Grand Gateway
Economic Development Association

GRAND GATEWAY ECONOMIC DEVELOPMENT ASSOCIATION

FINANCIAL STATEMENTS AND AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2015

cCCPA

Clothier & Company CPA's P.C.
P.O. Box 1495 * Muskogee, Ok 74402
(918) 687-0189 FAX (918) 687-3594
cccpa@yahoo.com

Grand Gateway Economic Development Association
TABLE OF CONTENTS
June 30, 2015

Clothier & Company CPA's P.C.
cccpa@yahoo.com

P.O. Box 1495
Muskogee, Oklahoma 74402
918-687-0189 FAX 918-687-3594

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Grand Gateway Economic Development Association

We have audited the accompanying financial statements of Grand Gateway Economic Development Association (GGEDA), which comprise the statement of financial position as of June 30, 2015, and the related statement of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Gateway Economic Development Association as of June 30, 2015, and the respective changes in its net assets and its cash flows for the year then ended in accordance with principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In Accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2016, on our consideration of GGEDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GGEDA's internal control over financial reporting and compliance.

Clothier + Company CPA's

Clothier & Company CPA's
April 11, 2016

Grand Gateway
Economic Development Association
(918) 276-2501
Fax: (918) 783-5786

Management's Discussion and Analysis

Our discussion and analysis of Grand Gateway Economic Development Association's financial performance provides an overview of the Association's financial activities for the fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

- The Association's net assets decreased $1,676,796 to $597,046. The decrease consists of $383,439 from operations and $696,311 for a prior period pension adjustment.
- During the year, the Association's expenditures exceeded revenues by $383,439.
- The total cost of all of the Association's programs decreased by 868 thousand, or 7.60%.
- The general fund's total net assets decreased from $1,676,796 to $597,046.

USING THE ANNUAL REPORT

This annual report consists of the Statement of Net Assets-Proprietary fund and Statement of Revenue, Expenses, and Changes in Net Assets-Proprietary Fund (on pages 12 and 13). These provide information about the two funds of the Association-General Revenue Fund and the Trust Authority.

Reporting the Association as a Whole

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

P O Drawer B ● 333 South Oak Street ● Big Cabin, Oklahoma 74332

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

THE ASSOCIATION AS A WHOLE

The Association's General Revenue Fund's net assets decreased from a year ago-*decreasing* from $1,676,796 to $597,046, or $1,079,750. Last year, net assets decreased by 38 thousand. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Association's activities.

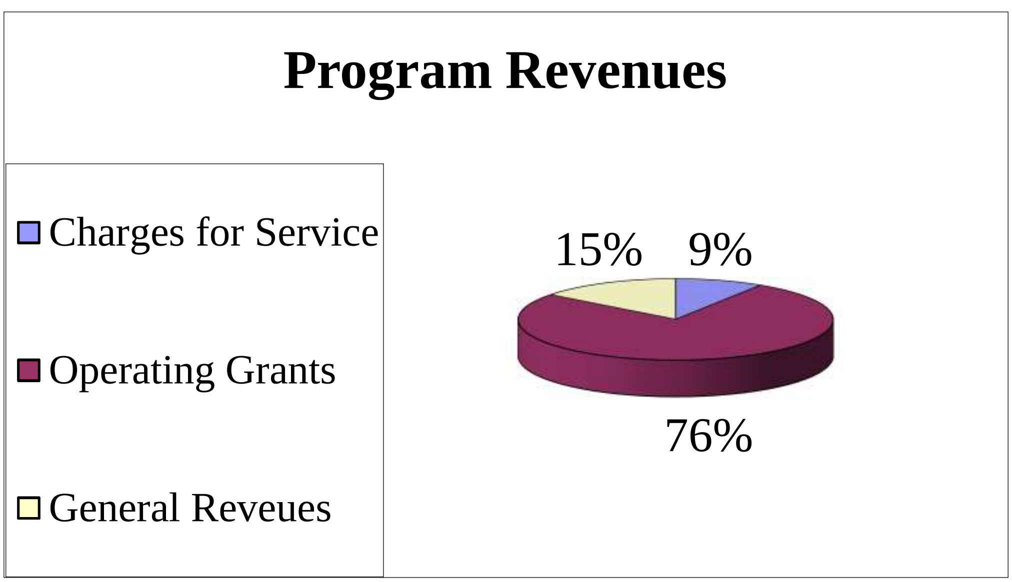
(In 1,000s)	General Revenue Fund		Trust Authority	
	6/30/15	6/30/14	6/30/15	6/30/14
Current and other assets	$2,896	$3,392	$75	$106
Net Capital assets	484	838	659	675
Noncurrent Assets	237	0	0	0
Total assets	3,617	4,230	734	781
Long-term debt outstanding	0	0	504	518
Other liabilities	3,020	2,553	0	2
Total liabilities	3,020	2,553	504	520
Net assets:				
Invested in capital assets, net of debt	1,351	838	157	157
Restricted	650	1,040	0	0
Unrestricted	(1,404)	(201)	73	104
Total net assets	$597	$1,677	$230	$261

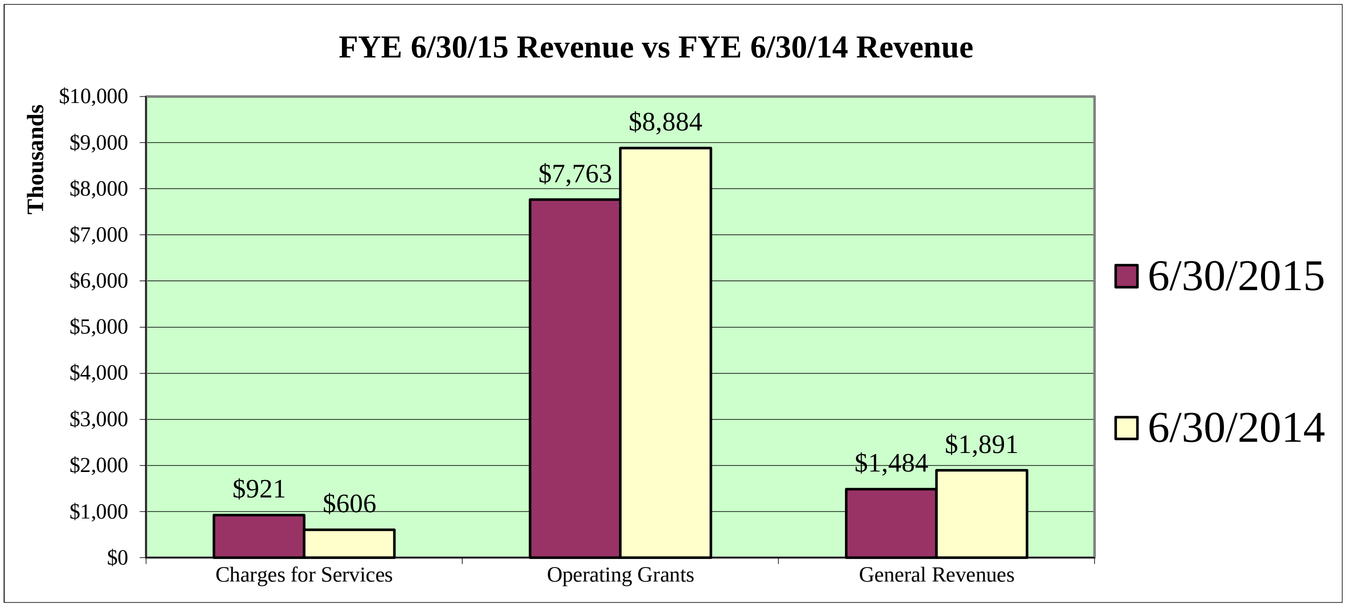
Net assets of the Association's General revenue Fund decreased. *Unrestricted* net assets-the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirement-changed from (201) thousand at June 30, 2014 to (1,404) at the end of this year.

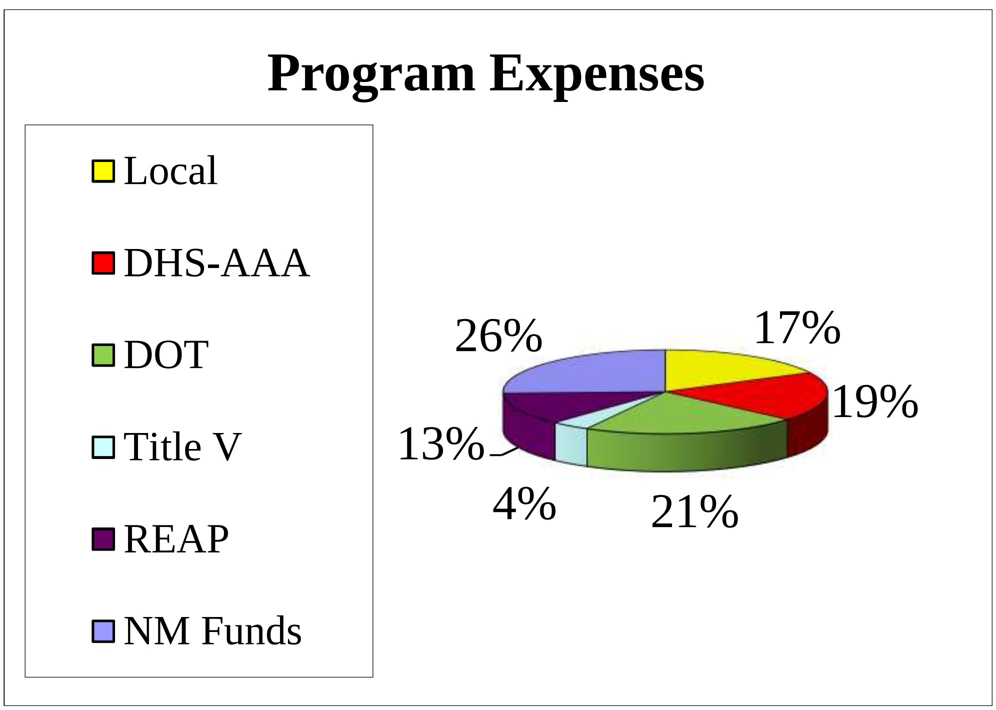
(In 1,000s)	General Revenue Fund		**Trust Authority**	
	6/30/15	6/30/14	6/30/15	6/30/14
Program revenues:				
Charges for services	$921	$606	$0	$0
Operating grants & contributions	7,763	8,884	0	0
Capital grants & contributions	0	0	0	0
General revenues	1,484	1891	12	71
Non-operating revenues	0	0	0	0
Total revenues	10,168	11,381	12	71
Program expenses:				
Local	1,843	1,957	0	0
DHS-AAA Pass Thru	2,008	2,050	0	0
Rural Economic Action Plan	1,324	1,455	0	0
Department of Transportation	2,269	2,608	0	0
Title V	406	432	0	0
Non-Major Funds	2,701	2,917		
Trust Authority	0	0	43	62
Total Expenses	10,551	11,419	43	62
Increase(decrease) in net assets:	($383)	($38)	($31)	$9

The Association's General Revenue Fund revenues (excluding special items) decreased 10.66% or 1,213 thousand. The total cost of all programs and services decreased by7.60%.or 868 thousand. Although there was a decrease in revenue, the sizeable decrease in expenses allowed the Association to cover this year's cost

.




FYE 6/30/15 Revenue vs FYE 6/30/14 Revenue
Thousands
$10,000
$9,000
$8,000
$7,000
$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$0
$921
$606
$7,763
$8,884
$1,484
$1,891
Charges for Services
Operating Grants
General Revenues
6/30/2015
6/30/2014


Program Expenses
Local
DHS-AAA
DOT
Title V
REAP
NM Funds
26%
17%
19%
13%
4%
21%

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 2015, the Association and Trust Authority had 4,751 thousand invested in a broad range of capital assets, including office equipment. This amount represents an increase (including additions and deductions) of 352 thousand or 8 percent, from last year.

Fixed assets consisted of:	BALANCE 6/30/14	ADDITIONS	DELETIONS	BALANCE 6/30/15
FURNITURE & FIXTURES	26,015	0	0	26,015
CAPITAL LEASES	10,704	0	0	10,704
OFFICE EQUIP	134,137	0	0	134,137
GGEDA AUTOS	25,447	0	0	25,447
BUSSES & VANS	501,707	0	(37,141)	501,707
RADIO EQUIP	7,130	0	0	7,130
FOOD SERIVCE EQUIPMENT	2,165	0	0	2,165
GIS EQUIP. NON-CHARGE	39,372	0	0	39,372
DEQ EQUIPMENT	18,356	0	0	18,356
IMPROVEMENTS	31,097	0	0	31,097
RURAL FIRE EQUIPMENT	1,665	0	0	1,665
HUD EQUIPMENT	8,345	0	0	8,345
ODOT EQUIP. NON-CHARGE	3,037,284	0	0	3,037,284
ODOT EQUIPMENT CHARGEABLE	57,009	0	0	57,009
CAREGIVER EQUIPMENT	10,585	0	0	10,585
SHIP EQUIPMENT	25,382	0	0	25,382
CASE MANAGEMENT EQUIPMENT	7,993	0	0	7,993
DHS/AAA EQUIPMENT	4,744	0	0	4,744
VTCL EQUIPMENT	2,797	0	0	2,797
CENA EQUIPMENT	1,046	0	0	1,046
TRUST AUTH BUILDING/IMPROVE	797,654	0	0	979,654
TOTALS	4,750,634	0	(37,141)	4,713,493

Debt

State law prohibits the Association from having debts.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The outlook for most Programs in FY2016 appears to be relatively stable. Contracts with Oklahoma Department of Agriculture remain steady and no funding reductions are anticipated. Programs funded through the Oklahoma Department of Commerce are expected to see a 6 to 8% reduction in funding.

A funding reduction of 4 to 6% is also expected for the Oklahoma Department of Human Services budget for FY 16.

Oklahoma Department of Transportation received additional federal monies and increased state appropriation over a five year window in FY 15. However, a proposed new formula to allocate monies to the various transit coalition has required Pelivan to pursue additional avenues for local match in order to continue the service. We are still operating various routes through contracts with area Native American Tribes. Our experiment with CNG vehicles are a marked success. The effective gasoline equivalent is around 85 cents a gallon and the vehicles are performing very well. We are expected to begin replacing all vehicles on schedule with CNG vehicles. We are currently exploring vehicle conversion for our lower mileage vehicles which will lower our operating costs as passenger demand is rising. We have partnered with Grand Lake Mental Health and have taken over several routes in efforts to increase our revenue miles and thereby our funding allocations. We have implemented a smart reservation system designed to add greater efficiencies with more passengers per mile.

In FY 16, we will continue to make extraordinary changes in both management and technology which will require GGEDA to make investments that should enable much greater efficiencies in the future. This plus the disposal of equipment accounts for much of the reduction in fund balance. In FY 14, we completed a State of Good Repair Grant for the renovation of additional office space and maintenance facility of $525,000 requiring a match of $135,000. A second phase, including the installation of generators and various other technologies designed to increase the efficiency of our transit operations is forthcoming in FY 16.

Additionally, with our designation as a 501(c)3 community foundation, we are actively seeking opportunities to secure additional funding and provide more services.

CONTACTING THE ASSOCIATION'S FINANCIAL MANAGEMENT

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

Edward J Crone

Executive Director-Edward Crone

FINANCIAL STATEMENTS

Grand Gateway Economic Development Association
Statement of Financial Position - Proprietary Funds
For the Year Ended June 30, 2015

Assets	General Revenue Fund	Trust Authority	Memo Total Only
Current Assets			
Cash	$250,263	$75,103	$325,366
Restricted cash	1,681,851	0	1,681,851
Receivables	960,414	0	960,414
Prepaid expenses	4,157	0	4,157
Due to other funds	0	0	0
Total Current Assets	2,896,686	75,103	2,971,789
Noncurrent Assets			
Capital assets	3,915,839	797,654	4,713,493
Accumulated depreciation	(3,432,210)	(139,113)	(3,571,323)
Net Capital Assets	483,629	658,541	1,142,170
Deferred Pension Outflows	236,939	0	236,939
Total Noncurrent Assets	720,568	658,541	1,379,109
Total Assets	$3,617,254	$733,644	$4,350,898
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	$289,698	$0	$289,698
Pass-thru payable	1,446,065	0	1,446,065
Accrued expenses	214,553	0	214,553
Unearned revenue	4,900	0	4,900
Current portion of long term debt	0	20,289	20,289
Total Current Liabilities	1,955,216	20,289	1,975,505
Noncurrent Liabilitites			
Long term debt	0	482,891	482,891
Deferred Pension Inflows	788,767	0	788,767
Net Pension Liability	276,225	0	276,225
Total Noncurrent Liabilitites	1,064,992	482,891	1,547,883
Total Liabilities	3,020,208	503,180	3,523,388
Net Assets			
Invested in Capital Assets	1,351,054	156,892	1,507,946
Restricted for:			
Other purposes	650,327	0	650,327
Unrestricted	(1,404,335)	73,572	(1,330,763)
Total Net Assets	597,046	230,464	827,510
Total Liabilities and Net Assets	$3,617,254	$733,644	$4,350,898

See accompanying footnotes and independent auditors' report.

Grand Gateway Economic Development Association
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds
For the Year Ended June 30, 2015

Revenues	General Revenue Fund	Trust Authority	Memo Total Only
Operating Revenues			
General revenue	$1,484,079	$11,800	$1,495,879
Fees and services	921,394	0	921,394
Grants	7,762,556	0	7,762,556
Total Operating Revenues	10,168,028	11,800	10,179,828
Operating Expenses			
Personnel	2,843,474	0	2,843,474
Other services and charges	1,529,455	0	1,529,455
Indirect costs	644,128	0	644,128
Pass through expense	4,163,300	0	4,163,300
Capital outlay	0	0	0
Depreciation expense	354,560	16,729	371,289
Match expense	1,016,550	0	1,016,550
Total Operating Expenses	10,551,467	16,729	10,568,196
Excess (Deficiency) of Revenues Over Expenditures	(383,439)	(4,929)	(388,368)
Nonoperating Revenue (Expense)			
Investment income	0	($25,914)	(25,914)
Gain (loss) on sale of capital assets	0	0	0
Total Nonoperating Revenue (Expense)	0	(25,914)	(25,914)
Change in Net Assets	(383,439)	(30,843)	(414,282)
Beginning Net Assets	1,676,796	261,307	1,938,103
Prior Period Pension Adjustment	(696,311)	0	(696,311)
Adjusted Beginning Net Assets	980,485	261,307	1,241,792
Ending Net Assets	$597,046	$230,464	$827,510

See accompanying footnotes and independent auditors' report.

Grand Gateway Economic Development Association
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2015

	General Revenue Fund	Trust Authority
Cash flows from operating activities:		
Cash received from customers	$2,405,473	$11,800
Cash received from other sources	7,960,678	0
Cash payment to employees for services	(2,729,437)	0
Cash payments to suppliers for goods and services	(7,048,746)	(27,469)
Net Cash Provided (Used) by Operating Activities	587,968	(15,669)
Cash flows from noncapital financing activities:		
Cash received from debt	0	0
Matching expense	(1,016,550)	0
Net Cash Provided (Used) by Noncapital Financing Activities	(1,016,550)	0
Cash Flows from Investing Activities:		
Receipt of interest and dividends	0	0
Payment of debt	0	(15,198)
Sale of fixed assets	0	0
Purchase of fixed assets	0	0
Net Cash Provided (Used) by Investing Activities	0	(15,198)
Net Increase (Decrease) in Cash	(428,582)	(30,867)
Cash and Cash Equivalents, June 30, 2014	2,228,953	105,970
Cash and Cash Equivalents, June 30, 2015	$1,800,371	$75,103
Reconciliation of (Loss) from Operations to Net Cash Provided by Operating Activities:		
Income (loss) from operations	633,110	($30,843)
Adjustments:		
Depreciation expense	354,560	16,729
Change in Current Assets and Liabilities:		
Decrease (increase) in accounts receivable	200,430	0
Decrease (increase) in prepaid expenses	(2,308)	0
Increase (decrease) in accounts payable	(217,648)	(1,555)
Increase (decrease) in other liabilities	(380,176)	0
Net Cash Provided by Operating Activities	$587,968	($15,669)

See accompanying footnotes and independent auditors' report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

GGEDA's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although GGEDA had the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, GGEDA has chosen not to do so. The more significant accounting policies established in GAAP and used by GGEDA are discussed below.

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

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

The grants included in the General Fund are:

- Area Agency on Aging (AAA)
- Rural Economic Acton Plan (REAP)
- Department of Transportation
- Case Management
- Rural Fire
- Caregiver
- E911
- Community Expansion of Nutrition Assistance (CENA)
- State Planning
- Masonic Charity Foundation
- Senior Health Insurance Program (SHIP)
- Homeland Security
- Economic Development Administration (ED)
- Health Promotion/ Medication Management (GGEDA "D")
- Miami Tribe Transportation

- Cherokee Nation Transportation
- Title V-Senior Community Service Employment Program

Budgets and Budgetary Accounting

The Association is not required to submit a legally binding budget. They did not prepare a budget for fiscal year 2015. Most grant applications include a budget, which is approved by the grantor. As each grant term progresses, budget modifications may become necessary due to changing conditions and availability of funds. Budget modifications; are also approved by the grantor. The level of control for grant budgets varies from summary function to detailed line item depending on the grantor.

Cash and Restricted Cash

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

Cash and Cash Equivalents

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

Accounts and Grants Receivable

Accounts and grants receivable are shown net of estimated uncollectible accounts. For the year ended June 30, 2015, no accounts or grants receivable were determined to be uncollectible.

Asset Capitalization Policy

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

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

Use of Estimates

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

Inter-fund Accounts Receivable and Payable

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

NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to them. Deposits are exposed to custodial credit risk if they are not covered by depository insurance or collateralized deposits. At year-end, none of the combined bank balances of $2,007,217 was exposed to custodial credit risk as they were insured and collateralized.

NOTE 3 – GRANTS RECEIVABLE

Grants receivable and accounts receivable are combined in the Statement of Financial Position for a total of $891,208.

At June 30, 2015, grants receivable consisted of the following:

a)	DHS	262,318
b)	Living Choices	2,517
c)	CENA Admin	1,105
d)	CENA Pass-Thru	40,204
e)	State Planning	2,862
f)	Rural Fire Protection	7,917
g)	Caregiver	18,189
h)	Case Management	7,796
i)	Title V	66,960
j)	GGEDA "D" Health Management	1,688
k)	DOT	290,205
	TOTAL	$701,761

NOTE 4 – ACCOUNTS RECEIVABLE

At June 30, 2015, accounts receivable consisted of the following:

a)	Claremore Senior Citizens	$142
b)	Integris Fares	660
c)	Cherokee Nation	23,639
d)	DOCS Nutrition	409
e)	New Freedom III (Kibois)	22,391
f)	Cherokee Nation Demand/Resp	31,284
g)	Craig General Hospital	49
h)	City of Grove	2,917
i)	Miami Tribe of Ok	31,126
j)	Miami Tribe	84,763
k)	City of Miami	11,050
l)	City of Owasso	10,200
m)	Taniff - Mayes County	4,090
n)	Taniff - Craig County	10,906
o)	City of Claremore	15,833
p)	Taniff - Ottawa County	1,868
q)	Miscellaneous Transit Contracts	2,253
r)	Taniff - Delaware County	243
s)	Taniff - Rogers County	67
t)	Grand Lake Mental Health	3,076
u)	VTCL	1687
	TOTAL	$258,653
	TOTAL RECEIVABLES	$960,414

Grand Gateway Economic Development Association

NOTE 5 – FIXED ASSETS

Fixed assets consisted of:	BALANCE 6/30/14	ADDITIONS	DELETIONS	BALANCE 6/30/15
FURNITURE & FIXTURES	26,015	0	0	26,015
CAPITAL LEASES	10,704	0	0	10,704
OFFICE EQUIP	134,137	0	0	134,137
GGEDA AUTOS	25,447	0	0	25,447
BUSSES & VANS	501,707	0	(37,141)	464,566
RADIO EQUIP	7,130	0	0	7,130
FOOD SERIVCE EQUIPMENT	2,165	0	0	2,165
GIS EQUIP. NON-CHARGE	39,372	0	0	39,372
DEQ EQUIPMENT	18,356	0	0	18,356
IMPROVEMENTS	31,097	0	0	31,097
RURAL FIRE EQUIPMENT	1,665	0	0	1,665
HUD EQUIPMENT	8,345	0	0	8,345
ODOT EQUIP. NON-CHARGE	3,037,284	0	0	3,037,284
ODOT EQUIPMENT CHARGEABLE	57,009	0	0	57,009
CAREGIVER EQUIPMENT	10,585	0	0	10,585
SHIP EQUIPMENT	25,382	0	0	25,382
CASE MANAGEMENT EQUIPMENT	7,993	0	0	7,993
DHS/AAA EQUIPMENT	4,744	0	0	4,744
VTCL EQUIPMENT	2,797	0	0	2,797
CENA EQUIPMENT	1,046	0	0	1,046
TRUST AUTH BUILDING/IMPROVE	797,654	0	0	797,654
TOTALS	4,750,634	0	(37,141)	4,713,493

ACCUMULATED DEPRECIATION	BALANCE 6/30/2014	ADDITIONS	DELETIONS	BALANCE 6/30/2015
FURNITURE & FIXTURES	21,650	614	0	22,264
CAPITAL LEASES	10,704	0	0	10,704
OFFICE EQUIP	118,810	5,592	0	124,402
GGEDA AUTOS	24,173	1,274	0	25,447
BUSSES & VANS	443,882	20,139	(37,140)	426,881
RADIO EQUIP	7,130	0	0	7,130
FOODSERVICE EQUIPMENT	2,166	0	0	2,166
GIS EQUIP NON-CHARGE	39,372	0	0	39,372
DEQ EQUIPMENT	18,356	0	0	18,356
IMPROVEMENTS	13,126	1,556	0	14,682
RURAL FIRE EQUIPMENT	1,665	0	0	1,665
HUD EQUIPMENT	8,347	0	0	8,347
ODOT EQUIPMENT-NON CHARG	2,351,325	311,513	0	2,662,838
ODOT EQUIPMENT-CHARGEABLE	12,233	10,757	0	22,990
CAREGIVER EQUIPMENT	9,631	243	0	9,874
SHIP EQUIPMENT	21,376	1,594	0	22,970
CASE MANAGEMENT EQUIPMENT	7,994	0	0	7,994
VTCL EQUIPMENT	778	718	0	1,496
CENA EQUIPMENT	1,026	560	0	1,586
CENA EQUIPMENT	1,046	0	0	1,046
TRUST AUTH BUILDING/IMPROVE	122,384	16,729	0	139,113
TOTALS	3,237,174	371,289	(37,140)	3,571,323

NOTE 6 – GRANTS AND ACCOUNTS PAYABLE

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

	Accounts Payable	Pass Thru Payable
Local	$24,128	$0
Non-Major	29,113	0
DHS/ AAA	229,655	0
ODOT	6,692	0
Title V	111	0
REAP	0	1,446,065
TOTAL	$289,698	$1,446,065

NOTE 7 – VACATION AND SICK LEAVE

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

Annual leave is accrued at the rate it is earned. The total amount of annual leave paid to an employee is limited to the amount accrued in the employee’s annual leave account. The accrued annual leave was $61,506 at June 30, 2015. Sick leave is accrued from the date of employment, at the rate of eight (8) hours per month. Accrued sick leave is not included in the financial statements because it is not paid at the time of departure from the Association. Accrued sick leave at June 30, 2015 was $291,508.

NOTE 8 – NOTES PAYABLE

The Trust Authority has a loan with First National Bank of Vinita for the purchase of the building, with an interest rate of 5.5%. The last payment occurs in January of 2033. Below is the activity for the year.

	Balance 6/30/2014	Proceeds	Payments	Balance 6/30/2015
First National Bank Vinita	518,378	-0-	(15,198)	503,180
	518,378	-0-	(15,198)	503,180

	Debt Requirements	Current Maturities
2,016	52,197	20,289
2,017	44,740	18,530
2,018	44,740	19,575
2,019	44,740	20,680
2,020	44,740	21,846
2021-2025	223,702	129,165
2026-2030	223,702	169,942
2031-2033	112,939	103,153

NOTE 9 – EVALUATION OF SUBSEQUENT EVENTS

GGEDA has evaluated subsequent events through April 11, 2016, the date which the financial statements were available to be issued with none found.

NOTE 10 - SUMMARY OF GRANTS

Assets	Department of Health and Human Services	Rural Economic Action Plan	Department of Transportation	TITLE V	Non-Major
Current Assets					
Cash	$0	$0	$0	$0	$2205
Restricted cash	0	1,427,303	198,623	0	55,532
Grants receivable	262,318	0	292722	66960	79,761
Accounts receivable	0	0	146889	0	108,402
Prepaid expenses	0	0	0	0	1,849
Total Current Assets	262,318	1,427,303	638,234	66,960	247,749
Noncurrent Assets					
Capital assets	4,744	0	3,565,990	0	88,839
Accumulated depreciation	(1,496)	0	(3,119,839)	0	(84,508)
Total Noncurrent Assets	3,248	0	446,151	0	4,332
Total Assets	$265,566	$1,427,303	$1,084,385	$66,960	$252,081
Liabilities and Net Assets					
Current Liabilities					
Accounts payable	$229,655	$0	$6,692	$111	$29,113
Accrued expenses	0	0	0	189	0
Due to other funds	31,945	(18,762)	(1,845,181)	83,155	(525,114)
Pass Thru Payable	0	1,446,065	0	0	1
Total Current Liabilities	261,600	1,427,303	(1,838,489)	87,615	(496,000)
Total Liabilities	261,600	1,427,303	(1,838,181)	87,615	(496,000)
Net Assets					
Invested in Capital Assets	4,684	0	1,277,816	0	15,163
Restricted for:					0
Other purposes	0	0	0	0	603,058
Unrestricted	(718)	0	1,645,058	(20,655)	129,863
Total Net Assets	3,966	0	2,922,874	(20,655)	748,081
Total Liabilities and Net Assets	$265,566	$1,427,303	$1,084,385	$66,960	$252,081

NOTE 10 - SUMMARY OF GRANTS CONTINUED

Revenues	Department of Health and Human Services	Rural Economic Action Plan	Department of Transportation	TITLE V	Non-Major Funds
Operating Revenues					
General revenue	$0	$0	$259,130	$0	$1,097,341
Fees and services	34,072	0	0	0	422,106
Operating grants	1,973,140	1,323,673	1,666,788	405,471	1,335,303
Capital grants	0	0	0	0	0
Total Operating Revenues	2,007,212	1,323,673	1,925,918	405,471	2,854,750
Operating Expenses					
Personnel	246,511	0	1,086,501	381,483	726,413
Other services and charges	30,340	0	545,697	6,880	600,983
Indirect costs	66,711	0	293,720	17,108	196,606
Pass through expense	1,663,650	1,323,673	0	0	1,175,977
Capital outlay	0	0	286,102	0	0
Depreciation	718	0	342,409	0	0
Match expense	0	0	0	0	(15)
Total Operating Expenses	2,007,930	1,323,673	2,268,327	405,471	2,699,964
Net Operating Income	(718)	0	(342,409)	0	154,786
Non-operating Revenue (Expense)					
Investment income	0	0	0	0	0
Gain (loss) on sale of assets	0	0	0	0	0
Total Non-operating Revenue (Expense)	0	0	0	0	0
Change in Net Assets	(718)	0	(342,409)	0	154,634
Beginning Net Assets	4,684	0	3,265,283	(20,655)	593,447
Ending Net Assets					
Invested in Capital Assets	4,684	0	1,277,816	0	15,163
Restricted for:					
Other purposes	0	0	0	0	603,058
Unrestricted	(718)	0	1,645,058	(20,655)	129,863
Total Net Assets	$3,966	$0	$2,922,874	$(20,655)	$748,081

NOTE 11. PENSIONS AND OTHER RETIREMENT PLANS

The GGEDA participates in three employee pension plans:

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

Change in Accounting Principle

Effective July 1, 2014, GGEDA implemented Governmental Accounting Standards Board (GASB) statement number 68, Accounting and Financial Reporting for Pensions as amended by GASB statement number 71, Pension Transition for Contributions Made Subsequent to the Measurement Date and GASB statement number 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement, as amended, establishes standards for measuring and recognizing assets/liabilities, deferred outflows of resources, deferred inflows of resources, and expense for employers providing pension plans. It also includes note disclosure and required supplementary information requirements. The implementation of this statement resulted in recording previously unrecorded net pension assets and liabilities, as well as, deferrals of employer contributions. This resulted in a restatement of previously reported net position.

Net Position as previously reported a June 30, 2014:	$1,676,796
Prior Period Adjustment:	
2014 Net Pension Liability	(150,854)
Deferred Outflows	8,633
Deferred Inflows	(554,090)
Total Prior Period Adjustment	(696,311)
Net Position as restated, June 30, 2014:	$980,485

A. American United Life:

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

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

Classes of Plan Members Covered:	All Employees Eligible
Number of Plan Members:	11
Number of Participating Employees:	10
Authority of Plan:	Internal Revenue Code Section 457.

Employer Contributions:	$0
Employee Contributions:	$14,265
Total payroll:	$2,140,193
Payroll for covered employees	$410,500

B. Oklahoma Public Employees Retirement System:

Plan Description.

The Plan is a multiple-employer, cost-sharing public employee retirement plan, which is a defined benefit pension plan covering substantially all state employees except employees covered by six other plans sponsored by the State. It also covers employees of participating county and local agencies. Agencies and/or participants not included in the Plan are as follows: teachers, municipal police, municipal firefighters, judicial, wildlife, and state law enforcement. The supervisory authority for the management and operation of the Plan is the Board, which acts as a fiduciary for investment of the funds and the application of Plan interpretations. At June 30, the Plan's membership consisted of:

	2015	2014
Inactive members or their beneficiaries currently receiving benefits	32,754	31,833
Inactive members entitled to but not yet receiving benefits	5,863	5,671
Active members	43,843	43,947
Total	82,460	81,451

*The Plan includes 48,671 and 46,447 non-vested terminated members entitled to a refund of their member contributions as of June 30, 2015 and 2014. For purposes of the discussion on benefits and contributions, the members are described in the following categories: hazardous duty members, which includes certain employees of the Department of Corrections who are classified as correction officers, probation and parole officers, and fugitive apprehension agents along with Oklahoma Military Department firefighters; elected officials, which includes elected officials who serve the State and participating counties; and State, county, and local agency employees, which includes all other employees previously described. If the member category is not specifically identified, the attributes of the Plan discussed apply to all members.

Copies of reports may be obtained from Oklahoma Public Employees Retirement System at Post Office Box 53007, Oklahoma City, Oklahoma 73152-3007

Benefits Provided.

Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90). Normal retirement date is further qualified to require that all members employed on or after January 1, 1983 must have six or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service. A member with a minimum of ten years of participating service may elect early retirement with reduced benefits beginning at age 55 if the participant became a member prior to November 1, 2011, or age 60 if the participant became a member on or after November 1, 2011. Disability retirement benefits are available for members having eight years of credited service whose disability status has been certified as being within one year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

Benefits are determined at 2% of the average annual salary received during the highest thirty-six months of the last ten years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last ten years. Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011. Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount. The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the Plan.

Grand Gateway Economic Development Association
Normal Retirement

Upon the death of an active member, the accumulated contributions of the member are paid to the member's named beneficiary(ies) in a single lump sum payment. If a retired member elected a joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects. Benefits are payable to the surviving spouse of an elected official only if the elected official had at least six years of participating elected service and was married at least three years immediately preceding death. Survivor benefits are terminated upon death of the named survivor and, for elected officials, remarriage of the surviving spouse. Upon the death of a retired member, with no survivor benefits payable, the member's beneficiary(ies) are paid the excess, if any, of the member's accumulated contributions over the sum of all retirement benefit payments made. Upon the death of a retired member, the Plan will pay a $5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary. Death benefits paid for the years ended June 30, 2015 and 2014 totaled approximately $5,199,000 and $4,916,000, respectively. Legislation was enacted in 1999 which provided a limited additional benefit for certain terminated members eligible to vest as of July 1, 1998. This limited benefit is payable as an additional $200 monthly benefit upon the member's retirement up to the total amount of certain excess contributions paid by the participant to the Plan. In April 2001, limited benefit payments began for qualified retired members. The estimated liability for future payments of the limited benefit of approximately $0.5 million and $0.6 million has been included in the calculation of the total pension liability of the Plan at June 30, 2015 and 2014, respectively. Benefits are established and may be amended by the State Legislature.

Terminations

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

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

At June 30, 2015, the district's proportionate share of the net pension liability was $276,225. The net pension liability for the plan in total was measured as of June 30, 2015 and determined by an actuarial valuation as of that date June 30, 2015. The district's proportionate share of the total net pension liability was based on the ratio of our actual contributions of $224,001 paid to OPERP for the year ended June 30, 2015 relative to the actual contributions of $291,681,369 from all participating employers. At June 30, 2015, the district's proportionate share was 0.07679653%.

For the year ended June 30, 2015, GGEDA recognized a pension expense of $1,243, our proportionate share of the total pension expense.

At June 30, 2015, we reported deferred outflows of resources and deferred inflows of resources from the following sources related to OPERP pension benefits:

Balance of Deferred Outflows and Inflows Due to:	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ 0	($ 67,193)
Changes of assumptions	8,896	0
Net difference between projected and actual earnings on pension plan investments	228,043	(721,575)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	0	0
Total	$ 236,939	($ 788,768)

Grand Gateway Economic Development Association

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

Year Ending June 30:		
2016	64,814	(291,737)
2017	58,103	(252,910)
2018	57,011	(244,121)
2019	57,011	(0)
	$236,939	$ (788,768)

Actuarial Assumptions

The total pension liability as of June 30, 2015 and 2014, was determined based on an actuarial valuation prepared as of July 1, 2015 and July 1, 2014, respectively, using the following actuarial assumptions:

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

The actuarial assumptions used in the July 1, 2015 and 2014, valuation are based on the results of the most recent actuarial experience study, which cover the three-year period ending June 30, 2013. The experience study report is dated May 9, 2014.

Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for 2015 and 2014. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan's fiduciary net position was projected through 2114 to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

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

The following presents the net pension liability of the employer calculated using the discount rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount (7.50%)	Rate1% Increase (8.50%)
Net pension liability (asset)	1,340,274,323	$ 359,683,917	$ (473,973,456)

NOTE 12. RECENTLY ISSUED ACCOUNTING STANDARDS

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

- GASB Statement No. 72, "Fair Value Measurement and Application" — This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement will become effective for GGEDA in the fiscal year ended June 30, 2016.

- GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68" — This objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement will become effective for GGEDA in the fiscal year ended June 30, 2016.

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

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

- GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" — The objective of this Statement is to identify the hierarchy of generally accepted accounting principles and supersedes GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This Statement will become effective for GGEDA in the fiscal year ended June 30, 2016.

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

ccCPA

P. O. Box 1495
Clothier & Company CPA's P.C.
Muskogee, Oklahoma 74402
cccpa@yahoo.com
918-687-0189 FAX 918-687-3594

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Grand Gateway Economic Development Association

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of Grand Gateway Economic Development Association (GGEDA), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 11, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and no to provide an opinion on the effectiveness of the organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization’s internal control and compliance. According, this communication is not suitable for any other purpose.

Clothier + Company CPA's

Clothier & Company, CPA’s, P.C.
April 11, 2016

cCCPA

Clothier & Company CPA's P.C.
cccpa@yahoo.com

P.O. Box 1495
Muskogee, Oklahoma 74402
918-687-0189 FAX 918-687-3594

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
Grand Gateway Economic Development Association

Report on Compliance for Each Major Federal Program

We have audited Grand Gateway Economic Development Association's (GGEDA) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of GGEDA's major federal programs for the year ended June 30, 2015. GGEDA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of GGEDA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about GGEDA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Grand Gateway Economic Development Association complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of Grand Gateway Economic Development Association is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit of compliance, we considered GGEDA's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of GGEDA's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Clothier & Company CPA's

Clothier & Company CPA's
April 11, 2016

SUPPLEMENTAL INFORMATION

Grand Gateway Economic Development Association
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2015

			Program Award	Expenditures
US Department of Health & Human Services (*)				
Passed through Oklahoma Department of Human Services - Area Agency on Aging Services				
For the year ended June 30, 2015				
III-B	93.044	11004956	355,432	255,803
III-C-1	93.045	11004956	429,139	393,365
III-C-2	93.045	11004956	205,195	197,226
III-D	93.043	11004956	20,487	20,668
III-E	93.052	11004956	146,111	133,391
VII	93.041	11004956	5,351	5,351
NSIP	93.053	11004956	128,682	117,025
Section 5310 Transit Assistance Grant	20513	11004956	0	0
Total Agency			1,290,397	1,122,829
US Dept of Tranportation (*)				
Federal Transit Administration				
Passed through Oklahoma Department of Transportation				
Public Transit Revolving Fund			158,831	158,831
FY 14 5311 Program	20.509		209,026	209,026
FY 15 5311 Program	20.509		713,572	713,572
Total Agency			1,081,429	1,081,429
US Dept of Labor (*)				
Pass through Oklahoma Department of Human Services				
Title V- of the Older Americans Act	17.235		405,470	405,470
Total Agency			405,470	405,470
Total Federal Assistance			$2,777,296	$2,609,728

(*) Major Program

Grand Gateway Economic Development Association
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2015

NOTE 1 – BASIS OF ACCOUNTING

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

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

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

Subrecipient	Federal Pass-Through Grant Amount
Grand Gateway AAA Health Promotion/Medication management	20,668
Legal Aid Services of Oklahoma	43,307
Sertoma Transportation	3,592
Claremore Sr. Citizens Transportation	2,292
Washington/Nowata Nutrition	7,067
DOCS Senior Services	347,125
CARD Sr. Citizens Nutrition & Homemaker	492,056
Washington County Elder Care Homemaker/Chore Services	67,982
Grand Gateway AAA Caregiver	133,391
	$1,117,480

Grand Gateway Economic Development Association
Schedule of Expenditures for Oklahoma Awards
For the year ended June 30, 2015

	Pass-Through Grantor Number	Program Award	Expenditure	Obligated
Department of Commerce				
Community Expansion of Nutrition Assistance	FY 2015 CENA	$198,761	$198,761	$0
State Appropriated Funds for Substate Planning Dist.	15315 SS 15	34,322	34,322	0
Agency Total		233,083	233,083	0
Department of Agriculture, Forestry Services:				
Rural Fire Defense Program FY 2014		96,738	96,738	0
US Department of Health & Human Services				
Passed through Oklahoma Department of Human Services-AAA				
III-B		157,924	99,479	0
III-C-1		268,622	221,268	0
III-C-2		259,756	231,527	0
III-D		3,828	3,647	0
III-E		57,538	44,464	0
VII		945	945	
MIPPA Grant		0	0	0
Agency Total		748,613	601,330	0
Oklahoma Department of Commerce (*)				
REAP Administration	2015 Funds	54,424	54,424	0
Rural Economic Action Plan	2007 Funds	0	14,804	0
Rural Economic Action Plan	2009 Funds	0	28,721	0
Rural Economic Action Plan	2010 Funds	0	0	304
Rural Economic Action Plan	2011 Funds	0	2,745	27,261
Rural Economic Action Plan	2012 Funds	0	101,880	2,621
Rural Economic Action Plan	2013 Funds	0	226,772	155,089
Rural Economic Action Plan	2014 Funds	0	536,838	119,294
Rural Economic Action Plan	2015 Funds	997,777	411,913	445,983
Agency Total		1,052,201	1,378,097	750,550
Oklahoma Insurance Department				
21013 SHIP/Diabetes Screening/SMP		3,996	3,996	0
Total Oklahoma State Awards		$2,134,631	$2,313,244	$750,550

(*) Major Program

Grand Gateway Economic Development Association
Notes to the Schedule of Expenditures of Oklahoma Awards
For the year ended June 30, 2015

NOTE 1 – BASIS OF ACCOUNTING

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

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

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

Subrecipient	Pass-Through Grant
Grand Gateway AAA Health Promotion/Medication management	3,647
Legal Aid Services of Oklahoma	16,841
Sertoma Transportation	1,397
Claremore Sr. Citizens Transportation	891
Washington/Nowata Nutrition	2,748
DOCS Senior Services	199,972
CARD Sr. Citizens Nutrition & Homemaker	303,987
Washington County Elder Care Homemaker/Chore Services	26,438
Grand Gateway AAA Caregiver	44,464
	$600,385

Grand Gateway Economic Development Association, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

SUMMARY OF PRIOR YEAR FINDINGS

No prior year findings

SECTION I - SUMMARY OF AUDITORS' RESULTS:

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	_____ yes ___x___ no
• Significant deficiency(ies) identified?	_____ yes ___x___ no
Noncompliance material to financial statements noted?	_____ yes ___x___ no
Federal Awards	
Internal control over major programs:	
• Material weakness(es) identified?	_____ yes ___x___ no
• Significant deficiency(ies) identified?	_____ yes ___x___ no
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	_____ yes ___x___ no

Grand Gateway Economic Development Association, Inc.

Identification of major programs:

CFDA Number(s)	Name if Federal Program or Cluster
93.041, 93.043, 93.044, 93.045, 93.052, 93.053, 93705, and 93.707	U.S. Department of Health and Human Services Area Agency on Aging
20.500, 20.509	U.S. Department of Transportation, Federal Transit Administration
17.235	U.S. Department of Labor

Dollar threshold used to distinguish between type A and Type B programs:	$300,000.00
Auditee qualifies as a low-risk auditee?	_____ yes ___x___ no

SECTION II - FINANCIAL STATEMENT FINDINGS

No finding

	SCHEDULE OF CHANGES IN NET PENSION LIABILITY		
	Increase (Decrease)		
	Oklahoma Public Employees Retirement Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beg Balance at July 1, 2014	6,722,509	6,581,538	140,971
Changes for the year:			
Service Cost	135,015	0	135,015
Interest Cost	488,406	0	488,406
Difference Between expected and actual experience	(8,623)	0	(8,623)
Contributions Employer	0	224,388	(224,388)
Contributions Members	0	56,173	(56,173)
Contributions State of Oklahoma	0	0	0
Net Investment Income	0	202,965	(202,965)
Benefit Payments including refunds	(428,600)	(428,600)	0
Administrative Expense	0	(3,980)	3,980
Other	1	0	1
Net Changes	186,199	50,945	135,255
Ending Balance at June 30, 2015	$6,908,708	$6,632,483	$276,225

GRAND GATEWAY ECONOMIC DEVELOPMENT ASSOCIATION
REQUIRED SUPPLEMENTARY INFORMATION
COST SHARING PENSION PLANS
JUNE 30, 2015

SCHEDULE OF GGEDA'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

GGEDA proportion of the net pension liability (asset)	.07679653%
GGEDA proportionate share of the net pension liability (asset)	$276,225
GGEDA covered employee payroll	$1,834,583
GGEDA proportionate share of the net pension liability (asset) As a percentage of its covered employee payroll	15.06%
Plan fiduciary net position as a percentage of the Total pension liability (asset)	96.00%

SCHEDULE OF CITY CONTRIBUTIONS

Contractually required contributions	$224,001
Contributions in relation to the contractually required contribution	(224,001)
Contribution deficiency (excess)	0
GGEDA covered employee payroll	$1,834,583
Contribution as a percentage of covered employee payroll	12.21%

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