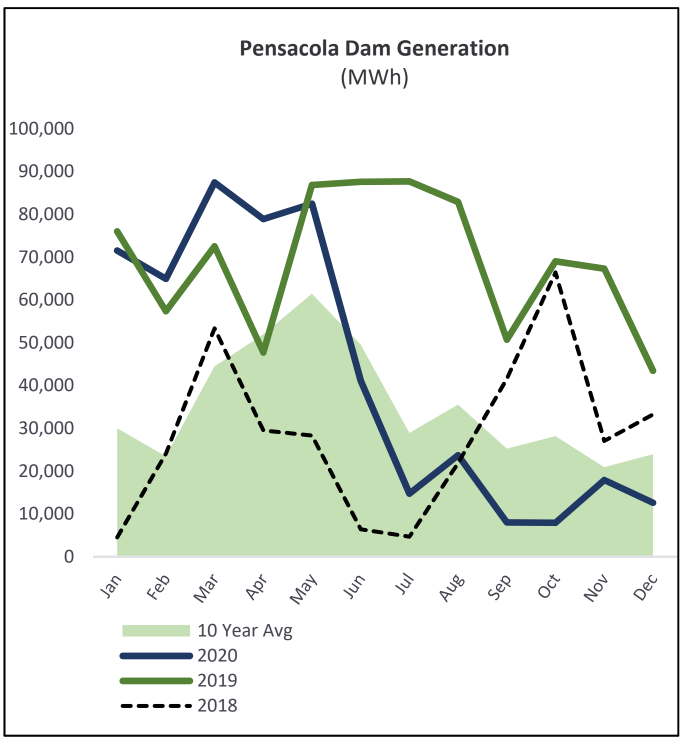
Unrestricted Net Position represents the part of net position used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, including Board designation, or other legal agreements. This amount decreased by $8.1 million, or 2%, in 2020. This follows a prior year increase of $5.4 million, or 2%, in 2019.

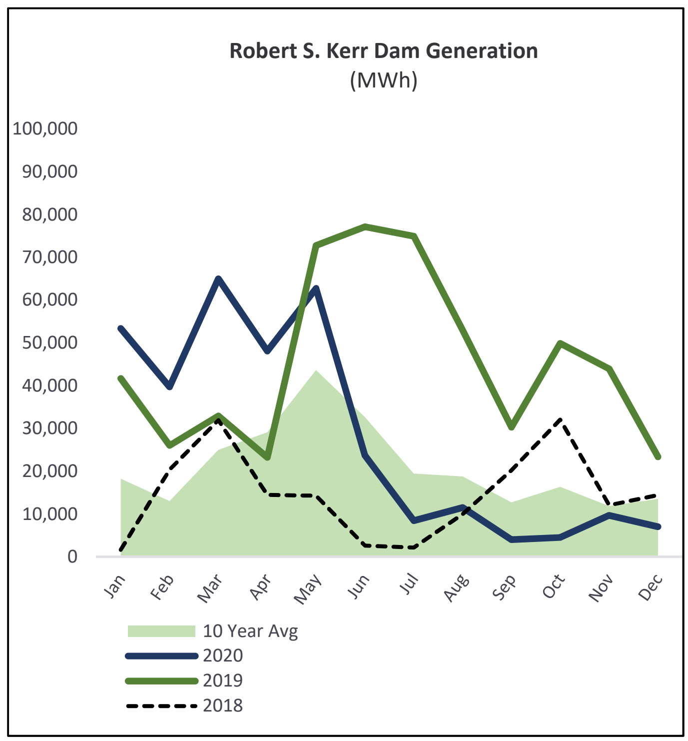
OPERATING RESULTS

The Authority's results for 2020 continued the trajectory of strength, resulting in a contribution to a rate stabilization account. Heavy rainfalls throughout 2019 provided an opportunity for increased revenues with very little increased expenses. The Authority's participation in SPP's Integrated Marketplace provides both price stability, through the availability of economical purchased power, and a built-in hedge against resource availability, as GREC 2 was inoperable for the latter half of 2019 and the first quarter of 2020.

The graph titled "Net Purchased Power (MWh)" depicts the Authority's hourly net purchases of energy from the Integrated Marketplace. As is evidenced by the comparisons of 2018, 2019, and 2020, versus the ten-year average in the light green shaded area, purchases of power for 2020 remained below the ten-year average for a majority of the year, spiking in the fall, as GREC Unit 3 (GREC 3) underwent a routine outage. Conversely, in the prior year, beginning in April, 2019 purchases fell well below the ten-year historical average, as historic outflows from hydro generation resources eliminated much of the need to purchase energy from the marketplace. In 2018, purchased power represented a more seasonal pattern, as power was purchased in peak seasons to supplement owned generation. See the graphs titled "Pensacola Dam Generation (MWh)" and "Robert S. Kerr Dam Generation (MWh)" for hydro generation comparisons of 2018, 2019, and 2020, as compared to the ten-year historical average.



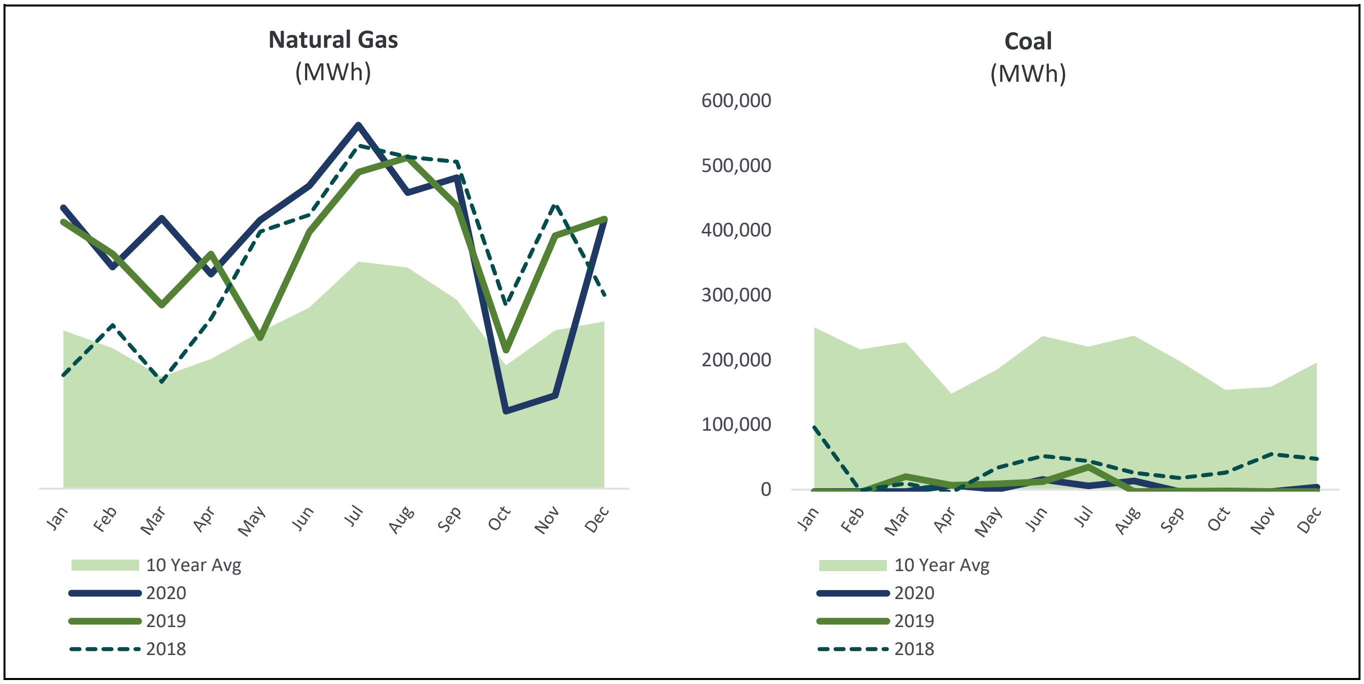




The Authority's energy resources have included wind, through purchased power agreements, since 2013. The energy produced from these projects is recorded as Purchased Power. The wind purchase agreements provide risk mitigation against possible increases in fuel costs in future years and help expand the Authority's diversified energy portfolio.

Energy sales into the SPP spot market represented just over 5% of Total Operating Revenues in 2020, and slightly more than 3% in 2019. The Authority does not rely on significant spot sales revenue to meet its payment obligations or debt coverage requirements.

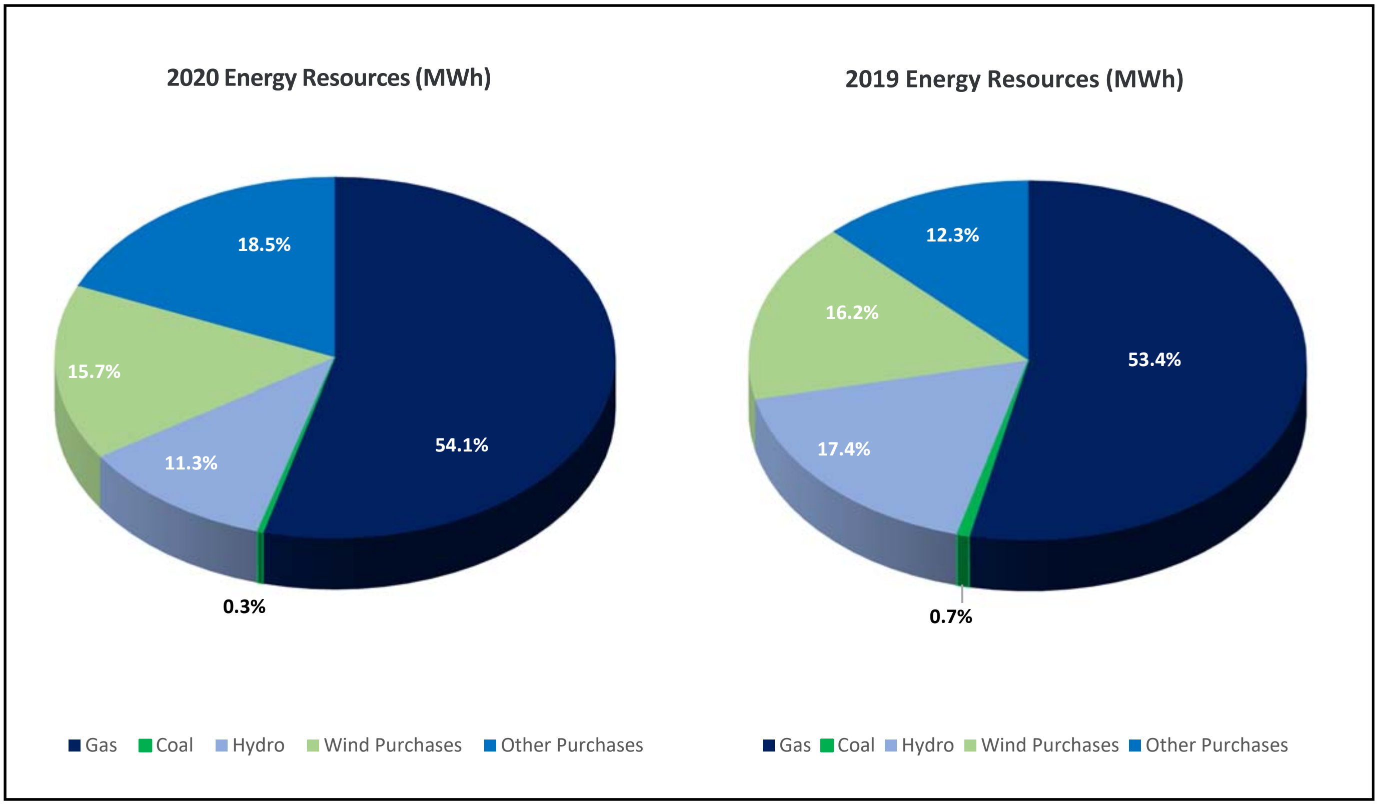
The graphs titled "Natural Gas (MWh)" and "Coal (MWh)" reflect the output of the Authority's thermal generation resources. As demonstrated by the graph titled "Coal (MWh)," the generation for coal continues to trend substantially lower than the historical ten-year average, as coal prices have remained uneconomical when compared to both natural gas and the overall available SPP Integrated Marketplace energy. This is in combination with the mechanical outage of GREC 2 in 2019 and the April 2017 discontinuation of GREC 1 as a coal-fired generating unit, which was formally retired from assets as of December 31, 2020. The graph titled "Natural Gas (MWh)" indicates the competitiveness of both GREC 3 and Redbud, as they were called upon to provide energy into the SPP Integrated Marketplace during the summer months of 2020 and 2019, then were offline in the fall for routine outages.



Though its impact has remained immaterial to the financial results, the Authority has continued to expand and strengthen its Energy Hedging Program, with the intent of managing market, counterparty, volume, budget, regulatory, model, and operations risks through Risk Management Policies. The Board of Directors of the Authority is responsible for an overall understanding of risks and the internal Risk Oversight Committee is responsible for primary operational risk oversight and the implementation of the Risk Management Policies. The Energy Hedging Program has three essential objectives: (1) to achieve a customer power cost to serve native load and off-system firm load at a cost that is materially close to the budgeted amount; (2) to reduce the Authority's exposure to volatile swings in energy and hedging costs and to limit the uncertainty related to market timing when purchasing fuel-related hedges by purchasing a portion of required hedges on a programmatic basis; and (3) to maintain a degree of flexibility allowing the Authority to benefit from a favorable energy market. As these transactions relate to natural gas, realized gains and losses as a result of these hedges are recognized as fuel expense. See Deferred Inflows of Resources and Deferred Outflows of Resources for further discussion.

The graphs titled "2020 Energy Resources (MWh)" and "2019 Energy Resources (MWh)" indicate the energy resource mix upon which GRDA relies to meet its customers' load needs. The availability of adequate generation capacity, along with a reliable transmission system and firm customer contracts, ultimately drive the operating and financial results. The common trend between 2020 and 2019 graphs is the continuing decrease in the Authority's coal generation and the increases in gas and wind generation. The hydro units continue to play a vital role in both reliability and available capacity, but their part in the energy resources mix has decreased from 2019 to 2020, as the Authority benefited from sustained heavy rainfalls throughout the majority of 2019, but had less precipitation within the watershed in 2020.

The Authority has a generation portfolio that provides diversity and employs a team experienced in power marketing that uses those resources, in conjunction with the hedging program, to minimize risks and volatility for the Authority.



OPERATING INCOME

Operating Income		
	2020	2019
Total operating revenues	**397,164,657**	428,858,329
Total operating expenses	**(348,217,592)**	(358,075,983)
Operating Income	**48,947,065**	70,782,346

Operating Income decreased in 2020 by $21.8 million, or 31%, after it increased by $4.4 million, or 7%, in 2019. Operating Revenues decreased by $31.7 million, or 7%, following a $14.9 million, or 3%, decrease in 2019. Operating Revenues for 2020, without the contribution to the rate stabilization account, were nearly identical to those in 2019, only increasing by $9 thousand; however, the $31.7 million contribution to the rate stabilization account represented a deferral of the Operating Revenues, which decreased current year numbers. The 2019 decrease was due to lower PCA revenues, resulting from lower natural gas prices and increased market revenues from plentiful hydro generation.

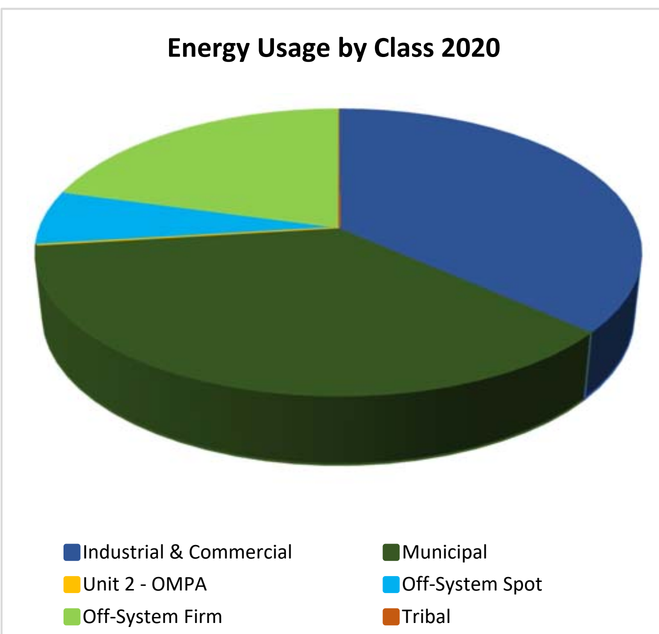
Other Operating Revenues include recovery of revenue requirements for transmission plant recovered through the SPP's administration of the transmission tariffs, as well as revenues associated with an Integrated Transmission Agreement (ITA). It also includes lake-related revenues. Other Operating Revenues decreased by $1.9 million, or 7%, after also decreasing by $10.6 million, or 28%, in 2019. Additionally, Non-operating Revenues increased in 2020 by $27.9 million, or 153%, after a decrease of $15.8 million in 2019. Non-operating Revenues primarily includes investment income and changes in the fair value of investments, offset by the deferral of revenue associated with third party contributions to the construction of capital assets. In 2020, deferral of costs to be recovered were $29.3 million less than in 2019, offset by a decrease in investment income of $1.6 million. Investment Income – Net, which includes changes in the fair value of investments increased by $16.0 million in 2019.

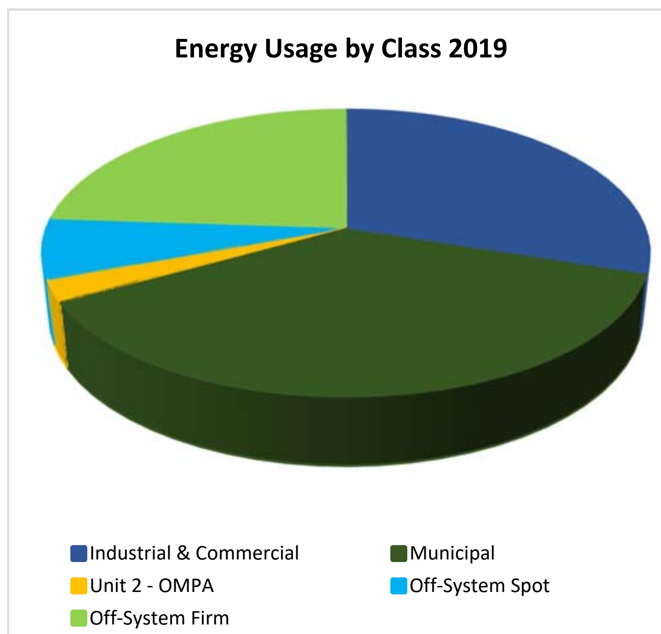
Award Revenue - Capital includes customer contributions, grant proceeds, and insurance revenues for capital asset additions. Portions of these revenues were deferred by the Authority in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62), which is discussed in further detail in Deferred Inflows of Resources and Deferred Outflows of Resources.

Consistent with recent trend, Operating Expenses decreased by $9.9 million, or 3%, in 2020, after they decreased by $19.4 million, or 5%, in 2019. In 2020, Fuel expense decreased by $21.5 million, offset by increases in Operation expense of $3.0 million, Purchased Power of $3.3 million, and Administrative and General of $7.9 million. Conversely, Purchased Power in 2019 decreased by $23.9 million, or 27%, offset by an increase in Fuel expense of $9.1 million, or 10%.

OPERATING REVENUES

As stated previously, Operating Revenues decreased by $31.7 million, or 7%, following a $14.9 million, or 3%, decrease in 2019. Operating Revenues for 2020, without the contribution to the rate stabilization account, were $9 thousand more than those in 2019; however, the $31.7 million contribution to the rate stabilization account represented a deferral of Operating Revenues, which decreased current year numbers. The largest contributor to Operating Revenues is Sales of Power, which has decreased over the last few years. In 2020, Sales of Power decreased $19.2 million, or 5%, following a 2019 decrease of $6.2 million, or 2%. While overall revenue from sales has declined over the last two years, GRDA's industrial load has experienced steady increases, year over year, due to growth in the MidAmerica Industrial Park, increasing 18% in MWh sales in 2020, after increasing 8% in MWh sales in 2019. Off System Firm MWh sales decreased by 16% in 2020 and 20% in 2019, in accounting for the overall decrease in sales of power for both years. These changes are illustrated in the graphs titled "Energy Usage by Class 2020" and "Energy Usage by Class 2019."



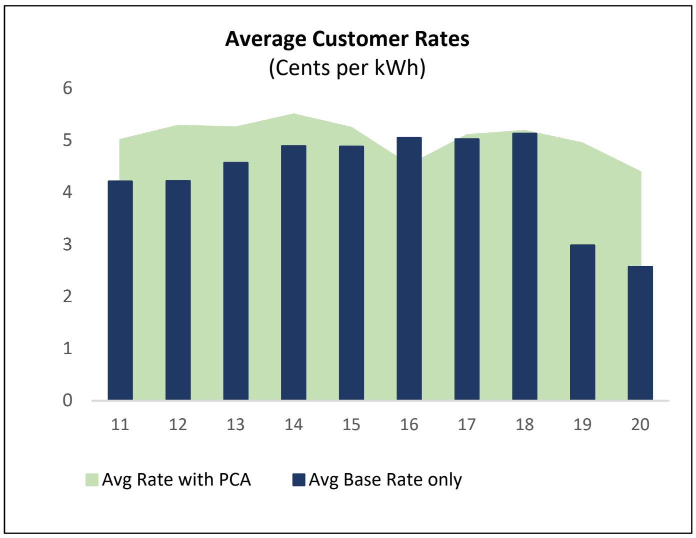


Other Operating Revenues, as mentioned previously, include recovery of revenue requirements for transmission plant recovered through the SPP's administration of the transmission tariffs, revenues associated with an ITA, and lake-related revenues. Other Operating Revenues decreased by $1.9 million, or 7%, in 2020, after decreasing by $10.6 million, or 28%, in 2019. The 2019 fluctuation was mostly due to the receipt of a one-time $8.9 million settlement resulting from arbitration around the ITA in 2018.

The Authority is empowered to set rates, as necessary, to provide for recovery of operating expenses and debt service payments. When deemed necessary and approved by the Board of Directors, rates can be raised by providing at least 60 days' notice to the Authority's customers. By statute, the Authority is a self-regulated entity and its rates do not come under the jurisdiction of the Oklahoma Corporation Commission. The rates charged by the Authority for the sale of electric power and energy are not currently regulated by the Federal Energy Regulatory Commission (FERC) or any other state or federal authority; however, GRDA's transmission tariff is filed and approved by FERC, as part of the SPP open access tariff.

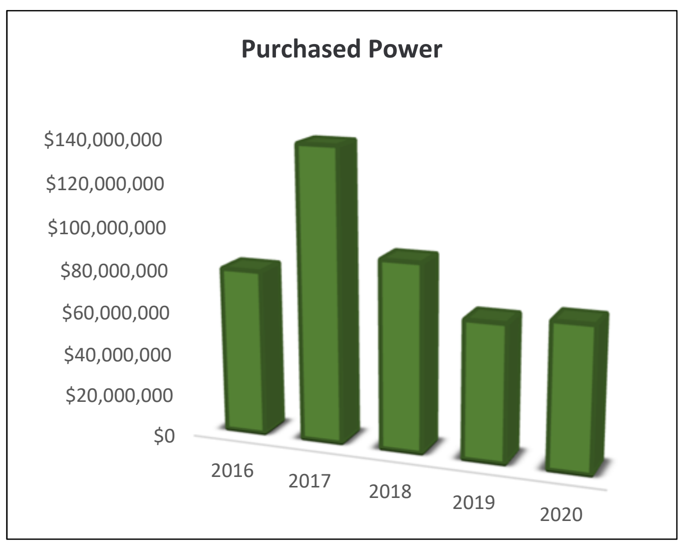
Oklahoma law requires the Authority to maintain rates which are sufficient to produce adequate revenues to fulfill the obligations of the Authority. These obligations include payment of all maintenance and operation expenses, interest and principal of all bonds, sinking fund and/or reserve fund payments agreed to be made in respect of any such bonds, and any other obligations or agreements made with the holder of such bonds and/or with any person on behalf of such holder. The Authority agreed with its customers to not adopt or charge excess rates and to ensure rates will be applied in a reasonable, and not unduly discriminatory, manner to all customers served under the same rate schedules at the same service level.

The Authority's rates have three main components: demand, energy, and PCA. The amount of the rate is dependent upon the level of service for which the customer has contracted: generation bus, transmission, primary distribution, or distribution.



The PCA is an adjustment mechanism that allows the Authority to recover Fuel and Purchased Power costs, for contract sales to wholesale and retail customers, over a rolling twelve-month period. Prior to April 1, 2019, the Authority's base energy rates included an estimated power cost (fuel and purchased power) of 23 mills per kWh. Effective April 1, 2019, the 23 mills per kWh of estimated power cost was restructured out of the base rate into the PCA recovery calculation. The graph titled "Average Customer Rates (Cents per kWh)" reflects the removal of this 23 mills per kWh of estimated power cost from the base rate in the dark blue bars. This graph also shows an overall rate reduction, due to lower PCA costs, in both 2020 and 2019, as compared to prior years.

The PCA revenues also reflect an accrual of any over or under-collected fuel costs. Approximately $927 thousand in fuel and purchased power costs were over-recovered on December 31, 2020, while $2.1 million in fuel and purchased power costs were under-recovered at the end of 2019.



OPERATING EXPENSES

Operating Expenses for 2020, like 2019, continued on a downward trend as they decreased $9.9 million, or 3%, following a $19.4 million, or 5%, decrease in the prior year. The most significant driver of the reduced Operating Expenses for 2020 was a $21.5 million decrease in fuel expense, offset by increases in Operations of $3.0 million, Purchased Power of $3.3 million, and $7.9 million in Administrative and General expenses. As previously mentioned, the Purchased Power expense reduction is partially responsible for the 2019 decrease, as it dropped by $23.9 million, or 27%. See the graph titled "Purchased Power" for the trend in Purchased Power expenses over the last five years. Fuel increased in 2019 by $9.1 million, or 10%. This is due to the Authority generating more power from owned resources in 2019, resulting in purchasing less from the Integrated

Marketplace. Operations and Maintenance expenses decreased by $5.0 million in 2019 due to the continued rollout and implementation of multiple operational efficiencies throughout the Authority's generation, transmission, and distribution operations. Administrative and General Expenses increased in 2020 by $7.9 million or 33%, after also increasing in 2019 by $5.5 million, or 30%. These fluctuations are largely due to pension expense recognition required by GASB 68, which is discussed further in Deferred Inflows of Resources and Deferred Outflows of Resources. Historically, Administrative and General Expenses included the settlement of claims, insurance deductibles, employee insurance premiums, and post-retirement benefits. With the implementation of GASB 68, GRDA has experienced some variability of expenses in this area. The Statement requires current year contributions to be recorded as a reduction in the long-term pension liability, rather than a current year expense, and introduced other variables to recognition of current year expense. For 2018, the Authority also implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). Similar to the Statement related to pensions, this Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense for defined benefit other post-employment benefits. This required the Authority to restate 2018 opening Net Position, reducing it by $12.6 million.

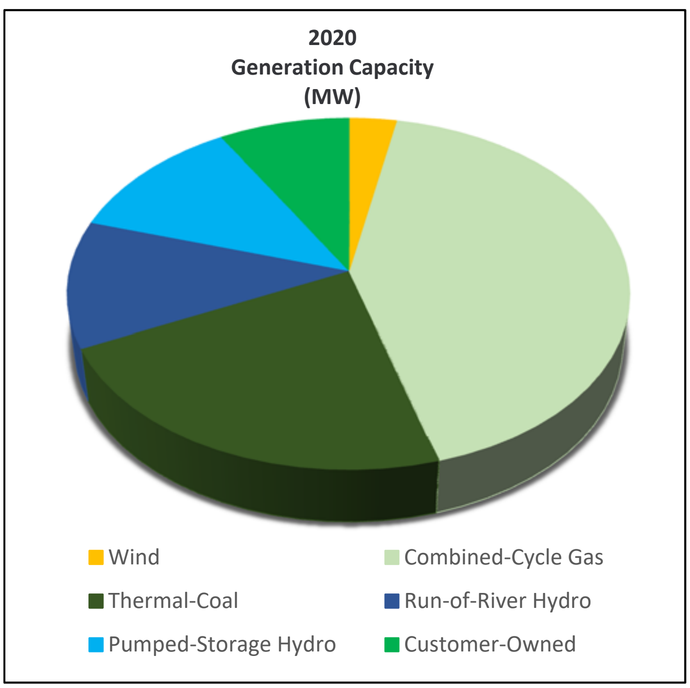
Depreciation expense decreased by $2.8 million, or 4%, after a 2019 decrease of $5.1 million, or 6%. Depreciation is trending downward due to the retirement of GREC 1 and the original installation of GREC 2 reaching the end of its originally-estimated useful life.

SIGNIFICANT ASSETS AND DEBT ADMINISTRATION

Capital Assets

Significant asset additions for 2020 included the GREC 2 restoration, resulting from the mechanical outage previously discussed, as well as a project to improve the Pensacola bridge support structures. For 2019, significant asset additions were mostly related to construction of infrastructure to serve new and expanding customers and investment related to the relicensing of the Pensacola hydro project.

The Redbud combined-cycle natural gas unit long term service agreement's generating hour milestones for significant capital investment were also triggered, as planned major outages on all four generating units required investment of $28.0 million in capital assets in 2019.



The Authority continues to reinvest in its transmission and distribution systems, as well as the communication system, upgrading and replacing components of lines, substations, and repeaters to ensure reliability in meeting our customers' needs.

As shown in Note 4 to Financial Statements, Utility Plant, the majority of Net Utility Plant consists of a diverse mixture of hydroelectric, coal, and natural gas generation resources, supported by a transmission system for the delivery of power and energy. The pie chart labeled "2020 Generation Capacity (MW)" reflects GRDA's generation capacity by fuel source. The Authority has contracts for firm wind purchases of 387 MW from Oklahoma wind farms. In combination with existing hydroelectric generation, these diverse resources allow the Authority to provide reliable electricity for customers, while also striving to excel in environmental stewardship.

Restricted Assets

The Authority's General Bond Resolution No. 5107 requires Debt Service Reserve Funds to be set aside and that the Debt Service Reserve account be equal to the "Maximum Aggregate Debt Service." Upon issuance of the Series 2017 Bonds, the Debt Service Reserve requirement was calculated to be $86.0 million.

The Authority normally keeps an excess in restricted accounts to compensate for any unforeseen market value fluctuations of investments in the account. As of December 31, 2020, the balance in the Debt Service Reserve account was $97.1 million and included an excess deposit of $11.1 million. As discussed further in Note 2 to Financial Statements, Deposits and Investments, any excess balance in the Debt Service Reserve account is reflected as a restricted asset, because bond proceeds were used to initially fund the account and carry associated restrictions on how the funds can be used. Excess debt service reserve deposits have been used to make bond principal payments.

The restricted accounts for other special purposes relate to wildlife mitigation, pursuant to hydro licensing requirements. Each of the restrictions is discussed in further detail in Note 2 to Financial Statements, Deposits and Investments.

The Authority has conservative investment requirements which protect against investment losses, although the yields earned on eligible investments reflect the reduced risk. The priority of the investment policies is to protect the deposits, rather than earn speculative income.

Deferred Inflows of Resources and Deferred Outflows of Resources

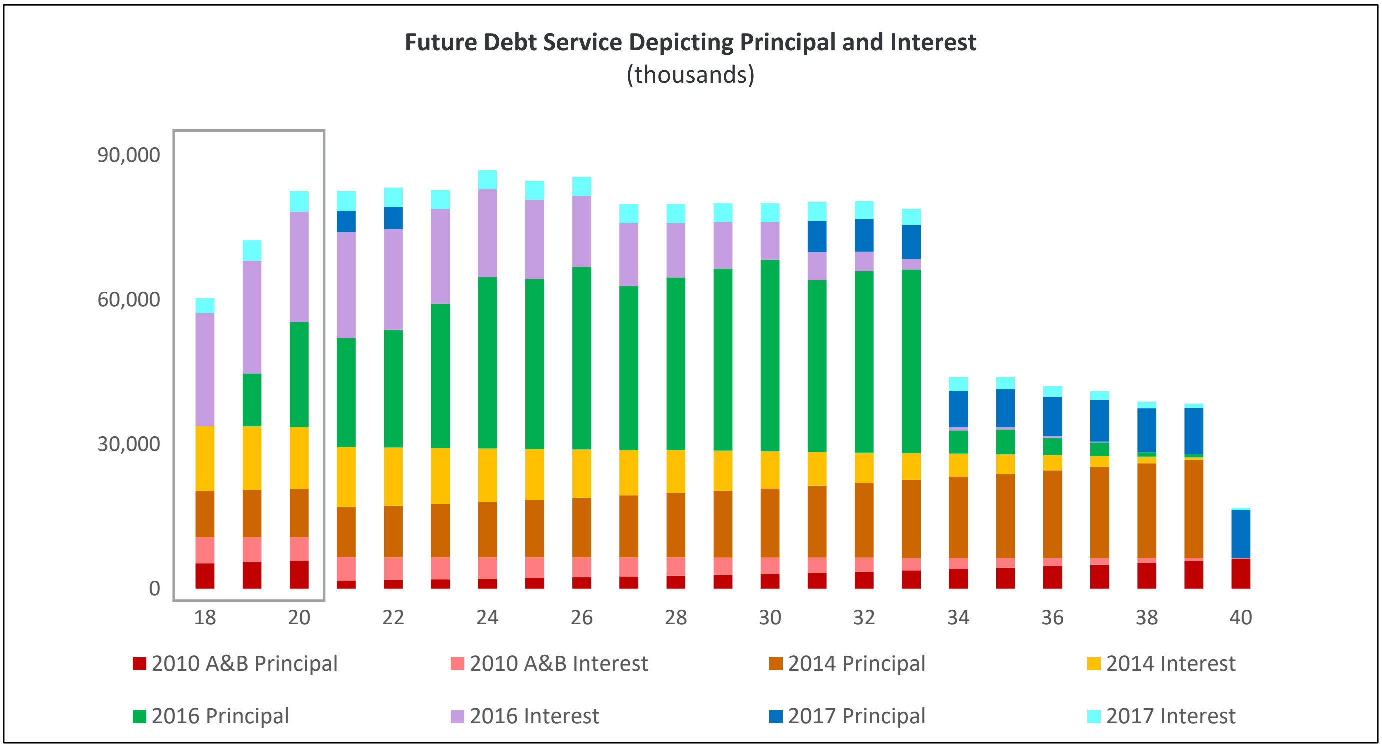
The Authority follows accounting for regulated operations in accordance with GASB 62, which requires approval from the Board of Directors, as they represent the regulatory body for the Authority. Board Resolution 5307 was approved to defer revenues related to capital, cost and insurance recoveries received, and to recognize those revenues in the same periods as the assets funded by those insurance recoveries are depreciated. This resolution is intended to clarify and support the appropriate accounting treatment of the capital, cost and insurance recoveries, and depreciation of assets, for the 2016 GREC 2 fire. The Authority's Board of Directors further expanded the use of regulated operations in 2017 by adopting Board Resolution 5325, which transferred discretion to the Chief Financial Officer (CFO) to allow the Authority to defer revenues related to third-party reimbursements for capital assets procured or constructed. These revenues, like the aforementioned insurance recoveries deferred, will be recognized in proportion to the depreciation of the assets for which the revenue was earned. In 2020, the Authority passed Board Resolution 5388, which granted the CFO the discretion to adopt regulatory accounting for the deferral of certain expenses, in accordance with GASB 62. Additionally in 2020, the Authority expanded its policy for regulatory assets. This created a threshold for the treatment and recognition of revenues, with a minimum of $1.0 million for individual projects, or $100,000 in annual amortization amounts. As a result of the established threshold, the Authority recognized $2.4 million in revenues, previously held in Deferred Inflows. See Note 5 to Financial Statements, Costs Recovered or to be Recovered from Future Revenues.

The Deferred Outflows Related to Loss on Reacquired Debt decreased by $3.3 million in 2020 and $3.4 million in 2019, both due entirely to amortization. These balances will be amortized over the life of the associated debt.

The Deferred Outflows of Resources Related to Pension Plans totaled $13.5 million and $4.3 million for 2020 and 2019, respectively, while Deferred Inflow of Resources Related to Pension Plans totaled $604 thousand and $1.9 million in 2020 and 2019, respectively. These amounts represent the Differences in Experience, Differences in Assumption, Investment Gain/Deficit, and Changes in Proportion from the actuarial studies performed on defined benefit plans. See Note 7 to Financial Statements, Retirement Plans, Postretirement, and Other Employee Benefits.

As noted previously, the Authority implemented GASB 75 in 2018. Similar to the Statement related to pensions, this Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense for defined benefit other post-employment benefits. Though the Deferred Outflows of Resources and Deferred Inflows of Resources relate to changes of actuarial assumptions, the Authority contributions subsequent to the actuarial measurement date are also included in the Deferred Outflows of Resources. Deferred Inflows of Resources Related to Other Postemployment Benefits was $634 thousand in 2020 and $830 thousand in 2019, while Deferred Outflows of Resources Related to Other Postemployment Benefits totaled $3.4 million in 2020 and $1.1 million in 2019.

As stated previously, the Authority expanded its Energy Hedging Program, through which the Authority has entered into derivative transactions related to the purchase of natural gas. At the end of 2020 and 2019, the Authority reported Deferred Outflows of Resources Related to Derivative Hedges of $333 thousand and $2.6 million, which represent anticipated losses of the same amount to be recognized in future years.



Long-Term Debt

The Authority is not authorized to mortgage or pledge any assets for the repayment of debt. Instead, the bonds issued are revenue bonds, which pledge the future revenues of GRDA's entire electric system to repay bondholders.
The graph "Future Debt Service Depicting Principal and Interest (thousands)" provides an indication of how much principal and interest are due each year, until all currently outstanding bonds mature in 2040. The graph distinguishes between the matured bonds and the currently outstanding issues.

As indicated in Note 6 to Financial Statements, Bonds Payable, GRDA makes monthly sinking fund payments to the bond trustee, which are reflected as Current Investments Restricted for Bond Service. The bondholders are then paid annual principal payments on June 1 and semi-annual interest payments on June 1 and December 1 of each year.

In late 2019, Fitch Ratings issued a rating affirmation of A+, with a stable outlook. In early 2021, Moody's Investor Service and Standard and Poor's issued rating affirmations of A1, with a stable outlook, and AA-, with a stable outlook, respectively. These affirmations were largely due to the Authority's continuing financial health and increasing debt leverage.

Public Financial Management (PFM) represents the Authority as financial advisor to ensure it meets current and long-term operations and capital financing needs and to render assistance with respect to debt transactions. PFM is acting as the Authority's Independent Municipal Advisor, as defined by the U.S. Securities and Exchange Commission in connection with all general capital markets activity.

CHANGE IN FINANCIAL POSITION

The Authority's financial position continues to improve year over year. The Authority's cash reserve levels, in conjunction with a formalized Cash Reserve Policy that was approved by the Board of Directors in 2018, has positioned the Authority to continue with its capital improvement plan while holding base rates steady, as well as be prepared for events such as Winter Storm Uri, previously discussed. Debt service coverage has remained excellent, far exceeding the one-time's coverage required by debt covenants and allowing for a contribution to a rate stabilization account. The Authority's Board of Directors ensures that GRDA's success continues and plans are implemented efficiently and effectively. They continue to challenge management to strive for excellence.

Wholesale customers provide financial security with long-term contracts. The Authority has been humbled by, and is motivated by, the active support of its wholesale customers and is actively working with this customer group to prepare for the onslaught of changes facing the utility industry. While the wholesale load is experiencing slight declines, long-term revenue projections are more reliable, as many of the all-requirements contracts with the municipal customers run two years longer than any of GRDA's outstanding debt.
Continued industrial expansion in the Mid America Industrial Park has led to increasing sales within the Industrial and Commercial customer classes, offsetting the slight declines of the wholesale load and providing for forecasted growth in sales.

The 2020 "A Grand Vision for the Future" set the foundation of financial health to ensure resiliency against early 2021 events. The 2019 "Year of Implementation" was marked by the identification and rollout of initiatives aimed at the reduction of expenses and the ability of the Authority to hold rates steady.

ECONOMIC OUTLOOK

GRDA has a positive economic outlook due to sound financial and operational fundamentals and solid, mutually beneficial, long-term customer relationships, as well as new and expanding customer relationships. GRDA's rates remain competitive, as indicated in ten-year financial projections. Strong cash reserves are in place to fund capital reinvestment without need to issue additional debt, improving the debt-to-equity ratio for the Authority. The retail customers served by GRDA are diverse and service-oriented, with forecasted growth throughout the upcoming years.

Net Income for 2020 was substantial enough to allow for the aforementioned contribution to a rate stabilization account, ensuring mitigation of future rate increase impacts.

The Authority and its customers continue to work together to educate end users regarding the connection between efficiency, demand, and affordability. This will aid in managing end users' expectations of their electricity providers as the impact of the Integrated Marketplace and technology, such as distributed generation, introduce new and varying aspects to the utility industry.

The Authority protects the waters of the Grand River and the environments associated with it and utilizes Oklahoma's natural gas, water, and wind resources to generate electricity. The Authority meets customers' needs and environmental mandates with diversified resources and generation. The diversity in GRDA's generation portfolio provides a hedge to risks, such as fuel supply, Integrated Marketplace competition, and environmental legislation. The generation assets are supported by a robust transmission grid. The Authority has a favorable economic outlook because its electric system profile has low-debt costs, strong customer support, and coordinated resource planning.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This report is intended to provide our customers, bondholders, citizens of the state of Oklahoma, and other interested parties with a general overview of GRDA's financial position, results of operations, and to demonstrate accountability for the revenues GRDA receives.

Questions about this report, or requests for additional financial information, should be directed to the Authority at: Grand River Dam Authority, PO Box 669, Chouteau, OK 74337.

GRAND RIVER DAM AUTHORITY
(A Component Unit of the State of Oklahoma)

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2020 and 2019

	2020	2019
ASSETS:		
Current assets:		
Cash and cash equivalents:		
General operating accounts	$ 34,103,110	$ 28,532,389
Restricted accounts	895,853	5,036,824
Investments:		
General operating accounts	59,233,656	92,274,589
Restricted accounts	27,913,493	25,085,194
Accounts receivable—net	36,787,919	33,530,818
Accrued interest receivable	1,837,011	1,834,235
Fuel stock	9,341,945	18,701,071
Materials and supplies	44,966,363	43,233,378
Under recovered fuel costs	-	2,080,723
Prepaid assets	5,031,890	4,250,800
Total current assets	220,111,240	254,560,021
Noncurrent assets:		
Investments:		
General operating accounts	209,347,964	163,563,997
Restricted accounts	169,152,134	152,727,941
Prepaid assets	-	919,461
Net utility plant:		
Nondepreciable—at original cost	74,649,307	69,391,957
Depreciable—at original cost, less depreciation	1,153,556,637	1,183,307,375
Other noncurrent assets	11,972,912	3,000,068
Total noncurrent assets	1,618,678,954	1,572,910,799
Total assets	1,838,790,194	1,827,470,820
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pension plans	13,484,694	4,286,903
Related to post employment benefits	3,408,830	1,051,412
Related to loss on advanced refunding	27,810,693	31,079,603
Related to derivative hedges	333,110	2,595,165
Total deferred outflows of resources	45,037,327	39,013,083
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued liabilities	35,130,367	32,255,337
Accrued interest payable	3,640,229	3,784,488
Bonds payable—current portion	39,240,000	37,505,000
Unearned revenue related to insurance proceeds	-	2,166,076
Over recovered fuel costs	926,974	-
Total current liabilities	78,937,570	75,710,901
Noncurrent liabilities:		
Bonds payable—net	951,431,405	1,001,295,522
Liabilities related to pension plans	23,192,358	5,463,835
Liabilities related to post employment benefits	19,461,886	16,980,723
Other noncurrent liabilities	10,921,596	10,686,436
Total noncurrent liabilities	1,005,007,245	1,034,426,516
Total liabilities	1,083,944,815	1,110,137,417
DEFERRED INFLOWS OF RESOURCES:		
Related to pension plans	603,759	1,905,145
Related to post employment benefits	633,829	829,895
Related to costs recovered or to be recovered	88,634,963	77,173,332
Total deferred inflows of resources	89,872,551	79,908,372
NET POSITION:		
Net investment in capital assets	305,481,403	281,454,483
Restricted for:		
Board Desingated	40,381,000	39,998,000
Debt service	22,889,999	21,877,917
Other special purposes	2,208,452	2,186,412
Unrestricted	339,049,301	330,921,302
TOTAL NET POSITION	$ 710,010,155	$ 676,438,114

See notes to financial statements.

GRAND RIVER DAM AUTHORITY

(A Component Unit of the State of Oklahoma)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

	2020	2019
OPERATING REVENUES:		
Sales of power	$ 380,115,355	$ 399,342,391
Other operating revenues	24,695,083	26,566,101
Regulatory asset revenues	24,057,317	2,949,837
Transfer (provision) for rate stabilization	(31,703,098)	-
Total operating revenues	397,164,657	428,858,329
OPERATING EXPENSES:		
Fuel	(82,451,994)	(103,982,895)
Depreciation	(72,422,157)	(75,266,780)
Operations	(68,833,979)	(65,806,547)
Purchased power—net	(68,162,828)	(64,864,171)
Administrative and general	(31,624,140)	(23,708,144)
Maintenance	(24,722,494)	(24,447,446)
Total operating expenses	(348,217,592)	(358,075,983)
OPERATING INCOME	48,947,065	70,782,346
NONOPERATING REVENUES (EXPENSES):		
Investment income—net	17,846,422	19,416,075
Award revenue—operating	86,255	(259,865)
Income (loss)—non-operating	3,182	(40,734)
Loss—non-utility operations	(4,445,325)	(4,163,639)
Interest expense	(47,672,958)	(49,296,921)
Costs recovered or to be recovered	(3,854,699)	(33,196,760)
Amortization of debt discount and financing costs	(38,706)	(92,894)
Amortization of bond premium	10,662,823	11,028,883
Total nonoperating expenses	(27,413,006)	(56,605,855)
CAPITAL CONTRIBUTIONS:		
Award revenue—capital	12,037,982	39,771,093
Total capital contributions	12,037,982	39,771,093
NET INCREASE IN NET POSITION	33,572,041	53,947,584
NET POSITION—Beginning of year	676,438,114	622,490,530
NET POSITION—End of year	$ 710,010,155	$ 676,438,114

See notes to financial statements.

GRAND RIVER DAM AUTHORITY
(A Component Unit of the State of Oklahoma)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from customers	$ 393,917,885	$ 434,350,302
Received from award revenues—operating	192,359	664,652
Payments to employees for services	(47,972,239)	(46,117,406)
Payments to suppliers for goods and services	(201,599,362)	(206,858,275)
Net cash provided by operating activities	144,538,643	182,039,273
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to utility plant	(50,010,697)	(112,543,055)
Payments for retirements of utility plant	(652,710)	(227,493)
Received from sales of retirements of utility plant	2,653,891	243,953
Received from award revenues—capital	6,654,457	2,023,810
Insurance proceeds received	-	5,700,000
Insurance proceeds spent	(2,166,076)	(3,533,924)
Repayment of principal	(37,505,000)	(26,205,000)
Interest paid	(44,548,307)	(45,940,783)
Net cash used in capital and related financing activities	(125,574,442)	(180,482,492)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	9,473,317	10,943,709
Purchases of securities	(770,008,486)	(698,707,507)
Proceeds from sales and maturities of securities	743,000,718	694,822,295
Net cash provided by investing activities	(17,534,451)	7,058,497
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,429,750	8,615,278
CASH AND CASH EQUIVALENTS—Beginning of year	33,569,213	24,953,935
CASH AND CASH EQUIVALENTS—End of year	$ 34,998,963	$ 33,569,213
NONCASH ITEMS FROM CAPITAL AND RELATED ACTIVITIES:		
Noncash award revenues—capital	$ 5,674,490	$ 8,854,736
NONCASH ITEMS FROM INVESTING ACTIVITIES:		
Change in unrealized gain (loss) on investments	$ (1,645,653)	$ 9,909,326
Amortization of premiums and discounts	$ (399,252)	$ 2,355,019
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 48,947,065	$ 70,782,346
Noncash items included in net operating income:		
Income from nonutility operations	(2,963,597)	(563,969)
Depreciation	72,422,157	75,266,780
Changes in assets and liabilities:		
Receivables:		
Customers	(2,426,761)	4,887,397
Other	(3,836,589)	3,335,277
Fuel stock	9,359,125	476,060
Materials and supplies	(1,732,985)	12,236,506
Other	(62,293)	1,561,429
Deferred outflows related to pension plans	(9,197,791)	3,039,703
Deferred outflows related to post employment benefits	(2,357,418)	17,129
Deferred outflows related to derivative hedges	2,262,055	(2,595,165)
Accounts payable and accrued liabilities	508,290	(9,981,322)
Over (under) recovered fuel costs	3,007,697	(8,668,517)
Other noncurrent liabilities	20,645,509	3,559,618
Deferred inflows related to pension plans	(1,497,452)	(839,148)
Deferred inflows related to rate stabilization	12,000,000	(1,296,902)
Deferred inflows related to deferred revenues	(538,369)	31,522,441
Deferred inflows related to derivative hedges	-	(700,390)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 144,538,643	$ 182,039,273

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business—The Grand River Dam Authority (the "Authority" or "GRDA"), a non-appropriated state agency was created by the State of Oklahoma in 1935 as a conservation and reclamation district. The Authority has the power to control, store, preserve, and distribute the waters of the Grand River and its tributaries for any useful purpose and to develop and generate water power, electric power, and electric energy within the boundaries of the Authority and to buy, sell, resell, interchange, and distribute electric power and energy. The Grand River lies entirely within Oklahoma, but its drainage basin also extends over the states of Arkansas, Kansas, and Missouri. As part of the Authority's licensing agreements, the Authority also has lake area responsibilities. The costs of those activities are funded primarily through electricity sales. The Authority's financial statements are included in the state of Oklahoma Comprehensive Annual Financial Report as a discretely presented component unit.

Basis of Accounting—The Authority is licensed to operate under the Federal Power Act, which requires the use of the uniform system of accounts, prescribed for public utilities and licensees. The Authority is a cost-of-service organization and establishes its rates to provide revenues sufficient to pay all expenses necessary for the operation and maintenance of the system, all payments, transfers, and deposits related to outstanding debt, and all other charges or obligations imposed by law or contract.

Basis of Presentation—The Authority's basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's basic financial statements conform to the provisions of standards issued by the Governmental Accounting Standards Board (GASB). GASB establishes standards for external financial reporting for all state and local governmental entities, which include Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows. It requires the classification of net position into three components—net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets—This component of net position consists of capital assets, net of accumulated depreciation and costs recovered or to be recovered from future revenues reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted—This component of net position consists of funds subject to constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use for the same purpose, it is the Authority's practice to use unrestricted resources first, then restricted resources as they are needed, unless directed by the Board of Directors, as enabled by legislation.

Unrestricted Net Position—This component of net position consists of any remaining net position that does not meet the definition of "restricted" or "net investment in capital assets."

Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents—Cash and cash equivalents include unrestricted cash in banks, unrestricted money market funds, and unrestricted certificates of deposit with original maturities of three months or less. Balances are presented on a net basis to the extent such balances are subject to the right of offset. Unrestricted cash and cash equivalents are shown as General Operating Accounts and restricted cash and cash equivalent are shown as Restricted Accounts on the Statements of Net Position.

Investments—Investments principally comprise U.S. government securities, U.S. government agencies, U.S. government-sponsored enterprises, state government obligations, money market funds, certificates of deposit and Certificates of Deposit Account Registry Service. The Authority reports investments at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Unrestricted investments are shown as General Operating Accounts and restricted investments are shown as Restricted Accounts on the Statements of Net Position.

Fuel Stock—Fuel stock is valued using the lower of the average cost method or fair market value. The delivered commodity is expensed monthly based on fuel burned, and undistributed costs, which includes costs of coal handling and railcar and railroad track maintenance, are expensed monthly independent of fuel burned.

Materials and Supplies—Materials and supplies are valued using the average cost and specific identification methods.

Under/Over Recovered Fuel Costs— The Authority's rate structure, as approved by the Board of Directors, allows the Authority to increase or decrease monthly charges from municipal, industrial, cooperative, and off-system firm customers to recover actual fuel costs incurred by the Authority. This monthly charge, referred to as the Power Cost Adjustment (PCA), is calculated monthly based on a 12-month average of fuel costs. The cumulative difference between the actual fuel costs and the revenue collected by the PCA is reflected as either an asset ("under recovery") or liability ("over recovery") in the Authority's accompanying Statements of Net Position, as these amounts will be included in the PCA Factor and either collected from or refunded to customers of the Authority in subsequent periods.

Joint Ownership—On October 1, 2008, the Authority purchased certain assets and assumed certain liabilities in the Redbud combined-cycle gas plant near Luther, Oklahoma. The Authority's undivided interest in the assets and liabilities of the facility is 36%, while Oklahoma Gas & Electric's (OG&E) interest is 51%, and Oklahoma Municipal Power Authority's (OMPA) interest is 13%.

OG&E operates the Redbud facility under an operating agreement with the Authority and OMPA and allocates certain costs and expenses attributable to Redbud to the Authority and to OMPA in accordance with their undivided ownership interests (36% and 13%, respectively). The Redbud facility has long-term service agreements with a large industrial manufacturer for the maintenance of the gas and steam turbines. These amounts have been included in the contractual commitments in Note 9 to Financial Statements, Commitments and Contingencies.

Utility Plant and Depreciation— The cost of utility plant includes direct costs, such as material, labor, and payments to contractors, as well as indirect costs, such as engineering, supervision, and administrative and general expenses. Generally, assets which have a cost of $500 or more at the date of acquisition and have an expected useful life of more than one year, and are not consumable, are capitalized. The cost of maintenance and repairs to property is expensed. Consistent with the Redbud plant operator's treatment, certain costs of the long-term service agreement payments for the Redbud plant are capitalized. Gain or loss is recognized on retirements and dispositions.

Depreciation is computed on the straight-line basis at rates based upon the estimated useful lives of assets. Depreciation expense, calculated as a percentage of depreciable plant, averaged approximately 5.9% and 6.0% for each of the years ended December 31, 2020 and 2019.

The utility depreciable property classes range from 3 to 87 years. The depreciable lives for the Redbud plant generally align with the majority owner.

Costs Recovered or to be Recovered—Certain items included in operating costs are recovered by the Authority through rates set by the Board of Directors. The Authority, as a self-regulated utility, is subject to the requirements of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB Statement No. 62 provides that certain costs that would otherwise be charged to revenue and expense can be deferred as regulatory liabilities and assets, based on the expected recovery from customers in future rates. Recognition of these costs is deferred to the extent that such costs are later included in rates charged by the Authority in future years.

Management continuously monitors the future recoverability of regulatory items, and when, in management's judgment, any future recovery becomes impaired, the amount of the regulatory asset is reduced or written off, as appropriate. For additional information about the costs recovered or to be recovered, see Note 5 to Financial Statements, Costs Recovered or to be Recovered.

Bonds Payable—The Authority is operating under its Board's General Bond Resolution No. 5107 ("Resolution No. 5107"), which provides for the issuance of revenue bonds and defines eligible investment securities.

Unamortized Debt Discount or Premium—Debt discount or premium are amortized using the bonds outstanding method over the periods of the applicable issues.

Unamortized Gains and Losses on Advance Refunding of Long-Term Debt—Gains and losses realized on advance refunding of long-term debt are deferred and amortized over the shorter of the life of the new bonds or the related refunding issues using the bonds outstanding method.

Deferred Outflows—In addition to assets, the Statements of Net Position reports a separate section for the deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The deferred outflows of resources relate to deferrals required by GASB 68 and 71 related to pension obligations, deferrals required by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* related to other postemployment benefits (OPEB), deferred losses on reacquired debt, and derivative hedges. For additional information about the pension plans and OPEB, see Note 7 to Financial Statements, Retirement Plans, Postretirement, and Other Employee Benefits. For additional information about the loss on reacquired debt, see Note 6 to Financial Statements, Bonds Payable. Refer to Note 11 to Financial Statements, Risk Management, for additional information related to derivative hedges.

Deferred Inflows—In addition to liabilities, the Statements of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources relate to deferrals required by GASB 68 related to pension obligations, deferrals required by GASB 75 related to other postemployment benefits (OPEB), regulated operations, which includes deferred revenues from third-party contributions to capital projects and contributions to a rate stabilization account. For additional information about the pension plans and OPEB, see Note 7 to Financial Statements, Retirement Plans, Postretirement, and Other Employee Benefits. For additional information about regulated operations, see Note 5 to Financial Statements, Costs Recovered or to be Recovered.

Operating and Nonoperating Revenues and Expenses— Operating revenues include the sales of power. Other operating revenues consist primarily of transmission revenues, but also include sales of water, lake permitting fees, and renewable energy certificates. Regulatory asset revenues are the recognition of deferred revenues. Operating expenses include costs to operate and maintain the Authority's generation and transmission assets, and also include fuel, purchased power, depreciation, and administrative and general expenses. Nonoperating revenues include investment income, net increase in the fair value of investments, amortization of bond premiums, and income from nonutility operations, which includes scenic river operations fees. Nonoperating expenses include interest expense, costs recovered or to be recovered from future revenues, amortization of bond-related expenses, and expenses from nonutility operations, which include scenic river operating expenses.

Purchased Power—Purchased power includes the cost of energy purchased for resale to contract customers. Included are the settlements for the hourly net exchange of electricity in the Southwest Power Pool (SPP) Integrated Marketplace and bilateral purchases from counterparties, including energy purchased under wind purchase agreements and customer capacity purchase agreements.

Energy Hedging— GRDA has a formalized Risk Management Policy and Energy Hedging Program. Accordingly, GRDA evaluates transactions under GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.* For additional information about the hedging program, see Note 11 to Financial Statements, Risk Management.

Capital Contributions—Cash and capital assets are contributed to the Authority from customers, municipalities, or external parties. The value of property contributed to the Authority is reported as award revenues on the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

Income Taxes—The Authority is a governmental agency organized under the laws of the State of Oklahoma and is not subject to federal or Oklahoma state income taxes.

Comparative Data—Certain amounts presented in the prior year data may have been reclassified to be consistent with the current year's presentation.

Adoption of New Accounting Standards—During the year, the Authority did not adopt any new accounting standards.

Recently Issued Accounting Standards—The following accounting standards will be adopted as applicable in future periods: GASB Statement No. 87, *Leases*, GASB Statement No. 91, *Conduit Debt Obligations* and GASB Statement No. 92, *Omnibus 2020,* GASB Statement No. 93, *Replacement of Interbank Offered Rates,* GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457*

Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. When they become effective, application of these standards may restate portions of these financial statements.

2. DEPOSITS AND INVESTMENTS

The Authority's Resolution No. 5107 provides for the issuance of revenue bonds and defines eligible investment securities as investments allowed pursuant to the Authority's investment policy. The Authority's Board Policy 5-2 defines the following categories of investments (1) bonds or other obligations, which are direct obligations of the United States of America, (2) bonds or other specifically named obligations, which are indirectly guaranteed by the United States of America, (3) direct and general obligations of any state which are rated in the two highest major categories of Moody's, Standard & Poor's (S&P), or Fitch, (4) certificates of deposit issued by a savings and loan association or a bank and trust company which are collateralized by the securities described in (1) and (2) or which are fully insured by the Federal Deposit Insurance Corporation (FDIC), (5) repurchase agreements with banks or government bond dealers which are secured by securities described in (1) and (2), (6) investment agreements with companies or banks whose senior debt obligations are rated no lower than the second highest category of Moody's, S&P, or Fitch, (7) short-term obligations of any state or political subdivision which are rated in the highest short-term category by Moody's or S&P, and (8) any cash swap or similar arrangement of the Bond Fund Trustee, the investments of which are limited to securities described in (1) and (2).

The Authority carries its investments at fair value. Fair value of a financial instrument is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The Authority and trustees monitor collateral pledged to secure deposits in financial institutions for compliance with rules and regulations promulgated by the Oklahoma State Treasurer.

Interest-Rate Risk—Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Resolution No. 5107 requires that investments not mature later than such times as the funds shall be necessary to provide monies when needed for payments to be made from the Debt Service Account, and in the case of the Debt Service Reserve Account, unless otherwise provided in a Supplemental Resolution, not later than ten (10) years from the date of investment. The Authority's Board Policy 5-2 provides that general fund investments shall also not mature later than ten (10) years from the date of investment and requires specific diversification percentages by security type to reduce overall portfolio risk. The Authority attempts to hold the investments to maturity, which minimizes the exposure to rising interest rates and the investments are classified using a weighted average maturity.

As of December 31, 2020 and 2019, the Authority had the following investments (classified as either General Operating investments or Restricted investments on the Statements of Net Position) and corresponding maturities:

	2020			
		Investment Maturities (in Years)		
Investment Type	**Fair Value**	**Less than 1**	**1–5**	**6–10**
U.S. government securities				
U.S. Treasury Bills	$ 25,973,985	$ 25,973,985	$ -	$ -
U.S. Treasury Notes	205,804,496	2,523,225	130,560,798	72,720,473
U.S. government sponsored enterprises				
FFCB	25,534,370	17,206,090	8,328,280	-
FHLB	11,452,195	5,013,425	2,500,450	3,938,320
FHLMC	90,651,648	17,059,177	55,361,870	18,230,601
FNMA	61,212,239	14,138,470	40,530,156	6,543,613
GNMA	22,769,989	145,497	22,624,492	-
State government obligations	4,058,255	-	3,033,605	1,024,650
Total	$ 447,457,177	$ 82,059,869	$ 262,939,651	$ 102,457,657

	2019			
		Investment Maturities (in Years)		
Investment Type	**Fair Value**	**Less than 1**	**1–5**	**6–10**
U.S. government securities				
U.S. Treasury Bills	$ 25,509,993	$ 25,509,993	$ -	$ -
U.S. Treasury Notes	189,468,542	63,918,799	53,149,187	72,400,556
U.S. government sponsored enterprises				
FFCB	56,878,560	18,471,657	17,579,729	20,827,174
FHLB	15,690,865	8,013,560	6,686,345	990,960
FHLMC	61,804,568	1,495,035	56,691,170	3,618,363
FNMA	54,253,781	5,061,515	42,871,756	6,320,510
GNMA	11,822,092	1,857,886	9,516,335	447,871
Total	$ 415,428,401	$ 124,328,445	$ 186,494,522	$ 104,605,434

The above investment types exclude certificates of deposits.

Credit Risk—Credit risk is the risk that the insurer or other counterparty to an investment will not fulfill his obligation. Mortgage-backed securities (MBS) are not rated, because the agencies that issue such securities did not apply to any of the nationally recognized statistical rating organizations (NRSRO), such as Moody's Investors Service and S&P for ratings on their MBS. However, the agencies and the Government Sponsored Enterprises (GSE) carry "Aaa/AA+" ratings from Moody's and S&P for their debentures, and the MBS which carry their label (e.g., Federal National Mortgage Association—"FNR"; Federal Home Loan Mortgage Corporation—"FHR") are direct obligations of the agencies. Except for Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"), which are government-sponsored quasi-governmental agencies, the agencies have the backing of the U.S. Government; therefore, the "Aaa/AA+/AAA" rating by Moody's, Standard & Poor's, and Fitch is implied. MBS issued by the Government National Mortgage Association, with the label GNR, carry the explicit full faith and credit of the U.S. Government. Securities issued by the Federal Farm Credit Bank (FFCB) and the Federal Home Loan Bank (FHLB) are rated "Aaa/AA+/AAA" by Moody's, S&P, and Fitch credit rating agencies. Fannie Mae and Freddie Mac are rated "Aaa/AA+/AAA" by Moody's, S&P, and Fitch credit rating agencies. The MBS are senior in the credit structure to the debentures for the FNMA and FHLMC. The certificates of deposit are held by various banks and are subject to the FDIC guarantees up to $250,000. The Authority addresses credit risk of investments through the Authority's Board Policy 5-2 which states that investments must be backed by the U.S. government, collateralized, fully insured by the FDIC, or be rated no lower than the second highest category of Moody's "Aa", S&P "AA", or Fitch "AA".

As of December 31, 2020 and 2019, the Authority's investments had the following ratings:

Investment Ratings	Moody's/S&P/Fitch	2020	2019
U.S. government securities	"Aaa/AA+/AAA"	$ 231,778,481	$ 214,978,535
U.S. government sponsored enterprises	"Aaa/AA+/AAA"	211,620,441	200,449,866
State government obligations	"Aa1/AA/AA" or higher	4,058,255	-

As of December 31, 2020 and 2019, the Authority had the following portfolio of investments with credit exposure by investment type as a percentage of total investments:

	2020	2019
U.S. government securities		
U.S. Treasury Bills	5.8 %	6.1 %
U.S. Treasury Notes	46.0	45.6
U.S. government sponsored enterprises		
FFCB	5.7	13.7
FHLB	2.5	3.8
FHLMC	20.3	14.9
FNMA	13.7	13.1
GNMA	5.1	2.8
State government obligations	0.9	0.0

Custodial Credit Risk—Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment for collateral securities that are in the possession of an outside party. All money to be held by the Authority under Resolution No. 5107 is required to be deposited in one or more depositories in the name of the Authority. All money deposited under the provisions of Resolution No. 5107 with the Bond Fund Trustee and the Construction Fund Trustee is required to be held in trust and applied only in accordance with the provisions of Resolution No. 5107; money held by the Authority and deposited in any depository is required to be held and secured in the manner provided by Oklahoma law.

Restricted noncurrent investment funds in the bond service reserve account, and certain funds in the construction account are included in Investments in Noncurrent assets on the Statements of Net Position. Restricted current investment funds in the bond service account and certain deposits in the construction account are included in Investments in Current assets on the Statements of Net Position. Restricted investments (noncurrent and current) are not available for general operations.

Unrestricted cash deposits, certificates of deposits, and money market funds are fully collateralized or covered by FDIC.

Fair Value Measurements—According to GASB Statement No. 72, *Fair Value Measurement and Application*, the Authority is required to disclose the valuation technique and level of inputs for all investments. The Authority's investments fall into input Level 1 and Level 2.

Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means, e.g., “market-corroborated” inputs. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Market-corroborated inputs

Level 3 inputs are unobservable inputs for the asset or liability; they should be used only when relevant Level 1 and Level 2 inputs are unavailable. Governments may use their own data to develop unobservable inputs if there is no information available without undue cost and effort. The Authority has no investments that fall into Level 3.

Money Market Funds and Certificates of Deposit are not subject to classification.

The valuation methods for each investment listed in the following fair value of investments table include interactive data from Government/Agency Sector (GV/AGENCY) and Collateralized Mortgage Obligation Sector) pricing sources.

	2020			
	Fair Value			
	Level 1	**Level 2**	**Level 3**	**Total**
U.S. government securities	$ 231,778,481	$ -	$ -	$ 231,778,481
U.S. government sponsored enterprises	87,801,897	123,818,544	-	211,620,441
State government obligations	-	4,058,255	-	4,058,255
Derivative instruments	-	333,110	-	333,110

	2019			
	Fair Value			
	Level 1	**Level 2**	**Level 3**	**Total**
U.S. government securities	$ 234,992,535	$ -	$ -	$ 234,992,535
U.S. government sponsored enterprises	66,984,996	113,450,870	-	180,435,866
Derivative instruments	-	2,595,165	-	2,595,165

Carrying Values—Cash and cash equivalents and current and noncurrent investments on December 31, 2020 and 2019, follows:

	2020							
	General Operations	Board Designated (Restricted)	Rate Stabilization (Restricted)	Bond Service (Restricted)	Construction (Restricted)	Bond Service Reserve (Restricted)	Special Purposes (Restricted)	Total
Current:								
Cash deposits—net	$ 118,537	$ -	$ -	$ -	$ -	$ -	$ 1,872	$ 120,409
Money market funds—cash and investments	33,984,573	-	-	760,116	-	-	133,865	34,878,554
U.S. government securities, agencies, sponsored enterprises & state government obligations	46,727,471	-	-	25,770,113	-	-	-	72,497,584
Certificates of Deposit Account Registry Service	10,603,192	-	-	-	-	-	2,143,380	12,746,572
Certificates of deposits—maturity < 12 months	1,902,993	-	-	-	-	-	-	1,902,993
Total current	93,336,766	-	-	26,530,229	-	-	2,279,117	122,146,112
Noncurrent:								
U.S. government securities, agencies, sponsored enterprises & state government obligations	209,347,964	40,381,000	31,703,098	-	-	93,527,531	-	374,959,593
Money market funds	-	-	-	-	-	3,540,505	-	3,540,505
Total noncurrent	209,347,964	40,381,000	31,703,098	-	-	97,068,036	-	378,500,098
Total cash and investments	$ 302,684,730	$ 40,381,000	$ 31,703,098	$ 26,530,229	$ -	$ 97,068,036	$ 2,279,117	$ 500,646,210

	2019							
	General Operations	**Board Designated (Restricted)**	**Rate Stabilization (Restricted)**	**Bond Service (Restricted)**	**Construction (Restricted)**	**Bond Service Reserve (Restricted)**	**Special Purposes (Restricted)**	**Total**
Current:								
Cash deposits—net	$ 1,679,303	$ -	$ -	$ -	$ -	$ -	$ 2,159,412	$ 3,838,715
Money market funds—cash and investments	26,853,086	-	-	577,211	2,166,076	-	134,125	29,730,498
U.S. government securities, agencies, sponsored enterprises & state government obligations	80,053,325	-	-	25,085,194	-	-	-	105,138,519
Certificates of Deposit Account Registry Service	10,328,466	-	-	-	-	-	-	10,328,466
Certificates of deposits— maturity < 12 months	1,892,798	-	-	-	-	-	-	1,892,798
Total current	120,806,978	-	-	25,662,405	2,166,076	-	2,293,537	150,928,996
Noncurrent:								
U.S. government securities, agencies, sponsored enterprises & state government obligations	163,563,997	39,998,000	19,703,098	-	-	87,024,786	-	310,289,881
Money market funds	-	-	-	-	-	6,002,057	-	6,002,057
Total noncurrent	163,563,997	39,998,000	19,703,098	-	-	93,026,843	-	316,291,938
Total cash and investments	$ 284,370,975	$ 39,998,000	$ 19,703,098	$ 25,662,405	$ 2,166,076	$ 93,026,843	$ 2,293,537	$ 467,220,934

Additional information relating to cash and investment restrictions follows:

Rate Stabilization—Customer contracts contain requirements for the establishment and funding of a Rate Stabilization Account. Board Resolution No. 5107 and No. 5358 contain further guidelines for the establishment, maintenance, and allocation of the fund. For the year ended December 31, 2016, the Authority established and deposited $21.0 million into the Rate Stabilization Account (RSA I) In 2019, $1.3 million was used to credit wholesale full requirements customers, at a rate of $.00055 per kWh. In October 2020, Board Resolution 5381 was approved to give the CEO the discretion to defer certain revenues and authorized the creation of Rate Stabilization Account II. For the year ended December 31, 2020, $19.7 million in deferred revenues from RSA I was recognized. In addition, GRDA deferred an additional $31.7 million of operating revenues into RSA II.

Bond Service—On December 31, the bond service fund in the accompanying Statements of Net Position reflects the restricted amount sufficient to pay seven months of principal and one month of interest due the following June 1.

Construction—On December 31, 2019, the construction fund in the accompanying Statements of Net Position reflects insurance proceeds received in a trust fund for the settlement related to the 2019 GREC 2 Insurance Claim.

Bond Service Reserve—The restricted amount in the accompanying Statements of Net Position reflects, at a minimum, the maximum aggregate debt service requirement for one year for all bonds outstanding per Resolution No. 5107.

Restricted for Special Purposes: FERC—Due to agreements with FERC, the Authority has restricted money for two purposes. The first restriction is for the Fish and Wildlife Mitigation Fund, established in June 2003 as required by FERC. The Authority funded an initial deposit of $260,000 in 2003, and was required to make $100,000 annual contributions (adjusted for inflation) each year the Pensacola Dam license is in effect. In December 2015, the Authority funded the balance of $1.45 million, which represented the estimated annual contributions through the year 2022. Generally, the purpose of this fund is to support projects to protect and enhance fish and wildlife resources at the direction of various groups external to the Authority. Expenditures of approximately $35,040 and $42,509 were made from the fund in 2020 and 2019, respectively. The second restriction is for the Nature Conservancy Fund, established in May 2008 as required by FERC. The Authority funded an initial deposit of $27,000 in 2008. The Authority is required to replenish the fund to $27,000 on the first working day in January of each year. Generally, the purpose of this fund is to maintain bat caves protection on Grand Lake. Expenditures of approximately $261 and $-0- were made from the fund in 2020 and 2019, respectively.

Restricted for Special Purposes: Other—The Authority also has restricted money for riparian leases under the Oklahoma Conservation Commission and Grand River Dam Authority Cooperative Agreement, GRDA either acquired or secured and paid for deeds of conservation easements. Enrollees that wish to terminate and/or are removed due to breech of agreement from the Riparian Protection Easement Program are required to pay back a pro-rated amount of the remaining years of the lump-sum payment received to the Authority as outlined in the agreement, the balance of which was $107,125 as of both December 31, 2020 and 2019, with the obligation to use the funds to secure additional easements within the Illinois River Watershed.

The Reserve and Contingency Fund I and II—These designated, restricted funds were established in December 2004 as Board-designated funds for future use. The intended use of these funds will be for extraordinary items such as maintenance, operational and environmental expenses, or for expenses related to unforeseen risks, such as unscheduled outages, unexpected purchased power, or other extraordinary expenses not covered by insurance proceeds. These Board-designated funds had a balance of $40.4 million and $40.0 million as of December 31, 2020 and 2019, respectively.

Line of Credit—In 2015, the Authority established an unsecured line of credit with Bank of Oklahoma to meet the requirements for participating in the SPP Integrated Marketplace. In both December 31, 2020 and 2019, the line of credit was $8.0 million. The line of credit expires May 31, 2022, but has an auto-renewal clause.

Realized Gains and Realized Losses—For purposes of computing gross realized gains and gross realized losses, cost is determined by specific identification. The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on any investments that had been held for more than the current year may have been recognized as an increase or decrease in the fair value of investments reported in prior years.

Gross realized gains and gross realized losses on sales of investment securities for the years ended December 31, 2020 and 2019, were as follows:

	2020	2019
Gross realized gains	$ 13,879,743	$ 406,233
Gross realized losses	(3,464,508)	(2,687,465)

Gross realized gains and losses are included in Investment income-net in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

3. RECEIVABLES

Current accounts receivable is comprised on December 31, 2020 and 2019 of the following amounts:

	2020	2019
Customers	$ 32,258,685	$ 29,831,924
Less allowance for doubtful accounts	(100,000)	(100,000)
Other	4,629,234	3,798,894
Total	$ 36,787,919	$ 33,530,818

On December 31, 2020, the Authority's Other current accounts receivable, from the table above, includes rebates, reimbursable amounts from grants, mutual aid events, and deeds of conservation, as well as lake-related billings.

On December 31, 2020 and 2019, the Authority has noncurrent receivables included in Other noncurrent assets of $814,197 and $252,202, respectively.

4. UTILITY PLANT

A summary of changes in utility plant for the years ended December 31, 2020 and 2019, follows:

	2020			
	Balance December 31, 2019	Additions/ Transfers	Retirements	Balance December 31, 2020
Capital assets—nondepreciable:				
Land	$ 38,501,422	$ 711,520	$ (36,025)	$ 39,176,917
Construction work in progress	30,890,535	4,581,855	-	35,472,390
Total capital assets—nondepreciable	69,391,957	5,293,375	(36,025)	74,649,307
Capital assets—depreciable:				
GREC 1 coal-fired plant	334,566,390	(92,979,916)	(241,586,474)	-
GREC 2 coal-fired plant	527,613,218	108,622,589	(3,996,511)	632,239,296
GREC 3 combined-cycle gas plant	457,334,619	(2,508,992)	-	454,825,627
Redbud combined-cycle gas plant	384,315,499	1,454,220	(680,985)	385,088,734
Hydraulic production plants	185,985,082	1,566,525	(91,864)	187,459,743
Transmission system	451,529,762	23,739,666	(2,330,161)	472,939,267
Other properties and production plant	137,236,423	6,526,047	(11,601,047)	132,161,423
	2,478,580,993	46,420,139	(260,287,042)	2,264,714,090
Less accumulated depreciation:				
GREC 1 coal-fired plant	(316,265,541)	79,071,913	237,193,628	-
GREC 2 coal-fired plant	(425,960,384)	(99,073,832)	6,119,953	(518,914,263)
GREC 3 combined-cycle gas plant	(35,580,184)	(13,296,937)	-	(48,877,121)
Redbud combined-cycle plant	(199,611,879)	(16,927,014)	499,015	(216,039,878)
Hydraulic production plants	(42,981,013)	(2,955,436)	37,132	(45,899,317)
Transmission system	(182,936,253)	(10,136,697)	1,816,347	(191,256,603)
Other properties and production plant	(91,938,364)	(9,104,154)	10,872,247	(90,170,271)
	(1,295,273,618)	(72,422,157)	256,538,322	(1,111,157,453)
Total capital assets—depreciable	1,183,307,375	(26,002,018)	(3,748,720)	1,153,556,637
Net utility plant	$ 1,252,699,332	$ (20,708,643)	$ (3,784,745)	$ 1,228,205,944

	2019			
	Balance December 31, 2018	Additions/ Transfers	Retirements	Balance December 31, 2019
Capital assets—nondepreciable:				
Land	$ 38,239,227	$ 355,801	$ (93,606)	$ 38,501,422
Construction work in progress	25,649,395	5,241,140	-	30,890,535
Total capital assets—nondepreciable	63,888,622	5,596,941	(93,606)	69,391,957
Capital assets—depreciable:				
GREC 1 coal-fired plant	374,817,868	(39,937,453)	(314,025)	334,566,390
GREC 2 coal-fired plant	483,398,036	44,779,683	(564,501)	527,613,218
GREC 3 combined-cycle gas plant	456,766,573	568,046	-	457,334,619
Redbud combined-cycle gas plant	361,729,004	28,580,708	(5,994,213)	384,315,499
Hydraulic production plants	183,742,549	2,537,505	(294,972)	185,985,082
Transmission system	394,021,628	61,090,404	(3,582,270)	451,529,762
Other properties and production plant	133,075,296	9,059,542	(4,898,415)	137,236,423
	2,387,550,954	106,678,435	(15,648,396)	2,478,580,993
Less accumulated depreciation:				
GREC 1 coal-fired plant	(320,076,951)	3,362,954	448,456	(316,265,541)
GREC 2 coal-fired plant	(403,140,745)	(23,417,665)	598,026	(425,960,384)
GREC 3 combined-cycle gas plant	(22,476,755)	(13,103,429)	-	(35,580,184)
Redbud combined-cycle plant	(184,593,196)	(20,687,066)	5,668,383	(199,611,879)
Hydraulic production plants	(40,433,073)	(2,758,209)	210,269	(42,981,013)
Transmission system	(176,197,524)	(9,057,550)	2,318,821	(182,936,253)
Other properties and production plant	(86,271,396)	(9,605,815)	3,938,847	(91,938,364)
	(1,233,189,640)	(75,266,780)	13,182,802	(1,295,273,618)
Total capital assets—depreciable	1,154,361,314	31,411,655	(2,465,594)	1,183,307,375
Net utility plant	$ 1,218,249,936	$ 37,008,596	$ (2,559,200)	$ 1,252,699,332

The change in construction work in progress during 2020 and 2019 is presented on a net basis to avoid a duplication of additions and retirements in the preceding tables. In 2019, the Authority chose early adoption of GASB Statement No. 89, which ceased capitalization of interest; therefore, no capitalized interest is included in construction work in progress. The Authority had depreciation and amortization expense of $72,422,157 and $75,266,780 for 2020 and 2019, respectively.

Removal costs are netted with retirements in the accumulated depreciation section of Utility Plant, which may cause accumulated depreciation for a given class of capital assets to exceed the total amount reported for those assets.

The Authority had construction contractual commitments on December 31, 2020, of approximately $51,900,000 for equipment and construction contracts. Major projects include the construction of the WOKA water park for approximately $29,079,000; construction of transmission lines and substations for approximately $15,473,000; refurbishment of the Pensacola flood gates for approximately $2,249,000; and miscellaneous hydro projects for approximately $1,591,000.

On the evening of July 1, 2016, a lightning strike precipitated a fire at the GREC, which resulted in the impairment of assets within GREC Unit 2 (GREC 2). The turbine-generator and auxiliary systems were extensively damaged and required significant restoration before the assets were able to return to service. GREC 2 successfully returned to operation September 14, 2017. In 2019, the final reimbursement of $1,505,309 was processed and the receivable was cleared.

On July 29, 2019, GREC 2 experienced a mechanical failure and subsequent shutdown, which resulted in damages to the low pressure (LP) section of the turbine. GREC 2 successfully returned to operation June 9, 2020. In 2020, the final reimbursement of $6,199,705 was processed and the receivable was cleared.

The Authority entered a lease vehicle program in 2016, initially leasing 14 passenger vehicles with a term of 48 months with an additional 3 passenger vehicles added in 2017. The leased equipment is amortized on a straight-line basis over the shorter of the useful life of the related assets or the lease term. The gross amount of assets acquired under capital leases for 2019 was $371,890. Total accumulated amortization related to the leased vehicles was $322,432 on December 31, 2019. The balance of capital leases payable on December 31, 2019, was $49,458 and recorded as a portion of accounts payable and accrued liabilities. The first 14 passenger vehicles were returned at the end of their lease term in 2020, resulting in a gross amount of assets acquired under capital leases for 2020 of $75,939 for the remaining 3 vehicles. Total accumulated amortization related to the leased vehicles was $70,128 on December 31, 2020. The balance of capital leases payable on December 31, 2020, was $2,134 and was recorded as a portion of accounts payable and accrued liabilities. The Authority currently has no plans to expand the program beyond 2021. The interest rate related to the lease obligation is variable based on the current interest rate on delivery date. The interest portion of the capital lease minimum payments was $8,719 and $14,668 in 2020 and 2019, respectively.

In 2017, the Authority entered a Riparian Conservation Easement program with the Oklahoma Conservation Commission (OCC). GRDA secures 30-year minimum easement agreements with landowners. A lump sum is paid upfront for each easement. The costs are amortized on a straight-line basis, and the residual values are the difference between the total amortization and the amortization to date. For each easement, a corresponding liability is recorded, and relieved for the same life.

Riparian Conservation Easements

	Initial Cost	Depreciation	Carrying Cost
2019	$ 1,593,863	$ (271,448)	$ 1,322,415
2020	1,574,562	(47,554)	1,527,008

5. COSTS RECOVERED OR TO BE RECOVERED

In 2017, the Authority determined that it should defer the capital asset portion of the revenue proceeds from insurance recoveries resulting from the July 2016 GREC fire restoration as per GASB Statement No. 62. Deferral of revenue in accordance with this Statement requires Board Resolution. Board Resolution No. 5307 pertaining to this matter was passed and adopted by the Board of Directors on March 8, 2017.

Board Resolution 5325 was then passed and adopted by the Board of Directors on December 13, 2017. This Board Resolution further grants the Chief Financial Officer the discretion to record certain revenues as regulatory assets regarding revenues related to certain third-party reimbursement for capital assets procured or constructed and recognize those revenues proportionately as said assets are depreciated.

The deferred inflow of resources consists of recognized revenues associated with certain third-party reimbursement on capital assets, as approved by one of the two resolutions described above. This amount is a portion of deferred inflows related to regulated operations on the Statements of Net Position. A roll forward of costs recovered or to be recovered from future revenues follows:

	Balance 12/31/2019	Increase	Decrease	Balance 12/31/2020
Third Party Reimbursement (Capital Assets)	$ 57,470,234	$ 3,854,699	$ 4,393,068	$ 56,931,865
Rate Stabilization Fund	19,703,098	31,703,098	19,703,098	31,703,098
Totals	$ 77,173,332	$ 35,557,797	$ 24,096,166	$ 88,634,963

	Balance 12/31/2018	Increase	Decrease	Balance 12/31/2019
Third Party Reimbursement (Capital Assets)	$ 25,947,793	$ 33,196,760	$ 1,674,319	$ 57,470,234
Rate Stabilization Fund	21,000,000	-	1,296,902	19,703,098
Totals	$ 46,947,793	$ 33,196,760	$ 2,971,221	$ 77,173,332

In 2020, the Authority passed Board Resolution 5388, which granted the Chief Financial Officer the discretion to adopt regulatory accounting for the deferral of certain expenses, in accordance with GASB 62. Additionally in 2020, the Authority expanded the policy for regulatory assets. This created a threshold for the treatment and recognition of revenues, with a minimum of $1.0 million for individual projects, or $100,000 in annual amortization amounts. As a result of the established threshold, the Authority recognized $2.4 million in revenues, previously held in deferred inflows.

6. BONDS PAYABLE

A summary of changes in bonds payable for the years ended December 31, 2020 and 2019, follows:

	2020			
	December 31, 2019	**Bonds Issued**	**Retirements**	**December 31, 2020**
Revenue Bonds, 2010 Series A & B:				
3% to 5.25% Series 2010A—maturing in 2015 through 2040	$ 4,095,000	$ -	$ (4,095,000)	$ -
3.71% to 7.155% Series 2010B (fully taxable)—maturing 2015 through 2040	70,220,000	-	(1,590,000)	68,630,000
Total Series 2010 A & B	74,315,000	-	(5,685,000)	68,630,000
Revenue Bonds, 2014 Series A & B:				
3% to 5% Series 2014A—maturing in 2018 through 2039	211,350,000	-	(7,405,000)	203,945,000
1.804% to 3.961% Series 2014B (fully taxable)—maturing 2018 through 2039	79,850,000	-	(2,635,000)	77,215,000
Total Series 2014 A & B	291,200,000	-	(10,040,000)	281,160,000
Revenue Bonds, 2016 Series A & B:				
3% to 5% Series 2016A—maturing in 2019 through 2039	464,320,000	-	(21,245,000)	443,075,000
1.828% to 3.503% Series 2016B (fully taxable)—maturing 2020 through 2033	21,075,000	-	(535,000)	20,540,000
Total Series 2016 A & B	485,395,000	-	(21,780,000)	463,615,000
Revenue Bonds, 2017 Series:				
3% to 5% Series 2017—maturing in 2021 through 2040	90,455,000	-	-	90,455,000
Total bonds payable	$ 941,365,000	$ -	$ (37,505,000)	$ 903,860,000
Less current portion	(37,505,000)			(39,240,000)
Long-term portion	903,860,000			864,620,000
Add (deduct):				
Unamortized debt premium	97,474,228	-	(10,662,823)	86,811,405
Unamortized debt discount	(38,706)	-	38,706	-
Long-term bonds payable	$ 1,001,295,522	$ -	$ (10,624,117)	$ 951,431,405

	2019			
	December 31, 2018	Bonds Issued	Retirements	December 31, 2019
Revenue Bonds, 2010 Series A & B:				
3% to 5.25% Series 2010A—maturing in 2015 through 2040	$ 8,035,000	$ -	$ (3,940,000)	$ 4,095,000
3.71% to 7.155% Series 2010B (fully taxable)—maturing 2015 through 2040	71,730,000	-	(1,510,000)	70,220,000
Total Series 2010 A & B	79,765,000	-	(5,450,000)	74,315,000
Revenue Bonds, 2014 Series A & B:				
3% to 5% Series 2014A—maturing in 2018 through 2039	218,555,000	-	(7,205,000)	211,350,000
1.804% to 3.961% Series 2014B (fully taxable)—maturing 2018 through 2039	82,390,000	-	(2,540,000)	79,850,000
Total Series 2014 A & B	300,945,000	-	(9,745,000)	291,200,000
Revenue Bonds, 2016 Series A & B:				
3% to 5% Series 2016A—maturing in 2019 through 2039	475,330,000	-	(11,010,000)	464,320,000
1.828% to 3.503% Series 2016B (fully taxable)—maturing 2020 through 2033	21,075,000	-	-	21,075,000
Total Series 2016 A & B	496,405,000	-	(11,010,000)	485,395,000
Revenue Bonds, 2017 Series:				
3% to 5% Series 2017—maturing in 2021 through 2040	90,455,000	-	-	90,455,000
Total bonds payable	$ 967,570,000	$ -	$ (26,205,000)	$ 941,365,000
Less current portion	(26,205,000)			(37,505,000)
Long-term portion	941,365,000			903,860,000
Add (deduct):				
Unamortized debt premium	108,503,111	-	(11,028,883)	97,474,228
Unamortized debt discount	(131,600)	-	92,894	(38,706)
Long-term bonds payable	$ 1,049,736,511	$ -	$ (10,935,989)	$ 1,001,295,522

Oklahoma state statutes have authorized the Authority to issue revenue bonds from time to time with the aggregate outstanding indebtedness not to exceed $1,410,000,000.

The scheduled maturities of bonds payable on December 31, 2020, are as follows and reflect the scheduled payments to be remitted by the trustee to the bondholders:

	Due to Bond Holders		
Year Ended December 31	**Annual Principal**	**Semiannual Interest**	**Calendar Year Bond Payments**
2021	$ 39,240,000	$ 21,841,374	
		20,965,270	$ 82,046,644
2022	41,675,000	20,965,270	
		20,046,383	82,686,653
2023	43,080,000	20,046,383	
		19,004,104	82,130,487
2024	49,225,000	19,004,104	
		17,851,468	86,080,572
2025	49,425,000	17,851,468	
		16,657,622	83,934,090
2026-2030	266,165,000	134,844,703	401,009,703
2031-2035	257,665,000	66,599,217	324,264,217
2036-2040	157,385,000	18,600,737	175,985,737
	$ 903,860,000	$ 414,278,103	$ 1,318,138,103

To secure the bonds, the Authority has pledged all revenues of the Authority. Resolution No. 5107 and supplemental bond resolutions specify multiple covenants made by the Authority to the Bond Fund Trustee and bondholders. Among the more significant requirements, the Authority has covenanted to charge adequate rates, operate and maintain the facilities, and make any necessary repairs, renewals, replacements, and improvements. System properties are not to be encumbered, sold, or disposed of, and additional parity bonds are not to be issued unless certain conditions are met. As of December 31, 2020, the Authority complied with bond covenants.

In general, federal tax laws require the Authority to rebate to the US Treasury any profit from investments that yield a higher rate than the tax-exempt revenue bond proceeds. The Authority has no liability for arbitrage rebate on December 31, 2020 and 2019, respectively.

All of the Authority's outstanding bonds fall under Resolution No. 5107, which contains a provision that if one or more Events of Default shall happen, then either the Bond Trustee or the Holders may declare the principal of all Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately.

7. RETIREMENT PLANS, POSTRETIREMENT, AND OTHER EMPLOYEE BENEFITS

The Authority participated in five retirement plans during 2020 and 2019. The plans currently available to the Authority personnel include three defined benefit plans and two defined contribution plans. The defined benefit plans include the Oklahoma Public Employees Retirement System (OPERS) plan, the Oklahoma Law Enforcement Retirement System (OLERS) plan, and the GRDA postemployment Healthcare Plan. The defined contribution plans include the Oklahoma State Employees Deferred Compensation Plan (the "State Plan") and the OPERS Pathfinder plan. A summary of significant data for each of the retirement plans and discussion of postemployment and other employee benefits follows:

The Authority is a participant in two multiple employer defined benefit pension plans, the Oklahoma Public Employees Retirement Plan (the "OPERS Plan") and the Oklahoma Law Enforcement Retirement Plan (the "OLERS Plan"). The table below shows both pensions as reported in the basic financial statements.

For the year ended December 31, 2020:

		OPERS		OLERS		Total
Deferred outflows of resources	$	12,135,043	$	1,349,651	$	13,484,694
Deferred inflows of resources		503,704		100,055		603,759
Pension liability (asset)		19,877,360		3,314,998		23,192,358
Pension expense recognized		12,405,678		1,148,296		13,553,974

For the year ended December 31, 2019:

		OPERS		OLERS		Total
Deferred outflows of resources	$	3,343,621	$	943,282	$	4,286,903
Deferred inflows of resources		1,818,794		86,351		1,905,145
Pension liability (asset)		3,166,965		2,296,870		5,463,835
Pension expense recognized		5,671,722		984,596		6,656,318

The Authority's proportionate share of plan assets for OPERS as of December 31, 2020, is $216,581,973, while proportionate share of plan liabilities is $236,456,178. The Authority's proportionate share of plan assets for OPERS as of December 31, 2019, were $228,108,750, while proportionate share of plan liabilities was $231,275,720.

The Authority's proportionate share of plan assets for OLERS as of December 31, 2020, is $15,400,193, while proportionate share of plan liabilities is $18,715,191. The Authority's proportionate share of plan assets for OLERS as of December 31, 2019, were $16,077,235, while proportionate share of plan liabilities was $18,374,106.

Oklahoma Public Employees Defined Benefit Retirement Plan

General Information about the Pension Plan

Plan Description. The Authority contributes to the OPERS Plan, a cost-sharing multiple-employer public employee defined benefit retirement plan administered by the OPERS, a component unit of the State of Oklahoma (the "State"). The OPERS Plan provides retirement, disability and death benefits to its members and beneficiaries, primarily state, county, and local agency employees. The benefits provided are established by and may be amended by the legislature of the State. Title 74 of the Oklahoma Statutes, Sections 901 through 943, assigns the authority for management and operation of the OPERS Plan to the OPERS Board of Trustees.

In 2014, the Oklahoma Legislature enacted legislation effective November 1, 2015, requiring a defined contribution system be established by the OPERS for most state employees first employed by a participating State employer on or after November 1, 2015, and ceasing the acceptance of any new participants to the defined benefit retirement plan.

OPERS issues a publicly available financial report that includes financial statements and required supplementary information for OPERS. That annual report may be obtained online at www.opers.ok.gov, by writing to OPERS, PO Box 53007, Oklahoma City, OK 73152-3007, or by calling 1-800-733-9008.

Vesting. OPERS requires eight years of credited service (including six full years of full-time equivalent employment) to be eligible to vest.

Benefits Provided. Employees who became a member of OPERS before November 1, 2011, can begin receiving full, unreduced retirement benefits at the age of 62 with six full years of full-time equivalent employment; or when the sum of the member's age and years of service equals 80 when membership began before July 1, 1992; or when the sum of the member's age and years of service equals 90 when membership began on or after July 1, 1992.

Employees who became a member of OPERS on or after November 1, 2011, can begin receiving full, unreduced retirement benefits at the age of 65 with six full years of full-time equivalent employment; or when the member is at least 60 years of age and the sum of the member's age and years of service equals 90.

Employees may retire at age 60 (55 when membership began before November 1, 2011) and receive reduced benefits with at least 10 years of participating service. Members who choose early retirement will receive a permanent actuarial reduction in benefit based on the age at retirement.

The benefit on or after normal retirement, payable monthly for life, is 2% of final average compensation, multiplied by years of credited service. For members who have elected the Step-Up Option, a 2.5% multiplier is applied to the "stepped-up" full years.

Contributions. OPERS members and the Authority are required to contribute to the OPERS Plan at a rate set by statute. Contribution rates are established and may be amended by the State. Each member participates based on gross salary earned (excluding overtime). As state employees, the Authority employees contribute 3.5% on salary. The Authority contributed 16.5%, on all salary for the Plan's fiscal years-ended June 30, 2020 and 2019.

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

During the reporting period for 2020 and 2019, the OPERS recognized $5,838,607 and $6,243,328, respectively, in contributions from the Authority.

Contribution rates as of December 31, 2020 and 2019, are as follows:

Employee Category	Employee	Employer
General	3.50 %	16.50 %
Elected Officials	3.50	16.50

OPERS Hazardous Duty Employees. On July 1, 2016, SB 1388 became effective, which required the Authority's public safety officers to participate in OPERS as Hazardous Duty Employees. This group of employees contributes 8% of allowable compensation as defined in 74 O.S. § 902(9) for a maximum of 20 years of hazardous duty participating service, while the Authority contributes 16.5%, on allowable compensation. After the employee has contributed at the higher rate for 20 years, the employee will contribute at the nonhazardous duty rate. Employees vest when they have eight years of credited service (including six full years of full-time-equivalent employment). Because all Authority employees will have become members of the plan after November 1, 2011, the employee can begin receiving full, unreduced retirement benefits when he or she is at least age 65 with six full years of full-time-equivalent employment or is at least 60 years of age and the sum of age and years of service equals 90.

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, investments are reported at fair value.

On December 31, 2020, the Authority reported a liability of $19, 877, 359 for its cumulative proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating employers. On June 30, 2020, the Authority's proportion was 2.2276% which is a 6.3% decrease from the prior year. For the year ended December 31, 2020, the Authority recognized pension expense of $12,405,678.

As of December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Plan 2020	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ -	$ 110,007
Changes in assumptions	7,098,869	-
Net differences between projected and actual earnings on pension plan investments	2,137,685	-
Employer contributions subsequent to the measurement date	2,898,489	-
Change in proportion	-	393,697
Total	$ 12,135,043	$ 503,704

As of December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Plan 2019	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 19,250	$ 926,814
Changes in assumptions	170,682	-
Net differences between projected and actual earnings on pension plan investments	-	775,472
Employer contributions subsequent to the measurement date	2,935,300	-
Change in proportion	218,389	116,508
Total	$ 3,343,621	$ 1,818,794

The amounts reported as deferred outflows related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31	OPERS Plan Net Pension Expense
2021	$ 3,249,837
2022	2,965,070
2023	1,512,513
2024	1,005,430
	$ 8,732,850

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2020	2019
Actuarial valuation date:	July 1, 2020	July 1, 2019
Measurement date of net pension liability:	June 30, 2020	June 30, 2019
Actuarial cost method:	Entry age	Entry age
Asset valuation method for contributions:	Five-year moving average of expected and actual market values	Five-year moving average of expected and actual market values
Asset valuation method for assets under GASB 68:	Fair value of assets	Fair value of assets
Long-term expected rate of return:	6.5%	7%
Discount rate:	6.5%	7%
Salary increases:		
Inflation:	2.5%	2.75%
Seniority/merit:	3.5% to 9.25% per year including inflation	3.5% to 9.5% per year including inflation
Mortality:	RP-2014 Blue Collar Active Mortality Table	RP-2014 Blue Collar Active Mortality Table

Actuarial assumptions are based upon the most recent experience study, which covered the three-year period ending June 30, 2019. The experience study report is dated May 13, 2019.

Long-Term Expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a lognormal 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 used in the June 30, 2019 experience study, are summarized in the following table:

Asset Class	Long-Term Real Rate of Return	Target Allocation
U.S. Large Cap Equity	4.7 %	34.0 %
U.S. Small Cap Equity	5.8	6.0
Int's Developed Equity	6.5	23.0
Emerging Market Equity	8.5	5.0
Core Fixed Income	0.5	25.0
Long Term Treasuries	0.0	3.5
US TIPS	0.3	3.5
Total		100.0 %

Single Discount Rate. The discount rate used to measure the total pension liability is 6.5% for 2020 and 7.0% for 2019. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employees 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 Authority's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Authority's proportionate share of the net pension liability (asset) calculated using the discount rate of 7%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current rate:

	2020		
	1% Decrease to Discount Rate (5.5%)	**Current Discount Rate (6.5%)**	**1% Increase To Discount Rate (7.5%)**
Proportionate share of the net pension liability (asset)	$ 46,785,500	$ 19,877,360	$ (2,865,544)

	2019		
	1% Decrease to Discount Rate (6%)	**Current Discount Rate (7%)**	**1% Increase To Discount Rate (8%)**
Proportionate share of the net pension liability (asset)	$ 28,634,528	$ 3,166,965	$ (18,424,618)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at www.opers.ok.gov.

Payables to the Pension Plan

On December 31, 2020 and 2019, the Authority has outstanding payables to OPERS of $571,690 and $593,105, respectively, related to December 2020 and 2019 employer, employee, and voluntary contributions, which are payable in the following month. These amounts are included in accounts payable on the Statements of Net Position.

Oklahoma Law Enforcement Retirement Plan

General Information about the Pension Plan

Plan Description. Legislation passed during 2003 mandated that any lake patrolmen and dispatchers hired on or after July 1, 2003, shall participate as members of the OLERS Plan, a cost-sharing multiple-employer public employee-defined benefit retirement plan administered by the Oklahoma Law Enforcement Retirement System (OLERS), a component unit of the State. The OLERS Plan provides retirement, disability, and death benefits to its members and beneficiaries, primarily state employees providing law enforcement. The benefits provided are established and may be amended by the legislature of the State. Three of the Authority's patrolmen elected to transfer from the OPERS Plan to the OLERS Plan under Oklahoma Statues, Title 47, Section 2-315, which provided for Authority lake patrolmen and dispatchers as of June 30, 2003, to make an irrevocable written election by January 1, 2004, to either pay the difference between the amount transferred between the plans or receive eligible prorated service credit as defined in statute. Oklahoma Statutes, Title 47, Sections 2-300, *et seq.,* established the Oklahoma Law Enforcement Retirement Board to administer this retirement system.

SB 1388, as codified in Oklahoma Statutes, Title 47, Sections 902, et seq., placed all GRDA public safety officers hired after July 1, 2016, under the OPERS plan as hazardous duty employees.

The System issues a publicly available annual financial report that includes financial and required supplementary information for OLERS. That annual report may be obtained online at www.olers.state.ok.us, by writing to OLERS, 421 NW 13th St, Suite 100, Oklahoma City, OK 73103 or by calling 1-877-213-0856.

Vesting. OLERS requires ten years of credited service to be eligible to vest.

Benefits Provided. Employees can begin receiving full, unreduced retirement benefits after twenty years of service or at the age of 62 with ten full years of full-time equivalent employment.

The benefit on or after normal retirement is 2.5% of the greater of final average salary or the salary paid to active employees as described under "salary considered" multiplied by the years and completed months of credited service. There is no maximum service.

Contributions. System members and the Authority are required to contribute to the OLERS Plan at a rate set by statute. These contributions are established and may be amended by the legislature of the State. Each member participates based on gross salary earned (excluding overtime). The Authority's patrolmen and dispatchers participating in the OLERS Plan contributed 8.0%, and the Authority contributed 10% of total base salary through October 2012. Beginning November 2012, the Authority contribution rates increased to 11% of total base salary. Additional funds are also provided by the State of Oklahoma as summarized in the table below. Non-employer contributions are recorded as non-operating revenue in the Statements of Revenues, Expenses, and Changes in Net Position.

During the reporting period for 2020 and 2019, the OLERS recognized $147,637 and $142,911 in contributions from the Authority, respectively.

Contribution rates as of December 31, 2020 and 2019, are as follows:

Category	Contribution Rate
State	License Agency Fees equal to 1.2% of Driver's License Taxes, plus 5% of Insurance Premium Tax
Agency	10% of actual base salary until October 31, 2012, and 11% of actual base salary as of November 1, 2012
Member	8% of paid salary. Accumulated contributions after tax up to December 31, 1989, and before-tax after December 31, 1989

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, investments are reported at fair value.

On December 31, 2020, the Authority reported a liability of $3,314,998 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating employers. On June 30, 2020, the Authority's proportion was 1.5344% which is a 2.972% decrease from the prior year. For the year ended December 31, 2020, the Authority recognized pension expense of $1,148,296.

On June 30, 2019, the Authority's proportion was 1.5814%. For the year ended December 31, 2019, the Authority reported a liability of $2,296,870 and recognized pension expense of $984,596.

On December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OLERS Plan 2020	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 274,029	$ 52,143
Changes in assumptions	4,563	-
Net differences between projected and actual earnings on pension plan investments	887,676	-
Employer contributions subsequent to the measurement date	72,569	-
Change in proportion	110,814	47,912
Total	$ 1,349,651	$ 100,055

On December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OLERS Plan 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 298,593	$ 77,374
Changes in assumptions	7,902	-
Net differences between projected and actual earnings on pension plan investments	338,321	-
Employer contributions subsequent to the measurement date	71,499	-
Change in proportion	226,967	8,977
Total	$ 943,282	$ 86,351

The amounts reported as deferred outflows related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

OLERS Plan	
Year Ended December 31	Net Pension Expenses
2021	203,666
2022	334,999
2023	377,248
2024	254,307
2025	6,807
	$ 1,177,027

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2020	**2019**
Actuarial valuation date:	July 1, 2020	July 1, 2019
Measurement date of net pension liability:	June 30, 2020	June 30, 2019
Actuarial cost method:	Entry age	Entry age
Asset valuation method for contributions:	Five-year moving average of expected and actual market values	Five-year moving average of expected and actual market values
Asset valuation method for assets under GASB 68:	Fair value of assets	Fair value of assets
Long-term expected rate of return:	7.5%	7.5%
Discount rate:	7.5%	7.5%
Salary increases:		
Inflation:	2.75%	2.75%
Seniority/merit:	3.5% – 9.75%, including inflation	3.5% – 9.75%, including inflation
Mortality:	RP-2014 Blue Collar Healthy Employees with Generational Projection using Scale MP-2016	RP-2014 Blue Collar Healthy Employees with Generational Projection using Scale MP-2016

Actuarial assumptions used in the July 1, 2020 valuation are based upon an experience study conducted using experience from the five-year period ending June 30, 2016.

Long-Term Expected Return on Plan Assets. 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 investment expense and inflation) were developed for each major class. These ranges were combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentages and adding expected inflation.

The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by the System's investment consultant, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Large Cap Equity	9.89 %	20 %
Small Cap Equity	11.18	10
Long/Short Equity	8.21	10
International	10.89	10
Emerging Market	12.23	5
Private Equity	13.17	5
Fixed Income	16.65	30
Real Assets	20.46	10
Total		100 %

Single Discount Rate. A single discount rate of 7.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.5% for both the June 30, 2020 and June 30, 2019 measurement dates. A municipal bond rate was not used in determining the discount rate.

The projection of cash flows used to determine the discount rate assumed that plan contributions from members, state agencies, insurance premium taxes, and other state sources would be made at the current contribution rates set out in state statue.

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.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Authority's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5%, as well as what the Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	2020		
	1% Decrease to Discount Rate (6.5%)	**Current Discount Rate (7.5%)**	**1% Increase To Discount Rate (8.5%)**
Proportionate share of the net pension liability (asset)	$ 5,573,051	$ 3,314,998	$ 1,461,075

	2019		
	1% Decrease to Discount Rate (6.5%)	**Current Discount Rate (7.5%)**	**1% Increase To Discount Rate (8.5%)**
Proportionate share of the net pension liability (asset)	$ 4,546,308	$ 2,296,870	$ 450,794

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at www.olers.state.ok.us.

Payables to the Pension Plan

On December 31, 2020 and 2019, the Authority has outstanding payables to OLERS of $21,310 and $21,057, respectively, related to December 2020 and 2019, employer, employee, and voluntary contributions, which are payable in the following month. These amounts are included in accounts payable on the Statements of Net Position.

Oklahoma Public Employees Retirement Defined Contribution Plan

In 2014, the Oklahoma Legislature enacted legislation in HB 2630 requiring a Defined Contribution System be established by the OPERS for most state employees first employed by a participating State employer on or after November 1, 2015. This bill is codified in Oklahoma Statutes as Title 74, Section 935.1, *et seq*. Employees of the Authority who first became employees on or after November 1, 2015, and have no prior participation in OPERS must participate in the mandatory Defined Contribution Plan created in accordance with Internal Revenue Code Section 401(a) and 457(b) and Title 590, Chapter 40 of the Oklahoma Administrative Code. The Defined Contribution Plan is known as Pathfinder. Pathfinder and its related Trust(s) are intended to meet the requirements of the Internal Revenue Code. Pathfinder is administered by the OPERS.

Contribution rates are established by Oklahoma Statute and may be amended by the Oklahoma Legislature. For 2015, the initial period of implementation, employees must make mandatory employee contributions of 4.5% of pretax salary to the 401(a) plan and may make additional voluntary contributions to the 457(b) plan, subject to the maximum deferral limit allowed under the Internal Revenue Code. Employees are vested 100% for all employee contributions. The Authority must make mandatory contributions of 6% of the employee's pretax salary and 7% if the employee elects to participate in the 457(b) plan. Employees become vested for the employer contributions based on an established vesting schedule. The amount of the Authority's contributions for Pathfinder for the year ended December 31, 2020 and 2019, was approximately $551,858 and $407,569, respectively.

Additionally, in order to reduce the liabilities of the defined contribution plan, the Authority is required to contribute the difference between the established 16.5% defined benefit employer contribution rate and the amount required to match the participating employees' contribution in the defined contribution plan. The amount contributed by the Authority for the year ended December 31, 2020 and 2019, to meet this requirement is $785,004 and $581,604, respectively. The Authority had outstanding payables to OPERS for the defined benefit plan for the year ended December 31, 2020 and 2019, of $94,840 and $75,475, respectively, which were payable in the following month.

Oklahoma State Employees Deferred Compensation Plan

Plan Description. Employees of the Authority may also participate in the Oklahoma State Employees Deferred Compensation Plan (the "State Plan"), a voluntary deferred compensation plan administered by OPERS. The State Plan is a defined contribution plan available to all Authority employees, which permits participants to defer receipt of a portion of their salary until future years as authorized by Section 457 of the Internal Revenue Code and in accordance with the provisions of Oklahoma Statutes, Title 74, Sections 1701, *et seq*. The State Plan is established by and may be amended by the Legislature of the State. Oklahoma Statutes assign the authority for management and operation of the State Plan to the Board of Trustees of the OPERS. The minimum amount allowable to be deferred under the State Plan is $25 per month. Under state law, each employee is eligible to receive a $25 monthly matching contribution from the Authority to be deposited in a 401(a) retirement account. Employee contributions to the Plan totaled $1,055,713 and $1,007,516 for the years ended December 31, 2020 and 2019, respectively. The Authority paid matching contributions and administrative fees of $135,029 and $138,919 for the years ended December 31, 2020 and 2019, respectively.

GRDA Postemployment Healthcare Plan

Plan Description. GRDA Postemployment Healthcare Plan is a single-employer defined benefit healthcare plan administered by the Authority. GRDA Postemployment Healthcare Plan provides medical and dental insurance benefits to eligible retirees. In November 2007, the Authority's Board of Directors authorized the Authority to subsidize $200 per month for eligible retirees, effective January 1, 2008. This stipend is provided for life to employees hired prior to November 1, 2015. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a stand-alone financial report.

Benefits Provided. The OPEB plan provides for employee and dependent healthcare coverage from the date of retirement to age 65, provided the participant was covered by the plan before retiring. The participant can elect to enroll in spousal coverage. Surviving spouses may continue in the plan until age 65. Spouses do not receive the $200 per month subsidy.

Employees Covered by the Plan: The following table details the Authority's number of employees covered by the benefit terms:

Participant Data	**December 31, 2020**	**December 31, 2019**
Active participants:		
Employees hired prior to 11/01/2015 and eligible for $200 subsidy	460	460
Employees hired 11/01/2015 or later and not eligible for $200 subsidy	88	63
Total active participants	548	523
Inactive participants entitled to but not yet receiving benefits	0	0
Inactive participants receiving benefits:		
Retirees	274	258
Covered Spouses (below age 65)	18	26
Total inactive participants receiving benefits	292	284
Total Participants	840	807

Funding Policy. The contributions of plan members and the Authority are established and may be amended by the Board of Directors within the limits of Oklahoma statutes. The contribution is based on estimated pay-as-you-go financing requirements. For the years ended December 31, 2020 and 2019, the Authority contributed $665,522 and $655,970, respectively, to the plan, which consisted entirely of current premiums and included no additional contribution to prefund benefits.

Actuarial Methods and Assumption. Projections of benefits for financial reporting purposes are based on the benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following assumptions:

	2020	**2019**
Actuarial valuation date	January 1, 2020	January 1, 2019
Inflation	2.10%	2.10%
Discount rate (from the Bond Buyer GO-20 Index)	2.74%	4.10%
Salary increases	Variable from 9.50% to 3.50% based on age and service group	Variable from 9.50% to 3.50% based on age and service group
Healthcare cost trend rates	2020-2021 at 5.80% increasing .5% to 2022 then, decreasing by .1% each year to 2024, then decreasing by .3 to 2025 to an ultimate rate of 5.3% for 2026 and beyond	2018-2019 at 6.70% decreasing .3% each year to 2021 then decrease by .2% to 2024 to an ultimate rate of 4.6% for 2025 and beyond
Actuarial cost method	Entry Age Normal	Entry Age Normal
Mortality	Pub-2010 Public Retirement Plans General Mortality Table weighted by Headcount projected by MP-2019 as of January 1, 2020	Pub-2010 Public Retirement Plans General Mortality Table weighted by Headcount projected by MP-2018 as of January 1, 2019

Changes in the Total OPEB Liability. Changes of assumptions and other inputs reflect a change in discount rate from 4.10% in 2019 to 2.74% in 2020. Changes in the Total OPEB Liability for the year ended December 31, 2020:

Changes in the Total OPEB Liability	**Total OPEB Liability**	**Plan Fiduciary Net Position**	**Net OPEB Liability**
Balance at December 31, 2019	$ 16,980,723	$ -	$ 16,980,723
Changes for the Year			
Service Cost	564,096	-	564,096
Interest on Total OPEB Liability	685,406	-	685,406
Difference between expected and actual experience	435,412	-	435,412
Changes in assumptions	1,790,433	-	1,790,433
Employer Contributions		994,184	(994,184)
Benefit payments, including employee refunds	(994,184)	(994,184)	-
Net changes	2,481,163	-	2,481,163

For the year ended December 31, 2019:

Changes in the Total OPEB Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2018	$ 17,668,568	$ -	$ 17,668,568
Changes for the Year			
Service Cost	548,426	-	548,426
Interest on Total OPEB Liability	611,515	-	611,515
Difference between expected and actual experience	66,460	-	66,460
Changes in assumptions	(1,025,961)	-	(1,025,961)
Employer Contributions		888,285	(888,285)
Benefit payments, including employee refunds	(888,285)	(888,285)	-
Net changes	(687,845)	-	(687,845)
Balance at December 31, 2019	$ 16,980,723	$ -	$ 16,980,723

Sensitivity of the Total OPEB liability to changes in the discount rate. The following presents the Authority's total OPEB liability calculated using the 2020 discount rate of 2.74%, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74%) or 1-percentage-point higher (3.74%) than the current rate:

	2020		
	1% Decrease to Discount Rate (1.74%)	Current Discount Rate (2.74%)	1% Increase To Discount Rate (3.74%)
Total OPEB liability	$ 21,511,666	$ 19,461,886	$ 17,704,123

The following presents the Authority's total OPEB liability calculated using the 2019 discount rate of 4.10%, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.10%) or 1-percentage-point higher (4.10%) than the current rate:

	2019		
	1% Decrease to Discount Rate (3.10%)	Current Discount Rate (4.10%)	1% Increase To Discount Rate (5.10%)
Total OPEB liability	$ 18,587,515	$ 16,980,723	$ 15,585,778

Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rate. The following presents the Authority's total OPEB liability calculated using the 2020 healthcare cost trend rate of 5.80%, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.80% decreasing to 4.30%) or 1-percentage-point higher (6.80% decreasing to 6.30%) than the current rate:

	2020		
	1% Decrease to Healthcare Cost Trend Rate (4.8% decreasing to 4.3%)	**Current Healthcare Cost Trend Rate (5.8% decreasing to 5.3%)**	**1% Increase to Healthcare Cost Trend Rate (6.8% decreasing to 6.3%)**
Total OPEB liability	$ 18,927,636	$ 19,461,886	$ 20,091,220

The following presents the Authority's total OPEB liability calculated using the 2019 healthcare cost trend rate of 6.70%, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.70% decreasing to 3.60%) or 1-percentage-point higher (7.70% decreasing to 5.60%) than the current rate:

	2019		
	1% Decrease to Healthcare Cost Trend Rate (5.7% decreasing to 3.6%)	**Current Healthcare Cost Trend Rate (6.7% decreasing to 4.6%)**	**1% Increase to Healthcare Cost Trend Rate (7.7% decreasing to 5.6%)**
Total OPEB liability	$ 16,493,590	$ 16,980,723	$ 17,544,838

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB. For the year ended December 31, 2020 the Authority recognized OPEB expense of $1,597,163. For the year ended December 31, 2019 the Authority recognized OPEB expense of $1,077,071. The following table indicates the components of the recognized OPEB expense:

Components of OPEB Expense	**2020**	**2019**
Service Cost	$ 564,096	$ 548,426
Interest on Total OPEB Liability - over measurement period	685,406	611,515
Recognition of Experience Changes	96,920	12,701
Recognition of Assumption Changes	250,741	(95,571)
Total OPEB Expense recognized	$ 1,597,163	$ 1,077,071

As of December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB Plan--2020	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Summary of deferred outflows and inflows		
Differences between projected and actual experiences	$ 392,251	$ -
Changes of actuarial assumptions	1,685,309	633,829
Employer contributions - subsequent to measurement date	1,331,270	-
Total	$ 3,408,830	$ 633,829

As of December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB Plan--2019	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Summary of deferred outflows and inflows		
Differences between projected and actual experiences	$ 53,759	$ -
Changes of actuarial assumptions	341,683	829,895
Employer contributions - subsequent to measurement date	655,970	-
Total	$ 1,051,412	$ 829,895

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

OPEB Plan--2020	
Year ended December 31	**Net OPEB Expense**
2021	$ 347,661
2022	347,661
2023	287,364
2024	387,855
2025	73,190
	$ 1,443,731

8. OTHER RELATED-PARTY TRANSACTIONS

The primary organizations considered related parties are those municipal, industrial, electric cooperative and other governmental organizations or lake area organizations that have representatives serving on the Authority's Board of Directors. The primary transactions in the ordinary course of business with these related parties include sales of electrical power and transmission and memberships in related trade associations or organizations, or tourism and economic development activities associated with the management of the lakes, including commercial and private dock permit fees.

OG&E operates the Redbud facility under an operating agreement with the Authority and OMPA and allocates certain costs and expenses attributable to Redbud to the Authority and OMPA in accordance with their undivided ownership interests—see further discussion of Redbud facility in "Joint Ownership" in Note 1 to Financial Statements, Summary of Significant Accounting Policies.

9. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Authority makes and receives commitments for purchases of coal, natural gas, wind power, and long-term service agreements. In addition, in the normal course of business, the Authority enters into agreements, which commit the Authority to provide varying amounts of electric power to its customers. Management of the Authority does not believe the honoring of these commitments will have any material adverse effect on the Authority.

The Authority had contractual commitments as of December 31, 2020, for long-term service agreements at the Redbud facility for the maintenance of the gas and steam turbines of approximately $49.1 million through the year 2028. The Authority had contractual commitments as of December 31, 2020, for natural gas transportation to the Redbud facility of approximately $11.7 million through March 31, 2024.

The Authority had contractual commitments as of December 31, 2020, for long-term service agreements at the GREC 3 facility for the maintenance of the gas and steam turbines of approximately $53.7 million through the year 2030. The Authority had contractual commitments as of December 31, 2020, for transportation of natural gas to the GREC 3 facility of approximately $134.5 million through the March 31, 2046.

The Authority had contractual commitments as of December 31, 2020, for long-term wind power purchase agreements of approximately $616.7 million through the year 2037 and for customer generation capacity agreements of approximately $253.4 million through the year 2042.

The Authority is a defendant in a class action lawsuit in Ottawa County, Oklahoma, arising from a flood event in 2007. There are approximately 400 potential class members. Discovery is ongoing. Potential exposure related to this case cannot be projected by management of the Authority.

10. LANDFILL CLOSURE AND POSTCLOSURE COSTS

The Authority maintains a coal combustion residuals (CCR) landfill in Chouteau, Oklahoma. The Authority accounts for this CCR landfill in accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post closure Care Costs*. State and federal regulations will require the Authority to place a final cover on the CCR site when it discontinues depositing of CCR and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure costs will only be paid near or after the date of discontinuance of use of the landfill, GASB Statement No. 18 requires proprietary funds to report a portion of these costs as an operating expense in each period based on landfill capacity and utilization.

This CCR landfill has a total capacity of 5,131,024 cubic yards, of which 4,334,245 cubic yards have been used through December 31, 2020. The remaining useful life at December 31, 2020 was approximately 18 years.

The amount recorded as a liability for the closure and post closure costs, included in Other Noncurrent Liabilities at December 31, 2020 and 2019, was $7,606,994 and $7,141,741, respectively. These amounts are based on 89% landfill utilization as of December 31, 2020 and 2019. The Authority will recognize the remaining estimated cost of closure and post closure care, of approximately $700,739, as the remaining estimated capacity is filled. Amounts are estimated using what it would cost to perform all closure and post closure care in 2020. Actual costs are subject to change resulting from inflation or deflation, changes in technology, or changes in applicable laws or regulations.

The Oklahoma Department of Environmental Quality (ODEQ) has certain closure and post closure care financial assurance requirements. Each year, an auditor performs procedures to ensure that the Authority meets these requirements.

11. RISK MANAGEMENT

Resolution No. 5107 requires the Authority to, in each case where it is obtainable at a reasonable rate and on reasonable terms, insure its facilities, maintain liability insurance, and bond certain officers and employees. In general, all insurance coverage, including property (all risk coverage, including earthquake and flood), equipment, aircraft, employment practices liability, directors and officers liability, excess liability (including an endorsement for certified “acts of terrorism” as defined in the Federal Terrorism Risk Insurance Act), is purchased from private insurance carriers through the State of Oklahoma Risk Management Department (State Risk Management) of the Office of Management and Enterprise Services. State Risk Management contracts with a third-party insurance broker for brokerage services and advice. The Authority also participates in the State of Oklahoma’s Consolidated Workers’ Compensation Program, a self-insured program operated by States Risk Management. A private insurance carrier provides excess insurance coverage for the Consolidated Workers’ Compensation Program and a private company provides claims administration services. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

Concentration of revenues from a single external customer increases credit and market concentration risks. The Authority had one customer that accounted for 23% of total operating revenues in 2020 and 17% in 2019.

In addition, the Authority is subject to generation supply and market price risks, which are continually evaluated as to level of risk and how to best mitigate exposure to loss. The Authority continued its hedging program throughout 2020, to hedge price and volatility risk relative to future natural gas commodity prices.

As of December 31, 2020 and 2019, the Authority had the following fair value balances and notional amounts of derivative instruments and the changes in fair value of such derivative instruments:

		Fair Value at December 31, 2020		
Business-Type Activities	**Changes in Fair Value**	**Classification**	**Amount**	**Notional Amount (MMBTU’s)**
Cash flow hedges:				
Commodity forward (swap)	$ 2,262,055	Derivative instruments	$ (333,110)	5,010,000

		Fair Value at December 31, 2019		
Business-Type Activities	**Changes in Fair Value**	**Classification**	**Amount**	**Notional Amount (MMBTU’s)**
Cash flow hedges:				
Commodity forward (swap)	$ (3,295,555)	Derivative instruments	$ (2,595,165)	10,275,000

The following table displays the objective and terms of the Authority's hedging derivative instruments outstanding on December 31, 2020, along with the credit rating of the associated counterparty.

Item	Type	Objective	Notional Amount (MMTBUs)	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
A	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	1,825,000	12/29/20	11/26/21	Pay $2.625/MMBTU; scheduled monthly settlements based on 5,000 MMBTUs/day and Henry Hub pricing point at settlement date	"BBB+"
B	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	912,500	12/29/20	11/26/21	Pay $2.625/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/day and Henry Hub pricing point at settlement date	"BBB+"
C	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	912,500	12/29/20	11/26/21	Pay $2.850/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/day and Henry Hub pricing point at settlement date	"BBB+"
D	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	912,500	12/29/20	11/26/21	Pay $2.680/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/day and Henry Hub pricing point at settlement date	"BBB+"
E	Commodity forward contract (swap)	Hedge of changes in cash flows due to market price fluctuations related to expected purchase of natural gas	912,500	12/29/20	11/26/21	Pay $2.500/MMBTU; scheduled monthly settlements based on 2,500 MMBTUs/day and Henry Hub pricing point at settlement date	"BBB+"

Contracts are accounted for in accordance with GASB Statement No. 53, which addresses recognition, measurement, and disclosure related to derivative instruments with reporting required in the Statements of Net Position or recognized on the Statements of Revenues, Expenses, and Changes in Net Position, depending on effectiveness. Contracts are evaluated to determine whether they meet the definition of derivative instruments and, if so, whether they effectively hedge the expected change in cash flow associated with natural gas prices.

Effectiveness testing is performed at the end of each month using the consistent critical terms method and, as of December 31, 2020, the tests concluded that all of the Authority's derivative instruments are effective. If the derivative instrument(s) passes effectiveness testing, the change in fair value of the instrument(s) is deferred in the Statements of Net Position and then recorded as fuel expense in the Statements of Revenues, Expenses, and Changes in Net Position during the production cycle. If deemed to be ineffective, the change in fair value of the instrument(s) is immediately recognized in the Statements of Revenues, Expenses, and Changes in Net Position.

Credit Risk: The Authority is exposed to credit risk on hedging derivative instruments that are in asset positions. The aggregate fair value of hedging derivate instruments in asset positions, as of December 31, 2020, is $70,428. This represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. This maximum exposure is reduced by $403,538 of liabilities included in netting arrangements with the Authority's counterparty. All of the Authority's hedging derivative instruments are held with a single counterparty, which has an S&P Long Term Issuer Credit Rating of "BBB+." Credit risk is mitigated using credit thresholds based on each party's credit rating. If either party exceeds their threshold, collateral can be demanded, net of the effect of applicable netting arrangements. Collateral can be posted in the form of cash or letters of credit. A monthly credit report is prepared by GRDA's Middle Office and is provided to the Authority's Risk Oversight Committee for monitoring of credit risk related to hedging derivatives.

Basis Risk: GRDA is exposed to basis risk on its commodity forward contracts because the expected commodity purchase will price based on a pricing point (Enable Gas or OneOK) that is different than the pricing point at which the forward contract is expected to settle (Henry Hub). GRDA is hedging the Henry Hub portion of the gas price only, not the basis for the individual pipeline(s).

Termination Risk: The Authority or its counterparty may terminate a derivate instrument if the other party fails to perform under the terms of the contract. Termination may also occur in the event of the following, as defined in the contract: illegality, force majeure event, tax event, tax event upon merger, or additional termination event. Additional termination event is defined in the contract as GRDA engaging in any transaction that does not have as its sole purpose to hedge against price risk for its use in its business of natural gas or is in any way intended to speculate on any commodity price. Termination risk is associated with all of the Authority's derivatives up to the fair value amounts.

12. SUBSEQUENT EVENT

Between February 4, 2021 and February 20, 2021, the GRDA service area experienced an extreme winter storm, due to a polar vortex. During this time, natural gas supply was dwindling, and unable to meet the demands. The reduced supply of natural gas was due to frozen gas wells and equipment, resulting from the extended, extreme temperatures. This limited the use of our GREC 3 combined cycle and the Redbud gas generation units. Wind generation was curtailed as well, due to the winter storms. The increased demand for energy due to the cold, along with the limited supply of generation across the balancing authority, resulted in an unprecedented surge in natural gas and energy prices. As of the current writing of this, the cost estimates for the event range from $51.1 million up to $153.7 million. This is an estimate, because the natural gas invoice amounts are unknown, as well as the resettlement amounts from the SPP. The anomalous fuel and purchased power expenses that GRDA experienced as a result of this event have been recorded as under recovered fuel cost, and will be recovered through the extraordinary power cost element in the PCA calculation. GRDA is continually monitoring its financial condition, seeking ways to minimize the impact to our customers, while maintaining healthy reserves. The SPP alert timeline of the event follows:

On February 4, 2021, the Southwest Power Pool (SPP) issued a cold weather alert to all grid operators within the SPP Balancing Authority's footprint. On February 8, 2021, the SPP issued a resource alert, expecting severe weather conditions, significant outages, wind uncertainty, and load forecast uncertainty. The SPP declared conservative operations on February 9, and committed the longer lead-time generating resources on February 11, for the period of February 13 to February 16. On February 14, GRDA made several requests of its customers to conserve power, as the direction of the SPP. It culminated in brief firm load power interruptions on February 15 and 16 for GRDA municipal customers. The SPP alert levels gradually dropped until normal operations were declared on February 20.

* * * * * *

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

GRAND RIVER DAM AUTHORITY

(A Component Unit of the State of Oklahoma)

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN

Fiscal Year Ending	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
December 31, 2020	2.2276 %	$ 19,874,205	$ 34,801,153	57.11 %	91.59 %
December 31, 2019	2.3778	3,166,970	35,942,188	8.81	98.63
December 31, 2018	2.4118	5,138,160	37,965,024	13.53	97.96
December 31, 2017	2.3117	12,498,665	38,404,273	32.54	94.28
December 31, 2016	2.2462	21,890,211	38,995,445	56.14	89.48
December 31, 2015	2.1715	7,810,649	37,304,843	20.94	96.00

SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)
OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2020	$ 6,109,333	$ 5,838,606	270,727	$ 34,266,124	17.04 %
December 31, 2019	6,258,254	6,243,328	14,926	35,239,125	17.72
December 31, 2018	6,309,340	6,485,378	(297,914)	37,001,348	17.53
December 31, 2017	6,218,254	6,516,168	(297,914)	38,300,232	17.01
December 31, 2016	6,641,675	6,615,357	26,318	38,811,001	17.05
December 31, 2015	6,333,952	6,343,582	(9,630)	38,557,227	16.45

The amounts determined for each fiscal year were determined as of June 30 in the calendar year.

The Authority is required to present the last ten fiscal years of data; however, until a full ten-year trend of data is compiled, GASB Statement No. 68 allows the presentation for those years for which information is available.

Changes in Benefit Terms

House Bill 3350 provided a one-time benefit increase as of July 1, 2020. Members who retired on or prior to July 1, 2015 received a 4.0% benefit increase. Members who retired between July 1, 2015 and July 1, 2018 received a 2.0% benefit increase. Members who retired after July 1, 2018 did not receive a benefit increase.

Changes in Assumptions are as follows:

	2020	2019	2018	2017	2016	2015
Long-term expected rate of return	6.50 %	7.00 %	7.00 %	7.00 %	7.25 %	7.50 %
Discount rate	6.50	7.00	7.00	7.00	7.25	7.50
Price inflation	2.50	2.75	2.75	2.75	3.00	3.00
Real wage growth	0.75	0.75	0.75	0.75	1.00	1.00

There were no other changes in assumptions.

GRAND RIVER DAM AUTHORITY

(A Component Unit of the State of Oklahoma)

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN

Fiscal Year Ending	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
December 31, 2020	1.5344 %	$ 3,314,998	$ 1,342,159	246.99 %	82.29 %
December 31, 2019	1.5814	2,296,870	1,298,190	176.93	87.50
December 31, 2018	1.4701	1,574,732	1,222,118	128.85	90.31
December 31, 2017	1.4556	1,891,434	1,225,700	154.31	87.85
December 31, 2016	1.3370	1,631,598	1,234,942	132.12	81.88
December 31, 2015	0.8627	894,807	736,838	121.44	89.62

SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)
OKLAHOMA LAW ENFORCEMENT RETIREMENT PLAN

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2020	$ 145,820	$ 147,637	(1,817)	$ 1,351,889	10.92%
December 31, 2019	141,092	142,911	(1,819)	1,308,269	10.92
December 31, 2018	133,523	134,432	(909)	1,268,728	10.60
December 31, 2017	134,827	134,826	1.00	1,209,093	11.15
December 31, 2016	136,630	136,630	-	1,241,483	11.01
December 31, 2015	81,430	81,430	-	1,098,422	7.41

The amounts determined for each fiscal year were determined as of June 30 in the calendar year.

The Authority is required to present the last ten fiscal years of data; however, until a full ten-year trend of data is compiled, GASB Statement No. 68 allows the presentation for those years for which information is available.

Changes in Benefit Terms.

House Bill 3350 provided a one-time benefit increase as of July 1, 2020. Member show retired on or prior to July 1, 2015 received a 4.0% benefit increase. Members who retired between July 1, 2015 and July 1, 2018 received a 2.0% benefit increase. Members who retired after July 1, 2018 did not receive a benefit increase.

There were no Changes in Assumptions for 2020 or 2019, but historical changes are as follows:

	2020	2019	2018	2017	2016	2015
Price inflation	2.75 %	2.75 %	2.75 %	2.75 %	3.00 %	3.00 %

(A Component Unit of the State of Oklahoma)

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
OTHER POSTEMPLOYMENT BENEFITS PLAN

	2020	2019
Beginning Balance	$ 16,980,723	$ 17,668,568
Service Cost	564,096	548,426
Interest on Total OPEB Liability	685,406	611,515
Difference between expected and actual experience	435,412	66,460
Changes in assumptions	1,790,433	(1,025,961)
Benefit payments, including employee refunds	(994,184)	(888,285)
Net changes	2,481,163	(687,845)
Ending Balance	$ 19,461,886	$ 16,980,723
Ratios		
Covered-employee payroll	$ 34,266,124	$ 35,239,125
Total OPEB Liability as a percentage of covered-employee payroll	56.80%	48.19%

The Authority is required to present the last ten fiscal years of data; however, until a full ten-year trend of data is compiled, GASB Statement No. 75 allows the presentation for those years for which information is available.

Changes in Benefit Terms. There were no changes of benefit terms in the Plan.

Changes in Assumptions: Two assumption changes were made for this valuation. The discount rate on the Bond Buyer GO 20-Bond Municipal Bond Index as of the newest Measurement date of January 1, 2020 is 2.74%. The January 1, 2019 discount rate was 4.10%. The mortality table was also updated to a new public sector mortality table (Pub 2010) using the MP-2018 projection scale.

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*

Independent Auditors' Report

To the Board of Directors of
Grand River Dam Authority
Tulsa, Oklahoma

We have audited, 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, the financial statements of Grand River Dam Authority as of and for the year ended December 31, 2020, and have issued our report thereon dated March 31, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Grand River Dam Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grand River Dam Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Grand River Dam Authority'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 a combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of Grand River Dam Authority 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*.

We noted certain matters that we reported to management of the Grand River Dam Authority in a separate letter dated March 31, 2021.

Purpose of this Report

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

Baker Tilly US, LLP

Madison, Wisconsin
March 31, 2021