

# GRAND

## *Resilience*

*\ri-'zil-yən(t)s\*

*An ability to recover from or adjust  
easily to misfortune or change.*

**Grand River Dam Authority**

A component unit of the state of Oklahoma

Comprehensive Annual Financial Report  
For The Years Ended December 31, 2016 and 2015

# **GRAND RIVER DAM AUTHORITY**

*A component unit of the State of Oklahoma*

Comprehensive Annual Financial Report for the Years Ended  
December 31, 2016 and 2015

Prepared by GRDA's Finance and Corporate Communications Departments

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UNAUDITED

# INTRODUCTORY

*Section*

Comprehensive Annual Financial Report  
For The Years Ended December 31, 2016 and 2015



June 6, 2017

To GRDA customers, bondholders, and citizens of Oklahoma:

On behalf of the Grand River Dam Authority (GRDA or Authority), we respectfully submit the Comprehensive Annual Financial Report for the year ended December 31, 2016. The GRDA Finance and Corporate Communications Departments prepared this comprehensive report in conformity with accounting principles generally accepted in the United States of America. We believe the information represented is accurate in all material respects and that all disclosures necessary to enable the reader to gain an adequate understanding of GRDA's financial position and results of operations have been included. Responsibility for the accuracy, completeness and fairness of the financial statement presentation and disclosure rests with the management of the Authority.

GRDA is a non-appropriated agency of the State of Oklahoma, using revenues earned as a public power utility to finance our conservation and reclamation district responsibilities. Our financial statements are included by the State as a discretely presented component unit.

A Grand Resiliency summarizes the 2016 financial and operating highlights. From the water's edge to the turbine deck, the Authority's workforce of roughly six hundred Oklahomans spent the year shaping GRDA into an "Oklahoma agency of excellence" as it battled Mother Nature's forces from lightning to flooding and entering into new waters in the name of Environmental Stewardship.

The following pages illustrate the 2016 highlights of the Authority's resiliency in Operations and the continuing commitment to the mission of "5 E's of Excellence."

Sincerely,

Daniel S. Sullivan  
General Manager/Chief Executive Officer

Eddie Rothermel  
Chief Financial Officer/Treasurer



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**ECOSYSTEMS & EDUCATION CENTER**  
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**ENGINEERING & TECHNOLOGY CENTER**  
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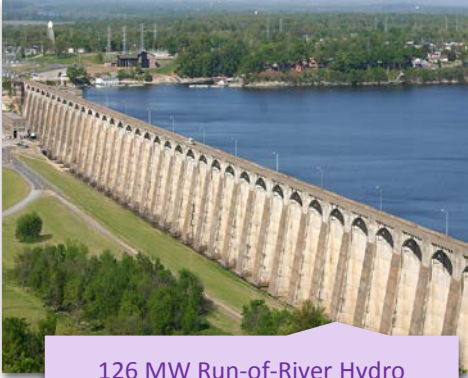
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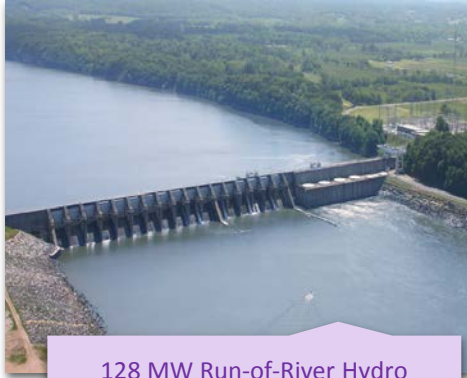
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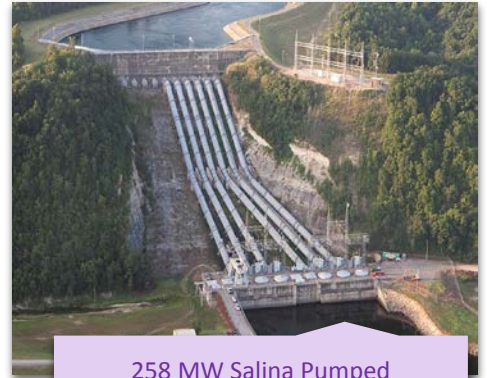
## DIVERSE ELECTRIC GENERATION PORTFOLIO



126 MW Run-of-River Hydro  
Pensacola Dam  
(Grand Lake)



128 MW Run-of-River Hydro  
Robert S. Kerr Dam  
(Lake Hudson)



258 MW Salina Pumped  
Storage Project  
(W.R. Holway Reservoir)



247 MW Wind Generation  
Combined across three projects



443 MW Combined Cycle Gas  
Redbud Power Plant



1,010 MW Thermal Generation  
Grand River Energy Center  
495 MW Combined Cycle Gas  
currently under construction

# GRAND *Resilience*

### SUMMARY OF THE 2016 HIGHLIGHTS AND ACCOMPLISHMENTS

For the Grand River Dam Authority, 2016 was a year in which new responsibilities were added, unforeseen challenges were met, and excellent management led to the highest financial ratings in the organization's history. As the year began, GRDA was still remediating issues created by Mother Nature in late 2015. Heavy rains in the Grand River watershed in December resulted in dozens of floodgate operations at both Pensacola and Robert S. Kerr Dams as the lakes reached near-historic levels. Under the direction of the United States Army Corps of Engineers, GRDA spent the waning days of 2015 and the first days of 2016 managing some of the largest floodwater releases since the construction of Pensacola Dam in 1940.

Throughout the year, the Authority also dealt with record amounts of renewable energy into the Integrated Marketplace, regulatory changes, added responsibilities with the Oklahoma Scenic Rivers Commission, and the temporary outage of a

major generation unit in its generation resources. Yet, the Authority never had a customer without power and was still able to attain an increase in the Authority’s financial ratings. The commitment of the Authority’s Board, management, and workforce to efficient, reliable, and competitive operations have built this resiliency.

### A Focus on the Core Missions

As 2016 came to a close, GRDA remained focused on the core areas of its operations, as defined in its “5 E’s of Excellence” mission. Enhancing and strengthening each of these areas, GRDA’s capacity for “Grand Resilience” continues to grow to better serve its customers and the people of Oklahoma. GRDA’s mission places emphasis on Efficiency and the Employees to achieve the long-standing goals of Economic Development, Environmental Stewardship, and Electricity. As the public power utility industry continues to evolve with changing technologies and regulatory compliance, focusing on best practices is key to keeping employees safe so they can return to their families at the end of their shifts. Being innovative also economically provides customers what is needed in a timely and desirable manner. At the heart of the change is open and ongoing communication between GRDA and its customers. All of these things in combination leads to an Authority resilient enough to be capable of overcoming obstacles as they arise.



The Authority is not unique in Public Power in that a large portion of its workforce is eligible for retirement or is very near eligibility. Given these employees harbor decades of knowledge and experience, management has spent the last few years working on succession plans and providing leadership training, including the initiation of new training geared towards its supervisors and future supervisors. *The Power of a Modern GRDA Leader* is a comprehensive approach to all phases of leadership, focusing on servant leadership, which was first provided to all executive management then offered to nearly every supervisor in the Authority. GRDA also initiated quarterly first-level supervisor roundtable meetings to foster Authority-wide communication and further empower the workforce.

In sharing improved safety statistics with the workforce early in the year, the GRDA Safety Coordinator referred to an Authority-wide reduction in accidents as a “safety renaissance” resulting from more training, better equipment, and a “safety first” mindset among the workforce. In February, safety milestones were celebrated as GRDA’s Transmission Maintenance Department, which often works under difficult conditions, marked one year without an accident. GRDA’s Relay Department (approximately 12,000 days) and Metering and Engineering Departments (approximately 6,000 days) were also recognized for their safety records. Within GRDA’s “5 E’s of Excellence” mission is an employee pledge to be a “diverse and energetic workforce, working together in a safe environment and treating each other with dignity and respect.” The “safety renaissance” reflects that pledge.

### Grand Lake Watershed Plan

As part of our focus on environmental stewardship, the Authority has established a new commitment to caring for the Grand River Watershed and promoting its importance across the region. The Authority’s Board has approved two interagency agreements with the University of Oklahoma and Oklahoma State University for watershed conservation and the study of the economic value of water-based recreation associated with the watershed. These groups will compile and assess watershed data to focus on not only environmental quality metrics such as bacteria, dissolved oxygen, and sediment, but also with the intent to educate the public across the area. Similar agreements are also in place with Rogers State University and Pittsburg State University, which is located in Pittsburg, Kansas.



Oklahoma Clean Lakes & Watershed Association’s 25<sup>th</sup> Annual Conference

In June, GRDA and NEO A&M College announced a partnership to expand agricultural education opportunities. For a nominal annual amount, the college leases approximately 1,600 acres of GRDA acreage along the Neosho River. Some property



is subleased to pecan producers and cattle ranchers, with proceeds going to fund agricultural education and scholarships. Other property will be utilized as outdoor classrooms, making NEO A&M a national leader in agricultural education.

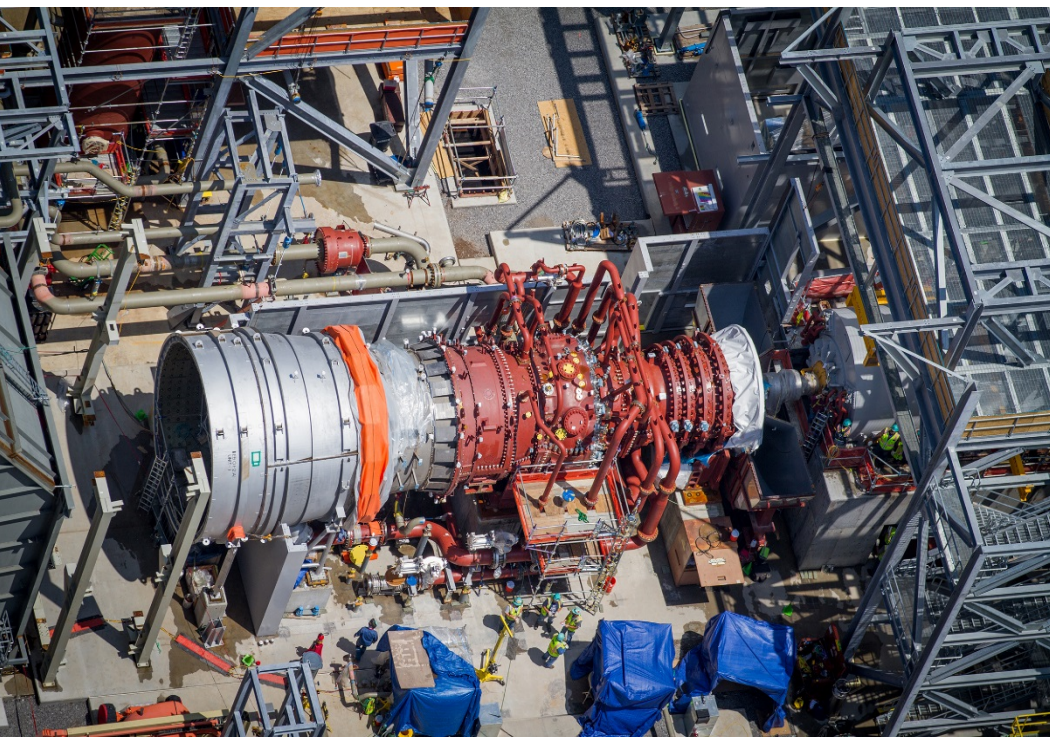
### A New Venture in Environmental Stewardship

In mid-2016, GRDA stewardship over Oklahoma waters grew through a transfer of the Oklahoma Scenic Rivers Commission (OSRC) to GRDA. Established in 1977, the OSRC mission was to protect, enhance, and preserve the outstanding aesthetic, historic, archaeological and scientific features of the Illinois River and other scenic rivers (Lee Creek, Little Lee Creek, Barren Fork Creek, Flint Creek, and the Upper Mountain Fork). Oklahoma SB 1388 provided for the July 1, 2016, transfer to GRDA. Enhanced law enforcement presence, as well as efforts to clean up and repair public access and picnic areas, were among the most visible signs of the merger initially. Going forward, GRDA will continue to take steps to ensure proper stewardship of the scenic rivers now under its control.

### Greener Generation

The Authority now has agreements to purchase capacity with four wind farms totaling 387 MW, three of which are in operation producing 247 MW of clean, renewable energy. The fourth farm is expected to be producing power by the end of 2017.

At the Grand River Energy Center (GREC), many critical components were installed as GRDA crossed the halfway point towards completion of GREC 3, a combined-cycle natural gas plant. It was an intense year of activity as hundreds of contracted workers, along with GRDA personnel, helped to bring the new unit closer to commercial operation while moving





GRDA towards greater diversity in its electric generation portfolio. In February, the Authority celebrated the delivery of GREC 3's M501J gas turbine at a special gathering at the Tulsa Port of Catoosa. Constructed by Mitsubishi-Hitachi Power Systems America in Savannah, Georgia, the new turbine was shipped to GRDA via the McClellan-Kerr Arkansas River Navigation System (MKARNS). Its arrival in Oklahoma was not only a watershed moment for the construction project but also highlighted the importance of Oklahoma infrastructure, like the MKARNS.



### FERC and the GRDA Rule Curve

Late in the summer, GRDA asked for, and received, a variance from the Federal Energy Regulatory Commission (FERC), allowing the Authority to suspend the annual three-foot drawdown of Grand Lake in the fall. As part of the rule curve outlined in GRDA's license to operate Pensacola Dam (as issued by FERC), GRDA was required to lower Grand Lake, beginning in mid-August, to facilitate a millet seeding project on mud flat areas around the lake shore. However, that annual lowering had been a detriment to recreational boating and lake safety. The 2016 variance marked the third time in five years FERC had agreed to suspend the drawdown. GRDA continues to work with other parties to craft a long-term solution to this issue.

### LOCAL ECONOMY

In March 2015, the Oklahoma Department of Commerce released new economic impact numbers on GRDA. Three factors were considered in addition to the total economic impact of the Authority: Operating activities, Construction and investment activities, and Externalities and amenities. Highlights from this impact report detailed that GRDA was estimated to facilitate an annual economic activity effect of approximately \$1 billion in Oklahoma's economy during 2015 and 2016 as well as support over 7,100 jobs in Oklahoma. This report concludes, "With reliable power delivery and retail electric rates approximately 45% lower than the national average, GRDA contributes to the state's development by attracting companies that value sustainable, reliable and low-cost power. Electric reliability, combined with relatively low cost power, allows energy intensive companies to minimize their operating costs, thus improving their bottom-lines and enabling them to be more competitive in the global marketplace. GRDA is a vital component of Oklahoma's infrastructure and enriches the state's economy and quality of life. While its operational impact is considerable by itself, GRDA's impact on the state economy goes beyond the impacts resulting from employment and payroll. In addition to a substantial impact from capital investment, there is also a sizeable impact resulting from sustainable, reliable and low-cost electric power to the state. The Grand River Dam Authority facilitates economic development and provides stewardship to the state's environmental resources thus enhancing quality of life in Oklahoma."

### Providing Public Power

GRDA sells electricity to customers under three primary customer relationships:

First, wholesale electricity is sold to municipals and a local electric cooperative located primarily in Northeastern Oklahoma. These customers take all of their energy requirements, with minor exceptions, from GRDA under take-and-pay contracts for metered loads often connected directly to GRDA's transmission system.

Second, the Authority is statutorily allowed to sell retail to customers located in or near the MidAmerica Industrial Park. These customers also take all of their energy requirements from GRDA under take-and-pay contracts.

Third, the Authority sells wholesale electricity to off-system municipal and cooperative utilities under firm take-or-pay contracts with 75% minimum load factors.

Because GRDA has served the take-and-pay customers for decades, the load is relatively predictable. The scheduling restrictions in the firm contracts provide a base load to the customers, and load and revenue security to the Authority. Those factors are important in calendar years such as 2015 and 2016 when the Oklahoma economy has taken hits from low oil and gas prices. The Statistical Section of this report includes statistics on loads by customer categories over the past 10 years. To date, increased sales to the MidAmerica Industrial Park have offset other load decreases.

### **Public Power Partnerships**

GRDA directly serves 16 Oklahoma municipal customers, one Native American tribe, and two other municipalities just across the state border that own and operate their own distribution systems. Several of the Authority's customers have been under contract with the Authority for more than 75 years.

Coffeyville, Kansas, the Authority's largest municipal customer, is located just across the state line. Coffeyville has a population of over 10,000 with a strong industrial base, accounting for two-thirds of the Authority's power sales to the City. In October of 2015, Coffeyville Municipal Power and Light (CMP&L) broke ground on a new 56.2 MW natural gas generation plant, a project made possible by the purchase power agreement made with GRDA, which was placed into operation in 2016.

The City of Stillwater also broke ground on a 56.3 MW natural gas-fired reciprocating engine generating unit in July of 2015, which was also placed in operation in 2016. With a population of approximately 47,000, it is the Authority's second largest municipal customer, with primarily a residential and commercial revenue base.

While the cities own their new generation, GRDA has purchased the capacity and has the rights to dispatch the energy output of the units. As part of the Authority's resource mix, GRDA offers the units into the SPP Integrated Market. GRDA also has a customer-owned generation relationship with Cushing, Oklahoma.

GRDA has a year-to-year contract with Northeast Electric Cooperative, a cooperative which serves the Grand Lake Area. The relationship dates back to just after the Pensacola Dam began providing power and energy to the region. The contract is also a take-and-pay contract. This contract expires June 1, 2017, and will not be renewed.

### **Benefiting all Oklahomans**

While GRDA's lakes and most generation and transmission facilities are physically located in Northeast Oklahoma, the economic benefits of GRDA's low-cost reliable power and energy are spread all across Oklahoma. Over 15% of the electricity revenues came from off-system firm relationships with Western Farmers Electric Cooperative (WFEC) and the Oklahoma Municipal Power Authority (OMPA), with service territories primarily in the southern and western portions of the state of Oklahoma.

WFEC, along with its 18-member Oklahoma distribution cooperatives and Altus Air Force Base, was GRDA's largest customer. The WFEC and GRDA relationship has been strong since the early 1980's when each utility depended on the other for reliability as a backup source of energy. That original relationship and transmission arrangement transitioned into a mutually beneficial supply and purchase arrangement for both entities. WFEC and GRDA are discussing extending the term of this positive relationship.

GRDA has served OMPA since 1985. OMPA is also a state agency and component unit of the State of Oklahoma, created to provide adequate, economical and reliable wholesale electric power to cities through agreements with 39 participating trusts.

The relationships with OMPA and WFEC reinforce GRDA's mission benefiting Oklahomans across the entire state. Indirectly, through its wholesale contracts with WFEC for 200 MW through 2025 and OMPA for 40 MW through 2040, GRDA power and energy serves some portion of 75 of Oklahoma's 77 counties. Both WFEC and OMPA are served under take-or-pay firm schedules. Additionally, OMPA has another contract for generation delivered pursuant to a 20 MW, unit-contingent output contract based on the production from GREC 2 at Grand River Energy Center (GREC).

GRDA also exports power and energy through firm take-or-pay contracts to neighboring states: Kansas Municipal Energy Agency (KMEA), Paragould, Arkansas, and Poplar Bluff, Missouri. The diversity in the customer base provides additional revenue stability.

### Industrial and Commercial Customers

The Authority currently serves approximately 80 industrial and commercial customers, almost all of which are located in the MidAmerica Industrial Park (MAIP) near Pryor. The park, owned and operated by the Oklahoma Ordnance Works Authority, is a public trust of the State of Oklahoma and the nation's largest rural industrial park (by acreage). The 9,000-acre park is home to over 80 companies employing over 4,500 people. The park provides a large industrial and commercial base for the Authority, which in turn provides the low-cost electricity essential for attracting companies to Northeast Oklahoma. Google has grown to be the Authority's largest industrial customer and has contracted to utilize green energy from the Authority's contract with the Canadian Hills wind facility.

MAIP offers multi-modal transportation options: highway, rail, nearby waterway, and air. Additionally, three different educational institutions are located on site as well as a recently opened career technology center. There are also urgent care, emergency, and air ambulance services within the park boundaries. The Authority is permitted by its Enabling Act to engage in the retail sale of power within the boundary of MAIP, where the Authority's retail customers are located, extending within a two mile radius of such Park's boundary. The Authority's Transmission Headquarters and GREC are located in the park.



## INTERNAL CONTROL FRAMEWORK AND BUDGETARY CONTROLS

### Maintaining Accountability

GRDA management is responsible for the establishment and maintenance of internal controls. The GRDA Board of Directors has created an environment reflecting clear expectations that GRDA conduct business in a professional and fiscally responsible manner. For GRDA, the assurance that the state agency properly focuses on the priorities comes from a seven-member board of directors established by state statute. The Board's understanding of its fiduciary responsibilities, the importance it places on compliance initiatives, and its attention to policy help ensure the Authority's decisions are made with due diligence and business prudence.

GRDA's control structure has several layers of oversight. The first level comes from Title 82, Section 866, of the Oklahoma statutes, which requires an independent financial audit to be completed within 90 days after the close of the calendar year. The audit report must be filed with the Oklahoma Governor, State Treasurer, Oklahoma Department of Libraries, Oklahoma State Auditor and Inspector, and the Office of Management and Enterprise Services. Additional oversight is exercised

through requirements placed on the Bond Fund Trustee by the bond resolutions. Significant bond covenants are discussed in the long-term debt note to the financial statements found in the financial section of this report.

GRDA is a policy-driven organization. GRDA Directors review Authority policies at least annually to provide reasonable assurance that an effective system is in place to ensure internal control objectives will be achieved and resources will be protected. Directors also utilize an active committee structure to make the most effective decisions and set the appropriate tone from the top. The Director of Financial Compliance meets regularly with GRDA's Audit, Finance, Budget and Policy Committee.

The GRDA Board of Directors provides direction and authority for management to conduct day-to-day business in monthly meetings open to the public. Of significance in maintaining accountability to the public, GRDA business is conducted in a transparent environment. Furthermore, periodically, electronic files of disbursements are provided to the State of Oklahoma, which makes the information readily available to the public.

The Authority also utilizes a Risk Oversight Committee for a monthly review of current topics, fuel and other operational exposures, and hedging activities by senior management and key managers.

### Inherent Limitations

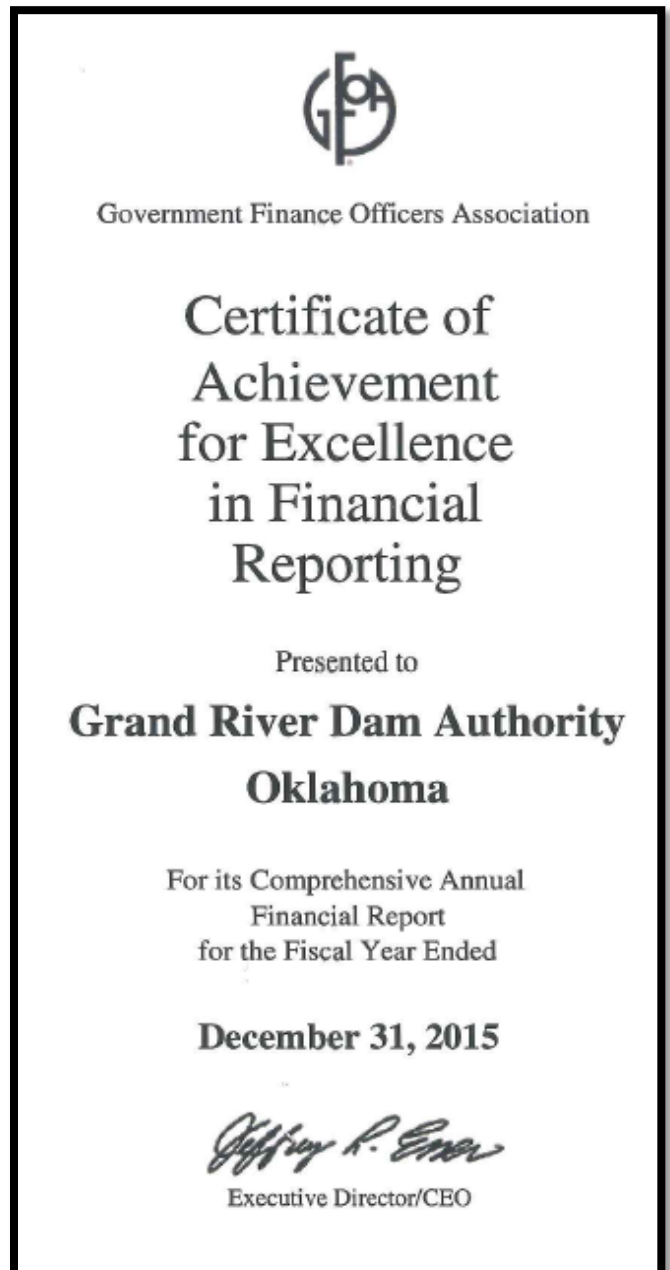
An internal control system, no matter how well designed and operated, can only provide reasonable, not absolute, assurance that internal control system objectives will be met. The Authority does not have unlimited resources; therefore, the cost of the internal control system must be balanced with the benefits of the internal controls. Inherent limitations to any internal control system include, but are not limited to, errors or misunderstanding of instructions, mistakes in judgment, collusion, management override, or even deterioration of controls over time. Still, it is possible to design the internal control process to safeguard assets and reduce risk of a material misstatement in the financial statements.

### INDEPENDENT AUDIT

The financial statements are the responsibility of management. GRDA's governing statutes and bond covenants require independent public accountants to express an opinion on the Authority's financial statements based on an audit. The annual audit of the financial statements of the Authority has been completed by Deloitte & Touche, LLP for the calendar year ended December 31, 2016, and their opinion is included in the Financial Section of the report along with the accompanying financial statements and notes.

### CERTIFICATE OF ACHIEVEMENT AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report for the calendar year ended December 31, 2015. This was the sixteenth consecutive year the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental agency must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. GRDA



believes the current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements, and the Authority is submitting it to the GFOA to determine eligibility for another certificate.

## **ACKNOWLEDGMENTS**

The preparation of this report could not have been accomplished without GRDA’s Finance and Corporate Communications departments. GRDA would like to thank our independent auditors, Deloitte & Touche LLP, for their continued highest standards of professional service. Our appreciation also goes to the GRDA Board of Directors and Audit Committee for their commitment, for their expertise, and for challenging the Authority to continue to meet the highest of expectations. We would like to thank our employees and co-workers for working together with our customers as legitimate partners. The support shown by our municipal and industrial customers by voicing their opinions to the State of Oklahoma legislature in response to proposed legislation to divest the Authority of major assets was received with the utmost gratitude. Lastly, but importantly, our most heartfelt gratefulness goes out to Ms. Carolyn Vowell Dougherty, who retired from her position as Chief Financial Officer/Treasurer on February 1, 2017, after successfully leading the Finance team in GRDA for many years. She leaves behind a rich legacy of knowledge and a culture of commitment to the continuing strides in ensuring the Authority will always be an agency with “Grand Resilience”.



# Board of Directors



**Thomas "Pete" Churchwell**  
Chairman  
Grove, OK  
Governor Appointee  
Representing Economic  
Development Interests,  
Lake Enthusiasts and  
Property Owners  
Term ends Aug 2020



**Joseph Vandevier**  
Chairman-Elect  
Owasso, OK Governor  
Appointee  
Representing  
Industrial and  
Commercial Customers  
Term ends Aug 2019



**Ed Townsend**  
Grove, OK  
Governor Appointee  
At-large Director  
Term ends Aug 2018



**Jim Richie**  
Tulsa, OK  
House Speaker  
Appointee,  
At-large Director  
Term ends Aug 2021



**Tom Kimball**  
Owasso, OK  
Senate Pro-Tempore  
Appointee,  
At-large Director  
Term ends Aug 2017



**Chris Meyers**  
Edmond, OK  
Ex Officio Director  
Oklahoma Association  
of Electric Cooperatives  
General Manager



**Stephen R. Spears**  
Cushing, OK  
Ex Officio Director  
Municipal Electric  
Systems of Oklahoma  
Executive Director

# Management & Organizational Chart



**Daniel S. Sullivan**  
President/CEO



**Ellen Edwards**  
Executive VP  
General Counsel



**Tim Brown**  
Executive VP  
Chief Operating Officer



**Carolyn Vowell Dougherty**  
Executive VP, Chief  
Financial Officer, Treasurer  
Retired 2-1-2017



**John Goodwin**  
Executive VP  
Human Resources



**Charles J. Barney**  
Executive VP  
Fuel and  
Generation Projects



**Brian Edwards**  
Executive VP  
Chief of Law Enforcement  
and Lake Operations



**Sheila Allen**  
Corporate Secretary



**Nathan Reese**  
Executive VP  
External Relations



**Steve Anderson**  
VP GREC Operations



**William M. Herron**  
VP Engineering, System  
Operations & Reliability



**Steve Jacoby**  
VP Hydroelectric  
Projects



**Mike Waddell**  
VP Transmission and  
Distribution Operations



**Darrell Townsend II, Ph.D.**  
VP Ecological & Lake  
Operations



**Ed Fite**  
VP River Operations  
and Water Quality



**Justin Alberty**  
VP Communications  
Director



**Eddie Rothermel**  
Executive VP, Chief  
Financial Officer, Treasurer  
Promoted 2-1-2017



**Jeff Brown**  
Director of Financial  
Compliance



**Stace Kegley**  
Manager  
Compliance

# FINANCIAL

## *Section*

Comprehensive Annual Financial Report  
For The Years Ended December 31, 2016 and 2015

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Grand River Dam Authority:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Grand River Dam Authority (the "Authority"), a component unit of the State of Oklahoma, as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority at December 31, 2016 and 2015, and the respective changes in its financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.



## **Other Matters – Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the Table of Contents, the Schedule of Proportionate Share of the Net Pension Asset – Oklahoma Public Employees Retirement Plan, the Schedule of Employer Contributions – Oklahoma Public Employees Retirement Plan, the Schedule of Proportionate Share of the Net Pension Asset – Oklahoma Law Enforcement Retirement Plan, the Schedule of Employer Contributions - Oklahoma Law Enforcement Retirement Plan, and the Schedule of Funding Progress – Other Postemployment Benefits Plan 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 Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The other information listed in the Table of Contents as Introductory section and Statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Authority. The additional information is the responsibility of the Authority's management. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Deloitte & Touche LLP*

March 31, 2017

# 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, 2016, and 2015, in comparison with the prior year's 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 Statement of Cash Flows; and 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 include all of the Authority's assets and liabilities, 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 or for other purposes.

The Statements of Revenues, Expenses, and Changes in Net Position report all of the Authority's revenues and expenses 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 details about the financial information.

## FINANCIAL HIGHLIGHTS

The Authority celebrated the receipt of two rating increases in 2016. The first came on October 6, 2016, with an announcement by Fitch that it was assigning an "A+" rating to the Authority's Series 2016 Bonds. Fitch also upgraded GRDA's Series 2008A, 2010A, 2010B, 2014A and 2014B Bonds to "A+" from "A" with a rating outlook revision to "Stable" from "Positive." The following day, Standard & Poor's Global Ratings announced that it would raise its long-term rating and underlying rating (SPUR) to "AA-" from "A+" on GRDA's earlier bonds and announced it was assigning an "AA-" with a stable outlook to the 2016 series bonds. These rating increases serve as testimony of the Authority's continually improving financial position.

In the early winter of 2015, GRDA held a groundbreaking at the Grand River Energy Center (GREC) for GREC 3, a 495 MW combined-cycle natural gas plant, with the first turbine/generator of its kind in the Western Hemisphere. Air-quality upgrades were also installed in the newest coal-fired generating unit, GREC 2, to meet Mercury and Air Toxics Standards (MATS). The Authority currently has firm wind purchases of 247 MW from Oklahoma wind farms, while another 140 MW is expected to be in service by late 2017. In combination with existing hydroelectric generation, these diverse resources allow the Authority to produce low-cost, reliable electricity for our customers while also exercising environmental stewardship. As a public power utility, the Authority works together with its customers to meet mutual needs.

In May 2016, Oklahoma Senate Bill 1388 was signed into law, directing the Authority to assume the duties and responsibilities of the Oklahoma Scenic Rivers Commission (OSRC) as of July 1, 2016. OSRC was established by the legislature in 1977 to protect, enhance and preserve the Illinois River and its tributaries. While this allows the Authority to greatly expand its environmental stewardship, the financial impact to GRDA is expected to be minimal.

On the evening of July 1, 2016, a lightning strike precipitated a fire at the GREC, which resulted in a short outage of GREC 1 and the impairment of GREC 2. GREC 1 was successfully returned to operation July 19, 2016, and GREC 2 is

## FINANCIAL HIGHLIGHTS - DECEMBER 31, 2016, 2015 AND 2014

	2016	2015	2014
<b>CONDENSED SCHEDULE OF NET POSITION</b>			
Assets:			
Current assets	\$ 266,859,465	\$ 187,394,076	\$ 209,580,470
Net utility plant	1,244,661,834	1,080,625,744	876,027,323
Noncurrent investments	305,533,763	599,081,087	740,055,949
Other noncurrent assets	4,586,150	10,661,010	11,277,802
<b>Total assets</b>	<b>1,821,641,212</b>	<b>1,877,761,917</b>	<b>1,836,941,544</b>
Deferred Outflows of Resources:			
Deferred outflows related to pension plans	17,765,376	3,192,494	-
Deferred outflows related to loss on reacquired debt	29,563,900	-	-
<b>Total deferred outflows of resources</b>	<b>47,329,276</b>	<b>3,192,494</b>	<b>-</b>
Liabilities:			
Current liabilities	111,699,020	128,852,811	79,863,026
Noncurrent liabilities	1,130,293,579	1,153,381,782	1,172,337,640
<b>Total liabilities</b>	<b>1,241,992,599</b>	<b>1,282,234,593</b>	<b>1,252,200,666</b>
Deferred Inflows of Resources:			
Deferred inflows related to pension plans	588,385	4,216,446	-
Deferred inflows related to regulated operations	28,501,794	-	-
<b>Total deferred inflows of resources</b>	<b>29,090,179</b>	<b>4,216,446</b>	<b>-</b>
Net Position:			
Net investment in capital assets	271,706,418	344,780,665	304,838,953
Restricted for:			
Debt service	18,524,344	18,238,867	17,705,259
Rate Stabilization Fund	21,000,000	-	-
Other special purposes	2,377,982	2,478,663	5,321,351
Unrestricted	284,278,966	229,005,177	256,875,315
<b>Total net position</b>	<b>\$ 597,887,710</b>	<b>\$ 594,503,372</b>	<b>\$ 584,740,878</b>

## FINANCIAL HIGHLIGHTS - DECEMBER 31, 2016, 2015 AND 2014 (continued)

	2016	2015	2014
<b>CONDENSED SCHEDULE OF CHANGES IN NET POSITION</b>			
Operating Revenues:			
Sales of power	\$ 428,066,100	\$ 401,569,988	\$ 463,946,059
Other operating revenues	14,157,387	12,485,554	11,213,267
Transfer (provision) for rate stabilization	(21,000,000)	-	-
<b>Total operating revenues</b>	<b>421,223,487</b>	<b>414,055,542</b>	<b>475,159,326</b>
Non-Operating Revenues:			
Investment Income	20,394,413	11,775,150	7,454,283
Net increase (decrease) in fair value of investments	(2,491,488)	(2,278,347)	39,499
FEMA grant revenues	458,782	191,808	-
Income from nonutility operations	2,076,492	1,338,773	14,968,126
Deferral of costs to be recovered from future revenues	-	-	698,009
<b>Total non-operating revenues</b>	<b>20,438,199</b>	<b>11,027,384</b>	<b>23,159,917</b>
<b>Total revenues</b>	<b>441,661,686</b>	<b>425,082,926</b>	<b>498,319,243</b>
Operating Expenses:			
Fuel	(119,783,385)	(143,804,114)	(171,947,118)
Purchased Power-net	(78,339,797)	(44,525,854)	(80,171,737)
Depreciation	(69,673,894)	(67,953,588)	(68,138,608)
Operations	(55,939,972)	(46,841,448)	(46,102,751)
Maintenance	(30,436,172)	(34,068,198)	(36,992,566)
Administrative and general	(16,048,057)	(13,201,268)	(15,530,402)
<b>Total operating expenses</b>	<b>(370,221,277)</b>	<b>(350,394,470)</b>	<b>(418,883,182)</b>
Non-Operating Expenses:			
Interest expense	(50,991,904)	(52,576,879)	(42,802,762)
Amortization of debt discount and expense	(8,276,662)	(889,092)	(2,824,504)
Amortization of bond premium	3,993,414	2,853,637	1,254,865
Recovery of cost to be recovered	-	-	(13,307,248)
<b>Total non-operating expenses</b>	<b>(55,275,152)</b>	<b>(50,612,334)</b>	<b>(57,679,649)</b>
<b>Total expenses</b>	<b>(425,496,429)</b>	<b>(401,006,804)</b>	<b>(476,562,831)</b>
Capital Contributions and Extraordinary Items:			
Loss on disposition of railcars	(8,049,453)	-	-
OEM Award Revenue	1,470,730	-	-
Restoration of impaired assets	(40,595,768)	-	-
Insurance recoveries net of impairment loss	34,393,572	-	-
<b>Net increase in net position</b>	<b>3,384,338</b>	<b>24,076,122</b>	<b>21,756,412</b>
Net Position - Beginning of year	594,503,372	584,740,878	562,984,466
Adoption of new accounting standard (see Note 1)	-	(14,313,628)	-
Net Position - Beginning of year, as restated	594,503,372	570,427,250	562,984,466
<b>Net Position - End of year</b>	<b>\$ 597,887,710</b>	<b>\$ 594,503,372</b>	<b>\$ 584,740,878</b>

scheduled to be fully operational for the summer of 2017. Current estimates of damage to the turbine-generator and auxiliary systems approximate \$175 million; however, the Authority is fully insured and expects to be made whole by its insurer. Costs to the Authority are expected to be materially limited to the \$1.3 million insurance policy deductible.

Two main events drove the results for the Authority in 2016. First, the previously mentioned fire at the GREC. See further discussion in Operating Results. Second, in November 2016, the Authority issued \$496.4 million in revenue bonds, refunding existing debt and capitalizing on the opportunity for lower interest rates. The most significant changes of fiscal year 2015 related to the spending of bond proceeds for generation and transmission assets.

GRDA is a member of the Southwest Power Pool (SPP) Regional Transmission Organization (RTO). On March 1, 2014, the SPP launched an Integrated Marketplace. Participation in the SPP market and lower natural gas prices saved GRDA customers significant money during both 2015 and 2016. Although there were shifts in consumption among customer categories, the overall level of sales has risen slightly over prior years.

In 2015, GRDA implemented a new Governmental Accounting Standards Board (GASB) pronouncement number 68 *Accounting and Financial Reporting for Pensions*, as amended by GASB 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date* that required the restatement of opening net position for 2015. See Note 7 to Financial Statements, Retirement Plans, Postretirement, and Other Employee Benefits for the impact to the Authority.

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

### Net Position

The Net Position increased by \$3.4 million or 1% in 2016 following a \$9.8 million or 2% increase in 2015. The increase in Net Position for 2016 was heavily influenced by the funding of a Rate Stabilization Account, which reduced current year revenue by deferring it to future years. This subsequently reduced the impact to Net Position by \$21 million. See further discussion regarding the Rate Stabilization Account under "Operating Revenues." GRDA's industrial load increased in 2015 and again in 2016. Record-setting rainfalls in late 2015 in Oklahoma produced extra hydroelectric energy that found sales opportunities in the SPP Integrated Marketplace. The Authority continues to sell slightly more energy than in the previous years.

Total Assets decreased by \$56.1 million or 3% in 2016 after increasing by \$40.8 million or 2% in 2015. The 2016 decrease is related to the \$293.5 million reduction in Restricted Investments caused by the spending of construction funds for both 2016 and 2015 construction activities. This is offset by the \$79.5 million increase in Current Assets and \$164 million increase in Net Utility Plant. The 2015 increase is mostly attributable to capital generation and transmission assets being paid for by restricted construction accounts and by current year revenues. The 2015 \$204.6 million increase in Net Utility Plant was offset by a \$141 million reduction in Noncurrent Investments and a \$22.2 million decrease in Current Assets.

The Net Utility Plant increase of \$164.0 million was a 15% escalation over 2015. This followed a similar growth of \$204.6 million or 23% in 2015. The installation of a forced-air fabric filter on GREC 2 and the payment of significant milestones toward the construction of GREC 3 accounted for the majority of the \$404.5 million of capital additions in 2016, as well as the \$274.5 million of additions in 2015. The 2016 additions were offset by depreciation expense of \$69.7 million and retirements of \$40.2 million, while the 2015 additions were offset by depreciation expense of \$68.0 million and retirements totaling \$41.9 million. The Authority utilized approximately \$24.7 million and \$31.0 million in current year revenues to pay for total capital additions in 2016 and 2015, respectively. The remainder of the capital additions were paid by unexpended bond proceeds in the restricted construction accounts. In 2016, the disposition of a railcar set caused an extraordinary loss on the disposition of \$8.0 million. More detailed information about changes in Net Utility Plant is presented in Note 4 to Financial Statements, Utility Plant.

Current Assets increased by \$79.5 million or 42% after decreasing by \$22.2 million or 11% during 2015. Current Cash and Cash Equivalents increased by \$61.0 million in 2016 following a 2015 decrease of \$31.0 million. The 2016 increase is primarily due to the timing associated with replenishment of cash in the General Reserve Fund from the restricted construction funds. In January and February of 2016, \$62.8 million of reimbursements for capital expenditures was replenished, accounting for the majority of the 2016 increase. This activity is also the biggest driver for the lower than average balance of Cash and Cash Equivalents as of December 31, 2015. Additionally for 2016, there was an increase in Accounts Receivable due to a combination of an outstanding Federal Emergency Management Agency (FEMA) claim related to the December 2015 flooding and the amounts not yet approved to be reimbursed to the Authority by the insurance carrier for the July 2016 fire at GREC.

Receivables for under recovered fuel costs contributed \$10.6 million to the increase in Current Assets. This is in contrast to 2015, when the Authority reported a \$26.5 million payable for over recovered fuel costs. Another offsetting impact for 2016 to Current Assets was coal inventories, reflected in fuel stock, were depleted by \$6.5 million or 14% due to the stoppage of all receipts of coal in the latter half of the year under the force majeure provisions of the Authority's coal contract in response to the GREC fire.

Restricted Investments decreased by \$293.5 million or 49% in 2016 after decreasing \$141.0 million or 19% in 2015. The 2016 decrease relates to a diminution in funds due to the \$37.5 million contribution of equity towards the 2016 bond refunding and the use of the construction funds for capital project expenditures. A similar 2015 decrease of \$190.2 million also resulted from construction funds used to fund capital projects.

The Authority's revenue bond issue in 2016 under its increased rating resulted in substantial savings for the Authority's ratepayers. The Series 2016 Bonds were issued to refund portions of the Authority's outstanding revenue bonds while interest rates were at levels that created that savings and to finance certain costs of the issuance. Portions of the Authority's Series 2008A and Series 2010A and all of the Authority's Series 2014C (Federally Taxable) bonds were refunded in this transaction.

Additional information about the Restricted 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.

Noncurrent Prepaid Assets decreased \$5.7 million in 2016 due to the 2016 Bond refunding requiring the expense of prepaid bond insurance from previous bond issuances. In 2015, Noncurrent Prepaid Assets were relatively stable, decreasing only \$629 thousand.

Current Liabilities decreased by \$17.2 million or 13% after increasing by \$49.0 million or 61% in 2015. Accounts Payable and Accrued Liabilities decreased \$9.2 million or 12% in 2016 after an increase of \$21.7 million or 41% in 2015. The 2015 increase is attributable to the significant capital work for GREC 2 and GREC 3 in late Fall 2015. The 2016 decrease in Accounts Payable and Accrued Liabilities was due to the substantial completion of the projects at GREC 2 in December 2015. There was also \$13.1 million of Accounts Payable at the end of 2015 related to the construction of GREC 3 that was paid in early 2016. Unearned Revenue Related to Insurance Proceeds also offsets the 2016 decrease in Current Liabilities in the amount of \$17.9 million. As part of the process for payment to the Authority for reimbursable expenditures related to the fire, the insurance carrier has agreed to deposit with GRDA advances in a restricted account to be used to replenish cash following approval of such expenditures by the insurance company. The balance of the amount unearned by the Authority at the end of 2016 is presented here.

The payable for Over Recovered Fuel Costs in 2015 accounted for \$26.5 million or 54% of the 2015 increase as the balance shifted from a 2014 receivable for Under Recovered Fuel Costs. For 2016, this has shifted back to a receivable of \$10.6 million, as previously discussed.

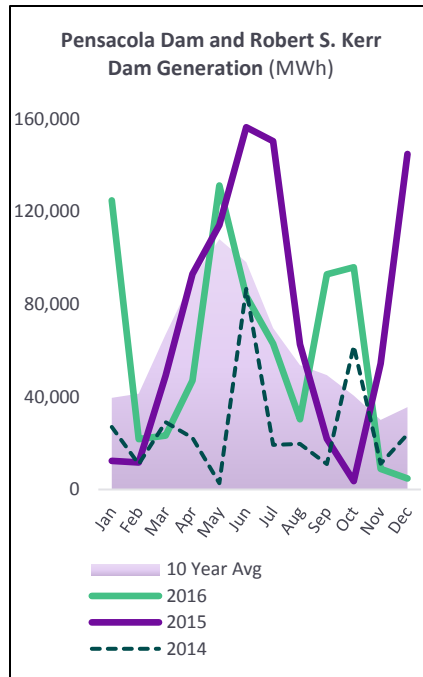
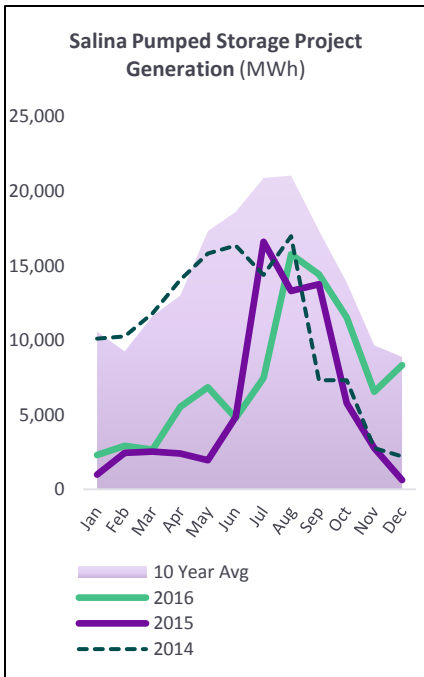
Noncurrent Liabilities, which consist of the long-term obligations for revenue bonds outstanding, decreased by \$23.1 million or 2% in 2016 after a \$19.0 million or 2% decrease in 2015. The entirety of the 2015 decrease and \$23.8 million of the 2016 decrease are attributable to payments of principal on outstanding debt. The remainder of the 2016 decrease is due to reductions in Bonds Payable related to the Series 2016 Bond refunding. This was offset by a \$15.6 million increase in Net Pension Liability included in Other Noncurrent Liabilities. Additional details about bonds outstanding are presented in Note 6 to Financial Statements, Bonds Payable.

Unrestricted Net Position, which represents the part of net position used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal agreements, increased by \$55.3 million or 24% after decreasing by \$27.9 million or 11% in 2015. The increase in Deferred Inflows of Resources of \$24.9 million offset by a net \$16.0 million decrease in under/over-recovered fuel costs. The 2015 decrease in Unrestricted Net Position is mainly due to the use of current year revenues to pay for a portion of the capital additions. In 2015, approximately \$31.0 million of capital improvements were funded by current revenues. Net Investment in Capital Assets decreased by \$73.1 million or 21% in 2016 following a 2015 increase of \$39.9 million or 13% as the Authority continued to progress on the capital asset additions as planned.

## OPERATING RESULTS

The Authority has owned and operated clean, renewable generation since the original construction of the Pensacola Dam in 1940. Additional hydroelectric generation was added in the 1960's and 1970's. In the 1980's, coal-fired generation became the primary generation source. Few changes were made to the generation resource mix until 2008, when the Authority jointly purchased Redbud, a natural gas, combined-cycle generation plant. Wind purchase agreements supplement the owned resources. GRDA continues to focus on developing a greener generation portfolio with sufficient transmission and appropriate customer contracts to support the bonds, which finance the assets. The Authority's heightened awareness on the future has driven the asset changes during 2016 and 2015, all while operating these assets in a new Integrated Marketplace.

It is a testament to the resiliency of the Authority that operating and financial results remained positive in 2016 following a likewise positive year in 2015. The Authority continually fine-tunes the role of its various generating units in SPP's

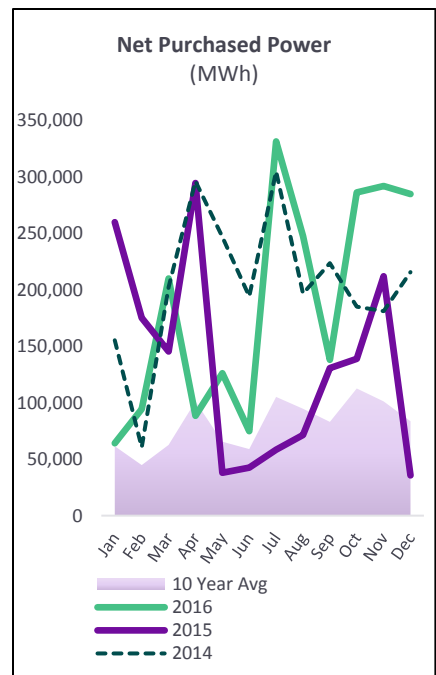
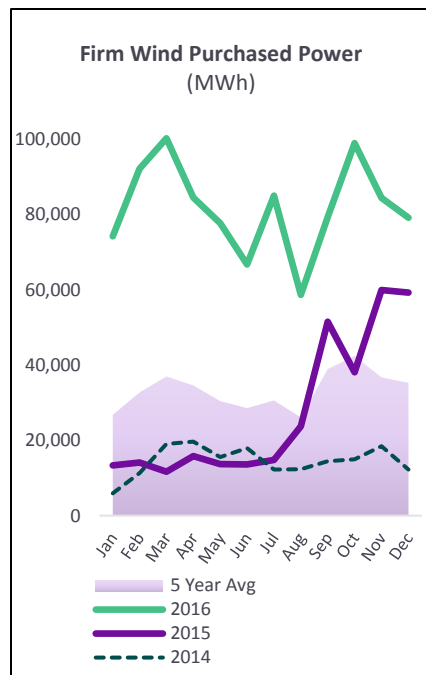
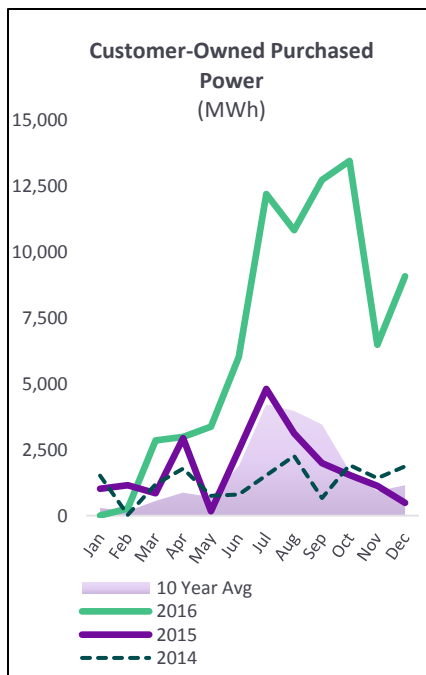


Integrated Marketplace, providing more financial certainty. The graph titled “Pensacola Dam and Robert S. Kerr Dam Generation (MWh)” compares the monthly generation for the last three years to the average of the last ten years’ generation. Essentially, SPP is scheduling the dispatch of GRDA’s plants, post-market implementation, similarly to how the plants were historically dispatched by GRDA operators prior to March 1, 2014. Water inflows dictate the level of generation reflected in this graph. These conventional hydro units have licenses issued by Federal Energy Regulatory Commission (FERC) with daily lake level rule curves so they function much like run-of-the-river units. While the 2016 generating trend followed closely to the ten-year average, represented by the light purple shading, in November and December of 2015, GRDA’s lakes

reached near-record levels due to heavy amounts of rainfall, accounting for the atypical spike in generation at the end of 2015.

The role of the Salina Pumped Storage Project (SPSP) shifts over time. The graph labeled “Salina Pumped Storage Project Generation (MWh)” reflects the trends in pumped-storage hydro generation. It has always played a significant role in reliability and regulation. The Authority is continuing to evaluate the role of SPSP in the Integrated Marketplace, with particular consideration given to the number of starts and stops versus the wear on the units from such operation. Ancillary services, especially the ability to regulate around wind and solar are valuable since the plant functions as a utility scale battery storing energy in the form of pumped water and releasing the energy when wind and solar are unavailable.

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 comparison of 2016 versus the ten-year average in the light purple shaded area, purchases of power are trending upward. The continuation of low natural gas prices and the growth of wind resources into



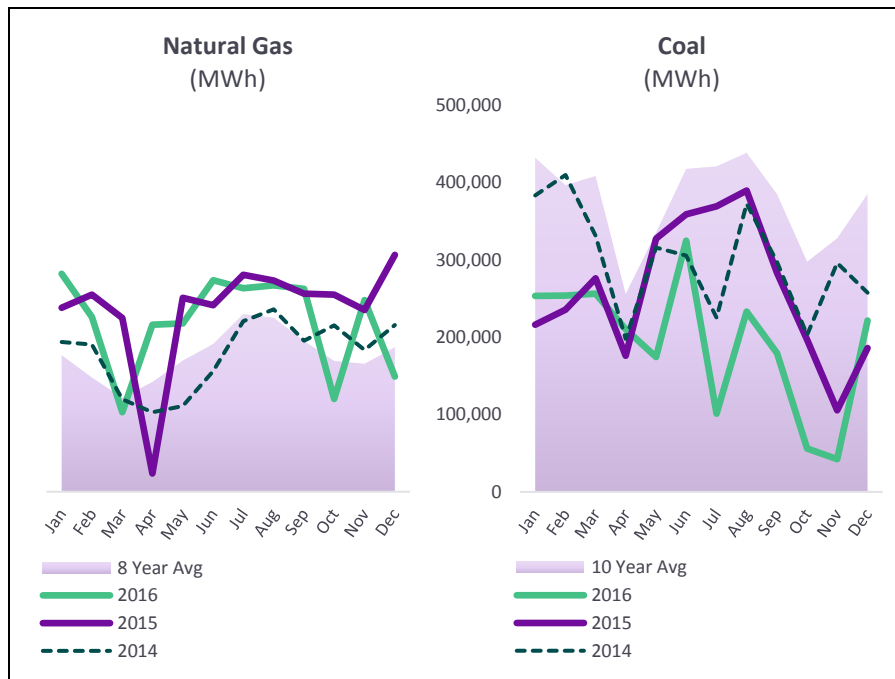
SPP have both resulted in the availability of low-priced market energy. This is one of the most advantageous benefits of SPP membership in that the Authority's customers benefit from the lowest possible energy prices. The Authority's need to replace base-load generation from GREC 2 due to the 2015 outage for emissions upgrades and the 2016 fire-related impairment has also influenced the purchases of power.

Since 2013, the Authority's resources have included wind through a 20 year purchased power agreement for a portion of the generation from the Canadian Hills Wind Project. Two other wind projects were added under similar purchased power agreements in 2015. The Breckinridge Wind and Kay Wind projects were commercially available by the end of 2015. The energy is recorded as purchased power. The wind purchase agreements provide a hedge against possible increases in fuel costs in future years. A fourth wind resource, Red Dirt Wind Project, is expected to be operational in late 2017. See the graph titled "Firm Wind Purchased Power (MWh)" for the year over year comparison.

Finally, sales into the spot market were less than 1% of Total Operating Revenues in 2016 and just 2% in 2015. The Authority does not rely on significant spot sales revenues to meet its payment obligations or debt coverage requirements

As demonstrated by the graph titled "Coal (MWh)", the generation for coal was substantially lower the second half of 2016 due to the outage caused by the July fire and for November and December of 2015 as GREC 2 was off-line for the completion of the air quality control upgrades previously discussed.

The graphs titled "Natural Gas (MWh)" and "Coal (MWh)" reflect the base load generation resources used to meet the majority of customers' loads. As the graph titled "Natural Gas (MWh)" indicates, there was a scheduled electrical outage in April of 2015, while inspection requirements within the Long Term Service Agreement required alternating units to be offline in March and October 2016.

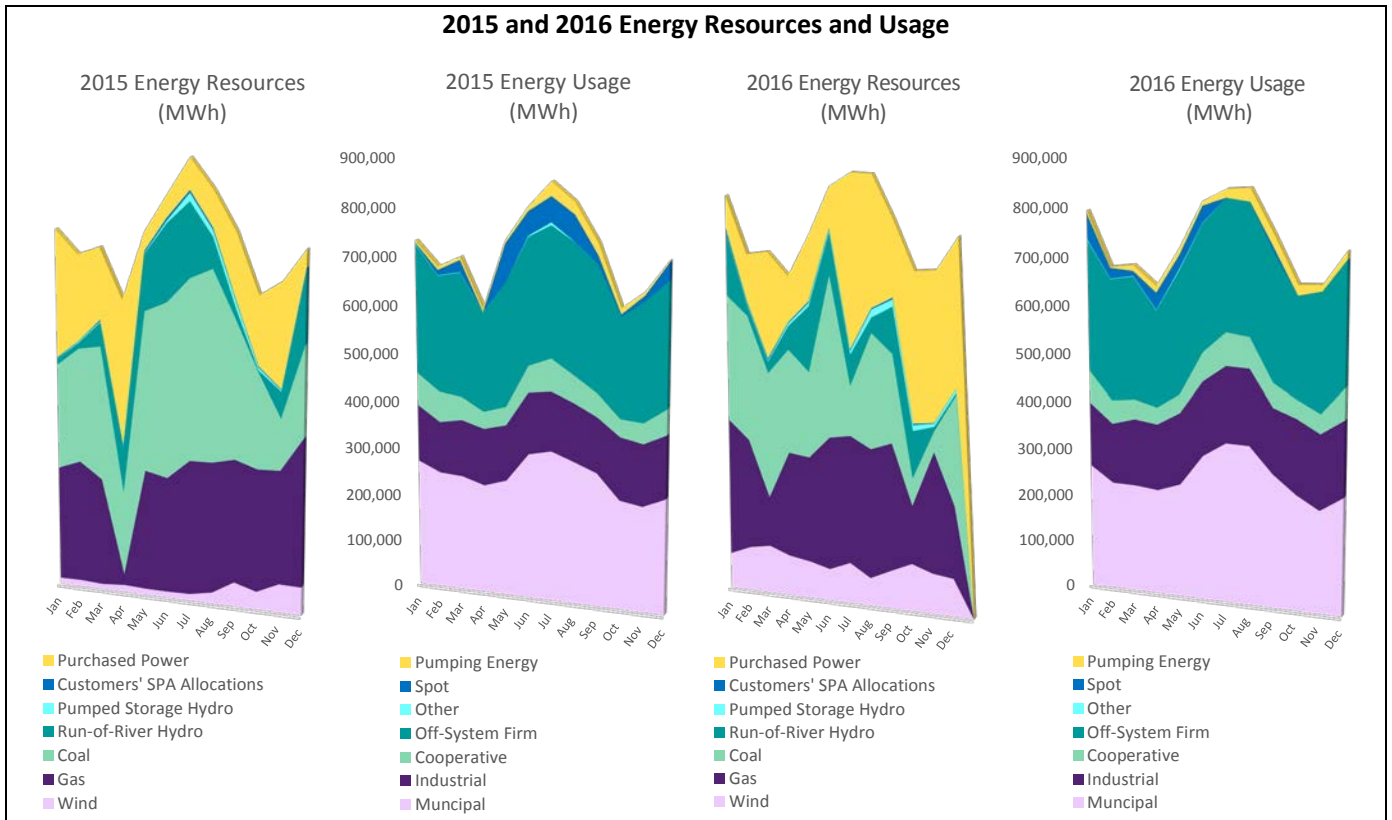


GRDA's capital program includes the construction of a nominal 495 MW combined-cycle gas unit, GREC 3. It is under construction and expected to be producing power on or before mid-2017. To comply with Environmental Protection Agency (EPA) air quality standards prior to April 16, 2016, environmental upgrades to GREC 2 were substantially completed during the fall 2015 outage. The Authority filed a request with EPA for an Administrative Order (AO) in February 2015 for a one-year extension for compliance with the Mercury and Air Toxics Standards (MATS) Rule for GREC 1. The extension was originally needed to ensure GRDA could meet SPP capacity reserve margins until GREC 3 became operational. The Authority was initially granted the AO to operate GREC 1 at an annual capacity factor of not to exceed 50% until April 2017;

however, the GREC 2 fire resulted in an even greater need for this extension. On September 14, 2016, the Authority was granted an amendment to the AO for GREC 1, allowing generation at an annual capacity factor of not to exceed 80% during the period from April 16, 2016, through April 15, 2017.

The graphs titled "2015 and 2016 Energy Resources and Usage" indicate the extent to which GRDA relies on coal and natural gas generation to meet the 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 2016 graphs reflect the decrease in the Authority's coal generation and the increase in Purchased Power as well as the increase in wind generating resources. The 2015 graphs show that the energy from the hydroelectric inflows were well-timed as they were able to supplement the higher consumption needs across the summer. As the inflows tapered off, the output





from the new wind generation phased into production. The graphs also depict one of the most telling stories of both 2016 and 2015 as the lower natural gas prices and influx of wind have driven the economic purchases of energy from the Integrated Marketplace.

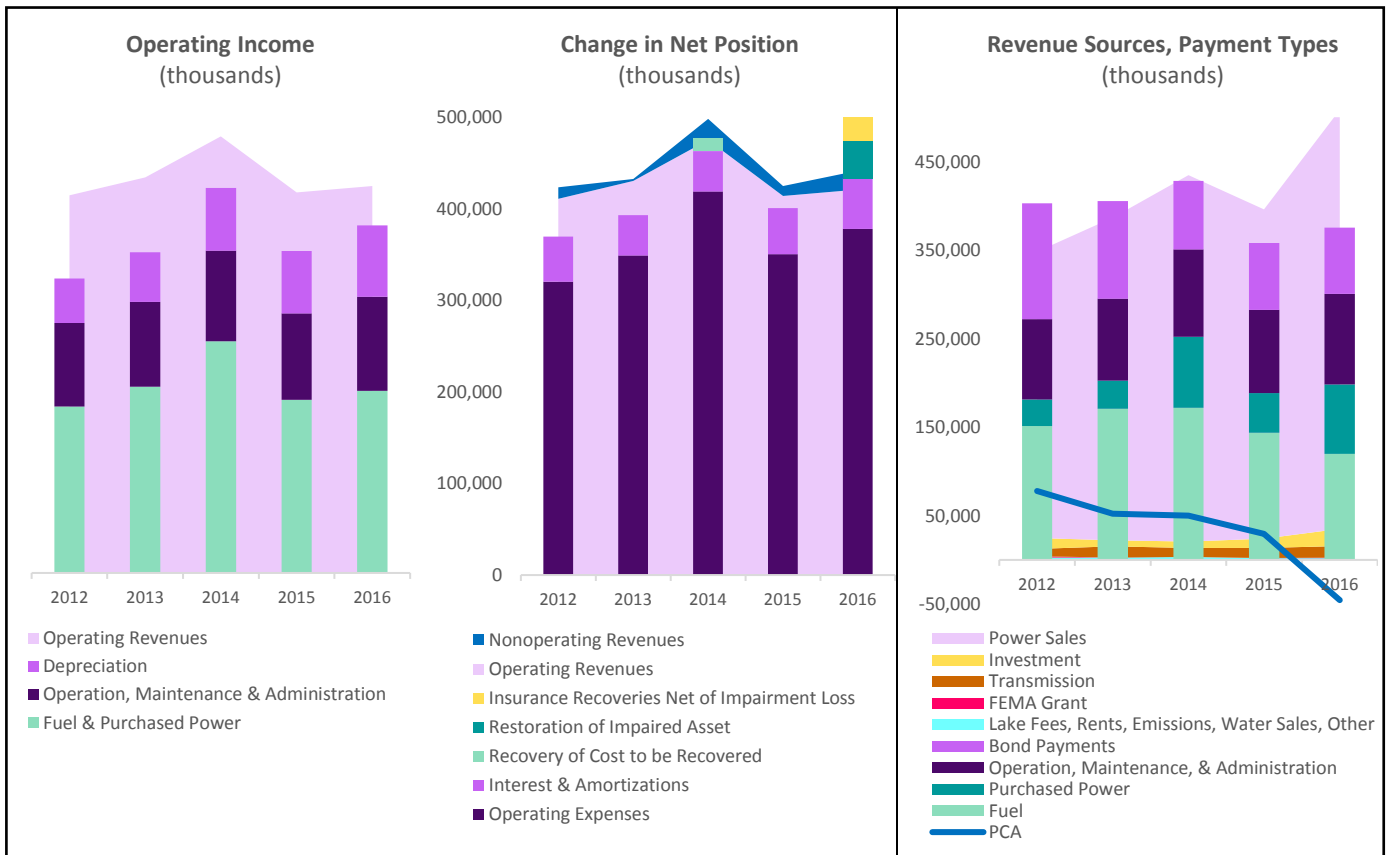
The Authority has a balanced portfolio of generation options providing diversity and an experienced team in power marketing that uses those resources to minimize risks and provide resiliency for the Authority.

**OPERATING INCOME**

Operating Income decreased \$12.7 million or 20% following a 2015 increase of \$7.4 million or 13%. The major contributor to this decrease was the funding of a Rate Stabilization Account, which reclassified \$21.0 million of current year revenues to a deferred inflow. This deferred inflow can be drawn in future periods to aid the Authority in mitigating future rate increases. Operating Revenues for 2016 were slightly higher than those in 2015, increasing by \$7.2 million or 2%. This is in contrast to the 2015 decrease of \$61.1 million or 13%. Other Operating Revenues includes base transmission plant costs recovered through the SPP’s administration of the transmission tariffs. Operating Revenues include Sales of Power which have shown steady increases in industrial customer growth. Additionally, Other Non-operating Revenues increased \$9.4 million or 85% in 2016 after decreasing \$12.1 million or 52% in 2015. Non-operating Revenues primarily included Investment Income, as is customary. It also includes the first six months of the impact of the merger with OSRC, which had an insignificant effect to the Authority.

Operating Expenses increased in 2016 by \$19.8 million or 6% following a significant decrease of \$68.5 million or 16% in 2015. An increase of Purchased Power of \$33.8 million or 76% offset by a decrease of \$24.0 million or 17% of Fuel drove the 2016 increase in Operating Expenses. Due to lower natural gas prices and the fall outage at GREC 2, reductions in Fuel costs accounted for \$28.1 million of the 2015 Operating Expense decrease. Purchased Power also decreased in 2015 by \$35.6 million. Operations and Maintenance Expenses have stayed relatively consistent over the last few years, only increasing \$5.5 million or 7% after decreasing \$2.2 million or 3% in 2015.

The graph labeled “Operating Income (thousands)” indicates both operating revenues and operating expenses, and the difference in the column height and the shaded area reflects operating income. Operating Revenues are combined with other Non-operating Revenues, primarily interest and investment income, to pay the Authority’s expenses. The spike in 2014 was due to the inclusion of \$12.7 million contributions in aid of construction in Other Non-operating Revenues. As can be seen



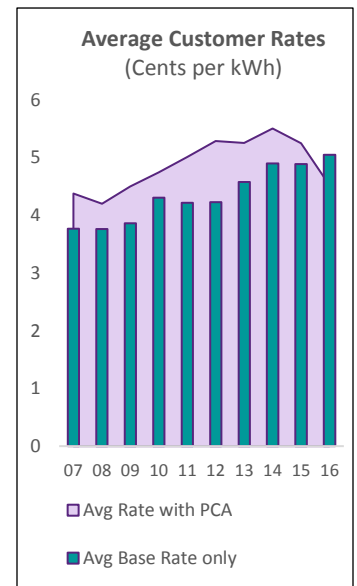
in the “Change in Net Position (thousands)” graph to the right of the “Operating Income (thousands)” graph, revenues have consistently exceeded expenses.

The third graph, labeled “Revenue Sources, Payment Types (thousands),” shows the extent to which Sales of Power, which includes the revenue sources labeled “Power Sales” and the “PCA”, provide the majority of money to repay GRDA’s debt and cover operating costs.

While the first two graphs reflect the income statement amounts, the third graph includes the debt payments, principal and interest recovered through the Authority’s rates. GRDA’s rate structure is based on a cost- of-service approach, of which fuel and purchased power, debt service and other operating expenses are the principal components. The difference in the column heights and the shaded area of the third graph reflects the source of funds, other than bond proceeds, reinvested in the system. The sources and uses of funds, which are not included in the basic financial statements, are further shown in a table calculating Debt Service coverage included in the Statistical Section of the Authority’s Comprehensive Annual Financial Report each year. The graph also reflects a key shift in the cost structure as debt becomes a smaller component of GRDA’s annual revenue requirements and fuel and purchased power become larger components.

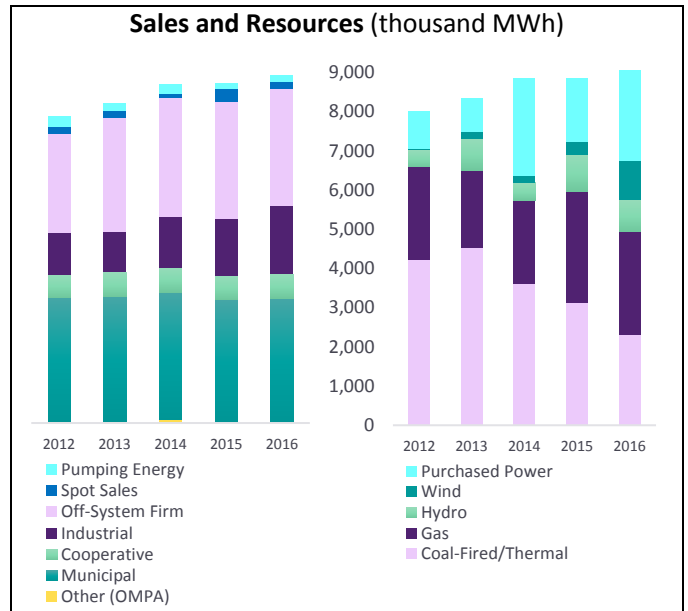
**OPERATING REVENUES**

The Authority experienced slight increases in sales in both 2016 and 2015. The 2016 Operating Revenues increased by \$7.2 million or 2%; however, the Operating Revenues decreased \$61.1 million or 13% in 2015. A base rate increase of an average of 3.75% was effective January 1, 2016, accounting for the increase in Operating Revenues. Though 2015 Operating Revenues decreased, it was offset with corresponding decreases in Operating Expenses in the form of fuel and purchased power expenses, resulting in a positive cumulative effect. This decrease in fuel and purchased power expense flows back through the customers’ PCA and results in more affordable electric rates. The 2015 decrease is entirely attributable to the decrease in Sales of Power due, largely, to the decrease in natural gas prices and lower purchased power cost throughout the year. The graph titled “Average Customer Rates (Cents per kWh)” compares customer rates with and without the PCA.



The trend in customer sales by category can be seen in the graph titled “Sales and Resources (thousand MWh).” It is important to note that sales continue to trend upward. The graph also compares GRDA’s customer sales mix and generation resources over the past five years. The growth in Industrial sales over the last few years is noticeable as Google has increased load in the MidAmerica Industrial Park. As a result, through wholesale contracts, directly or indirectly, GRDA electricity reaches some portion of 75 of Oklahoma’s 77 counties.

The Authority is empowered to set rates as necessary to provide for operating expenses and debt service payments. When deemed necessary by the Board of Directors, rates can be raised after Board approval 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 FERC or any other state or federal authority, although the Authority participates in the SPP regional transmission tariffs.



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 to all customers served under the same Rate Schedules at the same service level in a reasonable and not unduly discriminatory manner.

The customer contracts provide for customers and the Authority to work together to prepare a 10-year forecast. The Authority is to establish a rate stabilization fund for any unrestricted cash balances in excess of the greater of \$150 million or six months operating expenses, as determined by the Authority, to offset or defer future rate increases. The Authority reached this milestone for the first time for the year ending December 31, 2016, funding this Rate Stabilization Account with a total of \$21 million. While this action reduced current year income, as previously discussed, this a testament to the overall financial health and resiliency of the Authority.

The Authority’s rates have three main components: capacity, energy, and a 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 make adjustments in revenue collections from municipal, industrial, cooperative and off-system firm customers to recover variations between estimated and actual fuel and purchased power costs incurred by the Authority. Historically, the PCA was revised twice a year; effective July 1, 2013, the Authority began calculating the PCA monthly to reduce the volatility to customers and to allow for a more timely recovery of fuel and purchased power costs. The Authority’s base rate is currently calculated using 23 mills as the estimated power costs (fuel costs and purchased power) over a 12-month rolling period. The cumulative difference between the actual fuel costs and the 23 mill base fuel rate is adjusted to reflect the actual costs of fuel used in production. The customer rates then reflect this adjustment. All contract sales are subject to the PCA except for the GREC 2 output contract with OMPA, which is cost based, and any spot-market, short-term sales. The revenues also reflect an accrual of any over or under-collected fuel cost. GRDA collected \$29.6 million through the PCA during 2015 while refunding \$45.4 million to customers in 2016. Approximately \$10.6 million in fuel and purchased power costs were under-recovered on December 31, 2016, while \$26.5 million were over-recovered at the end of 2015.

GRDA supplements the capital generation assets with capacity purchases from municipal customers Coffeyville, Cushing and Stillwater, which own generation. GRDA has amended its contracts with Coffeyville and Stillwater to allow them to replace older steam generators with highly efficient reciprocating engine natural gas powered plants. Stillwater’s upgraded generation was commercially operational in July of 2016, and capacity was purchased by the Authority at that time. While Coffeyville’s upgraded generation was also completed in December 2016, the Authority did not purchase capacity from these units until January 2017. The customers have all-requirement contracts with GRDA, and GRDA offers their generation

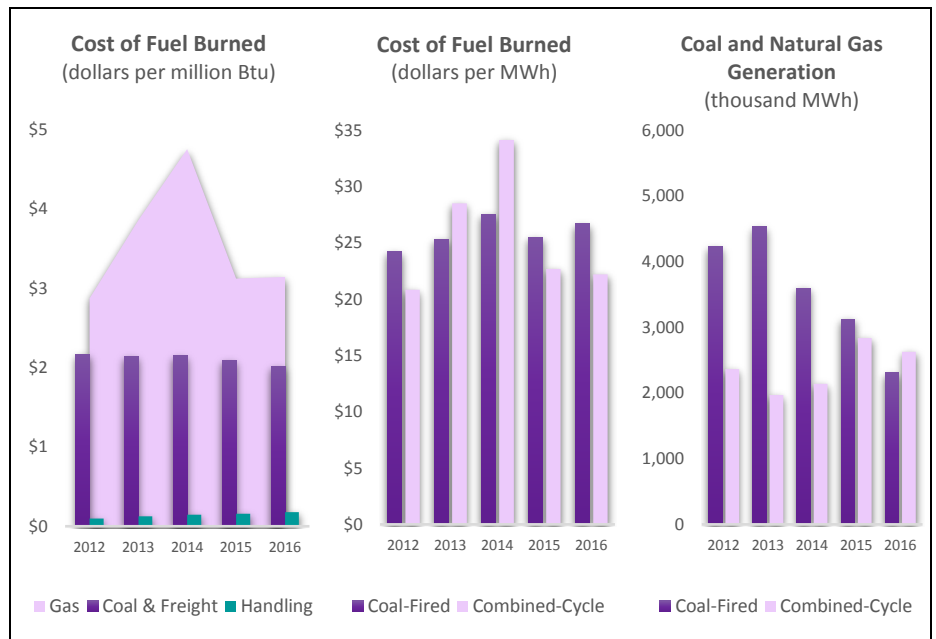
into the SPP Integrated Marketplace. Additionally, the Authority has 247 MWs of wind generation through purchased power agreements as of the end of December 2016, with an additional 140 MWs expected to be producing energy in 2017. GRDA has adequate capacity and does not currently need to purchase additional capacity from the market.

In 2014, the Authority formalized its Risk Management Policies and Energy Hedging Programs. The Board of Directors is responsible for an overall understanding of risks and the Risk Oversight Committee is responsible for primary operational risk oversight and implementation of the risk policies. The purpose of the energy hedging program is to manage market volatility and evaluate credit quality of counterparties. As of the end of 2016, GRDA's contracts did not have hedging derivative instrument characteristics. At December 31, 2016, GRDA had purchased approximately 33% of the MMBtu's of anticipated natural gas requirements for the Redbud Plant in 2017. No fuel purchases had been made for GREC 3 by December 31, 2016.

**OPERATING EXPENSES**

Operating Expenses for 2016 increased by \$19.8 million or 6%. Though the increase in Purchased Power of \$33.8 million or 76% was the main driver, this was offset by the \$24.0 million or 17% decrease in Fuel expenses. Operation and Maintenance expenses also increased by \$5.5 million or 7%. This is due to a \$1.3 million expense associated with the GREC fire that represents the deductible amount for the insurance claim, and GRDA's 100% ownership of GREC 2 versus the 62% ownership of the same unit in 2015. As mentioned previously under Operating Income discussions, decreasing purchased power and fuel costs drove the decreases in Operating Expenses in 2015. While twenty-five years ago, debt was half the cost structure, today, approximately half of the annual revenue requirements is a combination of fuel and purchased power. More importantly, customers benefit directly by decreasing fuel and purchased power costs as any savings are passed through to them in the form of a reduced PCA. Alternatively, debt costs are recovered through the base customer charges.

Coal and freight continue to be the largest operating expenses at the GREC, though coal fuel costs decreased by \$18.0 million in 2016 after a similar decrease of \$17.0 million in 2015. As previously discussed, this decrease is due to GREC 2 being offline for both the latter half of 2016 and in the fall of 2015. The graph titled "Cost of Fuel Burned (dollars per million Btu)" reflects the cost-per-million Btu of coal and natural gas while "Coal and Natural Gas Generation (thousand MWh)" compares the annual generation at the coal and natural gas plants. The middle graph depicts the cost of fuel burned per MWh from each fuel source which provides an indication of the extent that fuel costs impact the overall rate structure. Currently, fuel and purchased power costs account for approximately half of GRDA's total average electricity price.



While Depreciation Expense decreased slightly, less than 1%, in 2015, 2016 saw a return to a more typical upward trend with an increase of \$1.7 million or 3%. The Authority had seen, with the exception of 2015, a trend of increasing Depreciation Expense year after year as the total depreciable capital assets continued to climb.

Also contributing to the Depreciation Expense increase was the November 2015 Board Audit Committee approval of a plan to accelerate depreciation on GREC 1 for all coal-related assets to be fully depreciated by April 2017. Other non-coal-related assets for GREC 1 were accelerated to be fully depreciated by 2030. The Audit Committee also approved the accelerated depreciation of all assets for GREC 2 to be fully depreciated by 2030. This will include the new assets being installed as part of the restoration of GREC 2 following the fire.

The Authority owns its own transmission lines and substations. While originally designed to move generation to customer loads, the transmission system is now operated as part of the SPP RTO. Transmission of Electricity by Others, which is included as an Operating Expense, has increased as GRDA purchases more energy.

Historically, administrative and general costs included the settlement of claims, insurance deductibles, employee insurance premiums and post-retirement benefits. With the implementation of GASB 68, GRDA anticipates some variability of expenses in this area. The Statement has required current year contributions to be recorded as a reduction in the long-term pension liability rather than a current year expense and has introduced other variables to recognition of current year expense.

## SIGNIFICANT ASSETS AND DEBT ADMINISTRATION

### Capital Assets

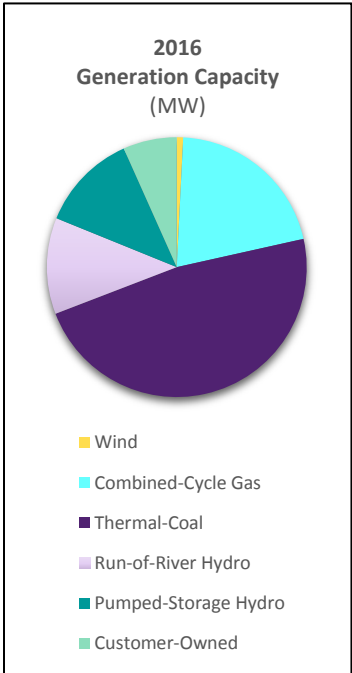
On November 15, 2016, the Authority issued Series 2016 Bonds to refund certain portions of the bonds from the Authority's Series 2008A and Series 2010A Revenue Bonds and all of the Series 2014C Revenue Bonds. The purpose of the issuance was for savings, and no new money was borrowed, except to cover certain costs of the issuance. The Authority refunded approximately \$591 million in par value of bonds and issued \$496 million in par bonds for a debt reduction of approximately \$95 million. The new bonds were sold with an all in cost of 2.72%. The present value savings to the Authority's customers from this transaction was estimated to be approximately \$69.5 million. By converting the variable rate bonds of the Series 2014C issue, GRDA was able to capture the low current interest rates and eliminate the rate increase risk in the future.

Significant asset additions for 2016 were represented by the continuing progress toward the commissioning of GREC 3. The substantial completion of the GREC 2 environmental upgrades and the rewind of the generator-stators at Salina Pumped Storage occurred during 2015.

Additional lines and substations continue to be added or upgraded to meet the needs of new and growing customers, including the substation to serve GREC 3.

As shown in the Utility Plant Note 4 to Financial Statements, the majority of Net Utility Plant consists of an economical mixture of renewable hydroelectric, coal and natural gas generation resources and a transmission system for the delivery of power and energy. The pie chart labeled "2016 Generation Capacity (MW)" reflects the fuel sources of GRDA's 2016 generation capacity.

As mentioned in Note 4, KAMO Electric previously owned a share of GREC 2. Associated Electric Cooperative (AECI) is KAMO's power supplier and received KAMO's portion of the power output from GREC 2 through December 31, 2015. In March 2016, GRDA and KAMO mediated a lawsuit regarding their participation agreement in GREC 2. The mediation resulted in GRDA obtaining a 100% interest in GREC 2 under certain terms and conditions, which have now been fulfilled.



### Restricted Assets

The Authority's bond resolutions require Debt Service Reserve Funds (DSRF) to be set aside. The General Bond Resolution No. 5107 requires the Debt Service Reserve account be equal to the "Maximum Aggregate Debt Service." Upon issuance of the Series 2016 A and B Bonds, the Debt Service Reserve requirement was calculated to be \$86.6 million. In prior years, when the Authority had outstanding debt bearing interest at a variable rate, the calculation of the DSRF requirement included a variable rate assumption based on the smaller of the average one-month London Interbank Offered Rate (LIBOR) during the 12 full calendar months or during the 60 full calendar months immediately preceding the Closing Date of the bond issue transaction. Since the Authority refunded its variable rate debt in 2016, no such variable rate assumption is required in calculating the DSRF requirement.

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, 2016, there was no excess deposit. As discussed further in the Note 2 to Financial Statements, 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.

As the outstanding bonds have been maturing over the past few years, the annual debt requirements as well as the maximum aggregate debt service have declined. That has created excess deposits in the Debt Service Reserve account above the safety threshold. Excess debt service reserve deposits have been used to make bond principal payments. In 2016, \$5.0 million was used as part of the Series 2016 Bond Refunding. No transfers were made in 2015.

The final restricted accounts for 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.

### Regulatory Assets

The Authority followed accounting of regulated operations in accordance with GASB 62, which requires utilities to match costs in the same period the revenues are collected. The regulatory asset consisted of the deferred interest costs related to the 2002B capital appreciation bond issue. The balance in Cost to Be Recovered from Future Revenues included the cumulative deferral of interest expense net of any interest income earned on the 2002B Construction Fund Investments. At maturity on June 1, 2014, revenues paid the 2002B principal and cumulative interest and the deferred asset was amortized. The Authority no longer has any non-pension regulatory assets recorded.

### Deferred Inflows of Resources and Deferred Outflows of Resources

The Authority followed accounting of regulated operations in accordance with GASB 62, which requires approval from the Board of Directors, as they represent the regulatory body for the Authority. Resolution 5307 was unanimously approved to defer revenues related to capital cost insurance recoveries received and 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 insurance recoveries and depreciation of assets for the GREC fire. The total revenue deferred and recognized as part of a Deferred Inflow of Resources Related to Deferred Revenues for 2016 was \$7.5 million. The additional \$21.0 million presented in Deferred Inflows Related to Regulated Operations represents the funding of the Rate Stabilization Account, discussed previously. See Note 5 to Financial Statements, Cost to be Recovered from Future Revenues.

The Deferred Outflows Related to Loss on Reacquired Debt of \$29.6 million was created by the Series 2016 Bond issuance and will be amortized over the life of the associated debt.

As has been noted, the Authority was required to implement GASB 68 *Accounting and Financial Reporting for Pensions*, as amended by GASB 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This implementation created both Deferred Inflows and Outflows of Resources for the Authority. The implementation created Deferred Outflows of Resources totaling \$3.2 million as well as \$4.2 million of Deferred Inflows of resources for 2015. The Deferred Outflows of Resources totaled \$17.8 million and \$588 thousand of Deferred Inflows of resources for 2016. These amounts represent the Differences in Experience, Differences in Assumption and Investment Gain/Deficit from the actuarial studies performed on both the OPERS and OLEERS defined benefit plans. See Note 7 to Financial Statements, Retirement Plans, Postretirement, and Other Employee Benefits.

### Long-Term Debt

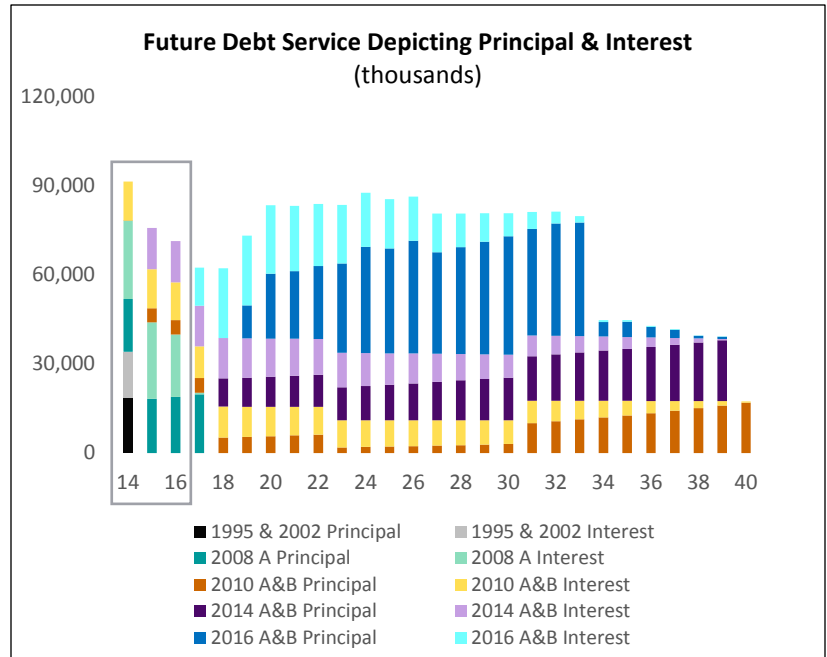
The year 2015 marked the complete expenditure of the 2008 and 2010 bonds series construction funds deposits. The Authority can't mortgage or pledge any assets for the repayment of debt. Instead, the bonds issued are revenue bonds, with the future revenues of GRDA's entire electric system pledged to repay bondholders. However, since the only assets that have had bonds issued to finance them relate to the purchase of the Redbud plant in 2008 and generation and transmission assets or other properties added since that time, the amount of equity the Authority has in its system compared to debt is more favorable than in previous decades. As a result, GRDA is better able to offer affordable power to its customers and enables the communities it serves to provide an incentive for businesses to locate in Oklahoma.

The Authority currently has four construction accounts. In 2015 all construction funds deposited from the original \$518.2 million 2008 bond proceeds were fully expended. Additionally, in 2015 all construction funds deposited from the original \$216.8 million 2010 bond proceeds were also fully expended. The 2014 bond proceeds were deposited into two accounts: one for taxable and one for tax-exempt proceeds. Disbursements for the construction projects are initially paid from revenue funds. Requests for reimbursements are then submitted to the trustee, and monies are transferred from the construction project accounts to operating and revenue accounts. At the end of 2016, \$60.8 million of the combined \$445.8 million deposit from the 2014 bond series remained in the construction accounts, while \$328.4 million remained at the end of 2015.

Part of the reason GRDA's capital financing is so affordable is the way the revenue bonds have been structured. The 2010 bonds were issued to mature beginning in 2015 through 2040, and the 2014 bonds were issued with principal payments beginning in 2018 and increasing through maturity on June 1, 2039. The 2016 bonds were issued to mature beginning in

2019 through 2039. The 2016 bonds refunded portions of the 2008 bonds that were to mature in 2018 through 2033 and refunded portions of the 2010 bonds that were to mature in 2025 through 2030.

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. The most important aspect of the graph is that it visually depicts the magnitude of how much lower debt service requirements are now than they were just a few years ago.



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 December 1 and June 1 of each year.

The 2008A tax-exempt bonds maturing on and after June 1, 2019, are subject to early redemption on or after June 1, 2018. In 2016, \$481.8 million of the 2008A tax-exempt bonds were advance refunded with the 2016 refunding issue. The 2010A tax-exempt bonds maturing on and after June 1, 2021, are subject to early redemption on or after June 1, 2020. In 2016, \$44.2 million of the 2010A tax-exempt bonds were advance refunded with the 2016 refunding issue. The 2014A & 2014B bonds maturing on and after June 1, 2025, shall be subject to redemption prior to maturity on or after June 1, 2024. The 2016A & 2016B bonds maturing on and after June 1, 2027, shall be subject to redemption prior to maturity on or after December 1, 2026. In conjunction with the bonds, the Authority has made certain covenants and must file continuing disclosures with bond repositories.

Two of the three credit rating agencies upgraded GRDA’s bond ratings prior to the issuance of the 2016 revenue bonds. Fitch upgraded the Authority from A to A+ and revised the rating outlook to Stable from Positive due to sustained financial performance, diversified and ample power supply and a mixed customer base with long-term contracts. S&P also raised GRDA’s rating from A+ to AA- in October 2016, with a stable outlook due to improving financial metrics, including fixed-charge coverage and liquidity, lack of additional bond issuance plans, and declining reliance on coal-fired generation. Moody’s assigned an A1 rating to the 2016 bond series as well as affirmed the Authority’s A1 rating on outstanding bonds and affirmed the Authority’s rating outlook is stable.

The Authority has engaged Public Financial Management (PFM) to represent it as financial advisor to meet current and long-term operations and capital financing needs and 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. The Authority continually evaluates future refunding opportunities.

**CHANGE IN FINANCIAL POSITION**

Over the last few years, the Authority’s financial metrics have improved significantly. While liquidity had always been good, debt service coverage improved significantly as older debt was retired. At the same time, the Authority improved its revenue stream and worked to control risks, as well as secured the internal infrastructure. While risks with large financial impacts were prioritized and tackled first, risks such as the revenue stream, flooding mitigation, fuel supply, optimizing adequacy of generation supply with contracted customer loads, reliable transmission, and compliance and safety were also at the forefront. Through this, a goal driven, customer-focused utility with sustainable policies has emerged. The business experience and oversight of the Authority’s Board of Directors ensure that GRDA’s success continues and plans are implemented efficiently and effectively.

As the state of Oklahoma faced budget shortfalls, the last few years have been filled with political questions regarding the role the Authority should play in the future. GRDA continues to engage in an educational mission to ensure legislators are informed of the many positive impacts GRDA has on Oklahoma and its communities. The Authority is humbled and further motivated by the active support of its customers, both municipal and industrial, with this effort.

Municipal customers provide financial security with long-term contracts, enabling better future load projections. Long-term revenue projections are also more reliable as many of the all-requirements contracts with the municipal customers run two years longer than any outstanding debt. Additionally, relationships with WFEC and OMPA provide firm sales and diversification throughout the state of Oklahoma. Consistent with other off-system firm sales, these contracts provide certain take-or-pay provisions.

The Authority was and continues to be very proud of Google's announcement of the continued expansion of its facilities in Mayes County. The Authority is Google's local utility provider. Google has already built a four-story data center in the MidAmerica Industrial park. Its press release in September of 2016 stated that Google's investment in Oklahoma will reach \$2 billion by 2018. The Authority is positioned to support Google's growth in the community.

The 2016 and 2015 calendar years were marked by the Authority's pledge of excellence by carrying through with the 2014 commitments to upgrade and construct generation and transmission assets. The 2016 year ended with excellent debt service coverage and significant progress on the construction projects, all under the umbrella of daily financial cash management and compliance oversight of the construction payment process.

## ECONOMIC OUTLOOK

GRDA has a positive economic outlook due to sound financial and operational fundamentals and great customer relationships. GRDA's rates are competitive, and ten-year financial projections indicate they will remain that way. The customers GRDA serves under take-and-pay contracts are more diverse and service oriented than the state as a whole, so they don't experience the upswings and downswings associated with oil and gas prices to the extent the rest of the state does. Other customers who take power off-system are served under take-or-pay contracts, so the revenue stream is even more predictable and secure.

GRDA has a comprehensive generation plan. Air quality upgrades were essentially complete on GREC 2 at the end of 2015. The previously discussed acquired administrative order will allow GRDA to operate GREC 1 until April 2017 as a coal-fired generating unit. Finally, the construction of GREC 3, the combined-cycle gas plant with the M501J turbine, is proceeding as planned. GREC 3 will bring a highly efficient and reliable power resource into the generation mix. GRDA and its customers continue to work on rate designs to make sure the structure fully recovers costs in the most appropriate components.

While Net Income appears to be minimal for 2016, the contribution of \$21 million to the Rate Stabilization Account skews that metric from telling the truly successful story of the Authority's year. GRDA's financial metrics have continued to improve over the last several years.

The Authority and its customers continue to work to educate end users regarding the connection between efficiency and affordability as the Integrated Marketplace and technology impact what end users expect from their electricity providers. The longer that the construction of the next base load generating unit can be delayed by the smarter use of energy and demand by end users, the larger the benefit will be to Oklahoma's economy and environment.

GRDA has positioned itself to do for the next several decades what it has been proudly doing for the past 81 years. The Authority protects the waters of the Grand River and the environments associated with it and uses Oklahoma's natural water and wind resources to generate electricity. The Authority meets customers' needs and environmental mandates with new generation like the combined-cycle natural gas plant. Investments in upgrades to GREC 2 ensured it would meet environmental standards. The diversity in GRDA's generation plants allows management of risks, and the system is backed by a robust transmission system. 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 409, 226 West Dwain Willis Avenue, Vinita, OK 74301-0409.



## STATEMENTS OF NET POSITION

AS OF DECEMBER 31, 2016 AND 2015

	2016	2015
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents - general operating account	\$ 64,177,371	\$ 3,155,004
Investments	51,491,935	48,209,009
Accounts receivable - net	54,717,021	46,823,133
Accrued interest receivable	3,398,181	2,793,161
Fuel Stock	38,339,118	44,806,070
Materials and Supplies	40,703,084	38,025,784
Under recovered fuel costs	10,556,106	-
Prepaid assets	3,476,649	3,581,915
<b>Total current assets</b>	<b>266,859,465</b>	<b>187,394,076</b>
Noncurrent assets:		
Investments	305,533,763	599,081,087
Prepaid assets	4,440,000	10,110,924
Net utility plant:		
Non-depreciable - at original cost	478,677,699	305,044,027
Depreciable - at original cost less depreciation	765,984,135	775,581,717
Other noncurrent assets	146,150	550,086
<b>Total noncurrent assets</b>	<b>1,554,781,747</b>	<b>1,690,367,841</b>
<b>TOTAL ASSETS</b>	<b>1,821,641,212</b>	<b>1,877,761,917</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred outflows related to pension plans	17,765,376	3,192,494
Deferred outflows related to loss on reacquired debt	29,563,900	-
<b>Total deferred outflows of resources</b>	<b>47,329,276</b>	<b>3,192,494</b>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable and accrued liabilities	64,982,188	74,213,477
Accrued interest payable	4,069,343	4,358,450
Bonds payable - current portion	24,780,000	23,795,000
Unearned revenues related to insurance proceeds	17,867,489	-
Over recovered fuel costs	-	26,485,884
<b>Total current liabilities</b>	<b>111,699,020</b>	<b>128,852,811</b>
Noncurrent liabilities:		
Bonds payable - net	1,101,211,229	1,140,409,407
Other noncurrent liabilities	29,082,350	12,972,375
<b>Total noncurrent liabilities</b>	<b>1,130,293,579</b>	<b>1,153,381,782</b>
<b>TOTAL LIABILITIES</b>	<b>1,241,992,599</b>	<b>1,282,234,593</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred inflows related to pension plans	588,385	4,216,446
Deferred inflows related to regulated operations	28,501,794	-
<b>Total deferred inflows of resources</b>	<b>29,090,179</b>	<b>4,216,446</b>
<b>NET POSITION:</b>		
Net investment in capital assets	271,706,418	344,780,665
Restricted for:		
Debt Service	18,524,344	18,238,867
Rate Stabilization Fund	21,000,000	-
Other special purposes	2,377,982	2,478,663
Unrestricted	284,278,966	229,005,177
<b>TOTAL NET POSITION</b>	<b>\$ 597,887,710</b>	<b>\$ 594,503,372</b>

See notes to financial statements.

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
<b>OPERATING REVENUES:</b>		
Sales of power	\$ 428,066,100	\$ 401,569,988
Other operating revenues	14,157,387	12,485,554
Transfer (provision) for rate stabilization	(21,000,000)	-
<b>Total operating revenues</b>	<b>421,223,487</b>	414,055,542
<b>OPERATING EXPENSES:</b>		
Fuel	(119,783,385)	(143,804,114)
Purchased power - net	(78,339,797)	(44,525,854)
Depreciation	(69,673,894)	(67,953,588)
Operations	(55,939,972)	(46,841,448)
Maintenance	(30,436,172)	(34,068,198)
Administrative and general	(16,048,057)	(13,201,268)
<b>Total operating expenses</b>	<b>(370,221,277)</b>	(350,394,470)
<b>OPERATING INCOME</b>	<b>51,002,210</b>	63,661,072
<b>NONOPERATING REVENUES AND (EXPENSES):</b>		
Investment income	20,394,413	11,775,150
Net increase (decrease) in the fair value of investments	(2,491,488)	(2,278,347)
Oklahoma Emergency Management (OEM) grant revenue - operating	458,782	191,808
Income from nonutility operations	2,076,492	1,338,773
Interest Expense	(50,991,904)	(52,576,879)
Amortization of debt discount and financing costs	(8,276,662)	(889,092)
Amortization of bond premium	3,993,414	2,853,637
<b>Total nonoperating expenses</b>	<b>(34,836,953)</b>	(39,584,950)
<b>CAPITAL CONTRIBUTIONS:</b>		
OEM award revenue - capital	1,470,730	-
<b>Total capital contributions</b>	<b>1,470,730</b>	-
<b>EXTRAORDINARY ITEMS:</b>		
Loss on disposition of railcars	(8,049,453)	-
Restoration of impaired assets	(40,595,768)	-
Insurance recoveries net of impairment loss	34,393,572	-
<b>Total extraordinary items</b>	<b>(14,251,649)</b>	-
<b>NET INCREASE IN NET POSITION</b>	<b>3,384,338</b>	24,076,122
<b>NET POSITION - Beginning of year, as previously reported</b>	<b>594,503,372</b>	584,740,878
Adoption of new accounting standard (see Note 1)	-	(14,313,628)
<b>NET POSITION - Beginning of year, as restated</b>	<b>594,503,372</b>	570,427,250
<b>NET POSITION - End of year</b>	<b>\$ 597,887,710</b>	\$ 594,503,372

See notes to financial statements.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Received from user charges	\$ 400,445,857	\$ 496,975,739
Received from refined coal partner	68,448,194	124,424,171
Received from OEM-operating revenues	2,658	15,948
Payments to employees for services	(39,667,205)	(38,756,317)
Payments to suppliers for goods and services	(266,422,947)	(289,440,770)
Payments to refined coal partner	(69,180,757)	(129,841,663)
<b>Net Cash Provided by Operating Activities</b>	<b>93,625,800</b>	<b>163,377,108</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Additions to utility plant	(253,910,315)	(267,506,752)
Payments for retirements of utility plant	(316,673)	(885,151)
Received from sales of retirements of utility plant	13,235,142	114,954
Proceeds from bond issues	496,405,000	-
Bond premium	90,726,960	-
Payments to refund bonds	(638,545,521)	-
Bond issuance costs	(1,746,093)	-
Insurance proceeds	17,867,489	-
Repayment of principal	(23,795,000)	(22,965,000)
Interest paid	(40,086,725)	(52,635,307)
<b>Net Cash Provided by (Used In) Capital and Related Financing Activities</b>	<b>(340,165,736)</b>	<b>(343,877,256)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	19,293,097	13,443,179
Purchases of securities	(213,790,369)	(254,561,613)
Proceeds from sales and maturities of securities	502,059,575	390,596,289
<b>Net Cash Provided by (Used In) Investing Activities</b>	<b>307,562,303</b>	<b>149,477,855</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>61,022,367</b>	<b>(31,022,293)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>3,155,004</b>	<b>34,177,297</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 64,177,371</b>	<b>\$ 3,155,004</b>
<b>NON-CASH ITEMS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Non-Cash purchases of utility plant included in accounts payable	\$ -	\$ 6,990,528
<b>NON-CASH ITEMS FROM INVESTING ACTIVITIES:</b>		
Change in unrealized gain (loss) on investments	\$ (2,491,488)	\$ (2,278,347)
Amortization of premiums and discounts	\$ 496,296	\$ (2,137,491)
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 51,002,210	\$ 63,661,072
Noncash items included in net operating income:		
Income from nonutility operations	2,068,762	1,530,581
Loss of disposition of railcars	(8,049,453)	-
Depreciation	69,675,501	67,953,588
Changes in assets and liabilities:		
Receivables:		
Customers	(2,345,366)	8,256,304
Other	(5,106,191)	(6,099,262)
Fuel Stock	6,466,952	(29,378,784)
Materials and supplies	337,999	5,244,665
Other	(525,690)	472,574
Deferred outflows related to pension plans	(14,572,882)	(129,306)
Accounts payable and accrued liabilities	(9,269,684)	14,741,802
Over (under) recovered fuel costs	(37,041,989)	42,844,350
Other noncurrent liabilities	16,111,898	3,290,658
Deferred inflows related to pension plans	(3,628,061)	(9,011,134)
Deferred inflows related to rate stabilization fund	21,000,000	-
Deferred inflows related to deferred revenues	7,501,794	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 93,625,800</b>	<b>\$ 163,377,108</b>

See notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Business**— The Grand River Dam Authority (the “Authority” or “GRDA”) was created as a nonappropriated agency 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 to the Southwest Power Pool (SPP) Integrated Marketplace that serves Oklahoma, Kansas, Missouri, and Arkansas. 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 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 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.

*Unrestricted Net Position*—This component of net position consists of net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

The financial statements of the Authority are prepared under the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**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.

**Investments**—Investments principally comprise US government securities, US government agencies, US government sponsored enterprises, State of Oklahoma agency bonds, money market funds, and certificates of deposit. 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.

**Fuel Stock**—Coal fuel stock is carried at average cost and includes the costs of coal, freight, and labor. These amounts are charged to expense as the fuel is consumed. Gas fuel stock is carried at average cost and includes the costs of gas, transportation, and gas management fees.

The Authority participates in a fuel emissions protection project with Chouteau Fuels Company, LLC. Chouteau Fuels Company, LLC is a subsidiary of DTE Energy Company, which requires the sale of coal fuel stock to the counterparty that chemically treats the coal fuel stock and then sells it back to the Authority at a reduced price for consumption and enhanced environmental protection.

**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 provides for the Authority to make adjustments in revenue collections from municipal, industrial, cooperative and off-system firm customers to recover actual fuel costs incurred by the Authority. This adjustment, referred to as the Power Cost Adjustment (PCA), is calculated monthly and the Authority’s base rate is set at 23 mills as an estimated PCA. The cumulative difference between the actual fuel costs and the base PCA rate is reflected as either an asset (“under recovery”) or liability (“over recovery”) in the Authority’s accompanying Statements of Net Position, as amounts will either be collected from or refunded to customers of the Authority in subsequent periods.

**Joint Participant**—Among the Authority’s assets is coal-fired plant GREC 2. GREC 2 was jointly owned by the Authority (62%) and KAMO Electric Cooperative, Inc. (KAMO) until May 2016, when the Authority assumed 100% ownership. In 2015 and 2016 the Authority and KAMO also jointly own an integrated transmission system.

**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 interest is 51% and Oklahoma Municipal Power Authority’s interest is 13%. The Authority is entitled up to its ownership share, 36%, of the available power output of the Redbud plant.

The Authority has entered into short-term natural gas supply contracts to purchase and provide its share of fuel supply for the Redbud plant and the Statements of Revenues, Expenses, and Changes in Net Position include \$58,261,865 and \$64,322,618 related to natural gas fuel expenses included in the Fuel line item of Operating Expenses for 2016 and 2015, respectively.

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 Authority’s Statements of Revenues, Expenses, and Changes in Net Position include the following related to those allocations: \$3,129,677 and \$3,692,383 in maintenance, \$5,239,328 and \$1,766,725 in operations, and \$0 and \$2,218,879 in administrative and general line items of the operating expenses section for 2016 and 2015, respectively.

The Redbud facility has long-term service agreements with a large industrial manufacturer for the maintenance of the gas and steam turbines. The related long-term purchase commitments for the Authority’s portion totaled approximately \$74.9 million and \$82.8 as of December 31, 2016 and 2015, respectively. These amounts have been included in the contractual commitments in Note 9. The Authority’s Statements of Net Position in 2016 and 2015 include approximately \$4.4 million in noncurrent prepaid assets for payments made in 2015 related to advanced hot gas path upgrades expected to be installed in 2018.

**Utility Plant and Depreciation**—The cost of utility plant includes direct material, direct labor and indirect costs, such as engineering, supervision, and interest expense (net of applicable interest income) capitalized during construction. The Authority follows the Federal Energy Regulatory Commission (FERC) electric plant instruction guidelines in defining capital assets. 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 are capitalized. Gain or loss is recognized on retirements and dispositions that management believes to be unusual in nature.

Depreciation is computed on the cost of utility plant by the composite method over the following estimated useful lives:

Coal-fired plants	1.5-34 years
Redbud combined-cycle plant	3-32 years
Hydraulic production plants	5-87 years
Transmission system	5-40 years
Other properties and production plant	5-30 years

**Long-Lived Assets**—The Authority reviews long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the service utility of the capital assets has a significant unexpected decline. In reporting its capital assets, the Authority follows the guidance of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.

**Costs to be Recovered from Future Revenues**—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 expense can be deferred as regulatory assets, based on the expected recovery from customers in future rates. Historically, recognition of these costs is deferred to the extent that such costs are later included in rates charged by the Authority in future years.

In 2016, 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. In 2012, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, became effective, giving the Authority an option for the methodology of recording this revenue. This Statement allows for the deferral of revenues associated with nonexchange transactions, such as insurance proceeds, to future periods to better match revenues with the useful life of the assets for which the insurance proceeds were received. Deferral of revenue in accordance with this Statement requires Board Resolution. Board Resolution 5307 pertaining to this matter was passed and adopted by the Board of Directors.

Management continuously monitors the future recoverability of regulatory assets, and when, in management’s judgment, any future recovery becomes impaired, the amount of the regulatory asset is reduced or written off, as appropriate.

**Bonds Payable**—The Authority is operating under 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 and Bond Insurance Expense**—Debt discount or premium and bond insurance expense are amortized using the bonds outstanding method over the periods of the applicable issues. In 2013, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, became effective and the Authority expenses bond issuance costs in the period in which they are incurred, except for bond insurance costs, which are capitalized and amortized over the remaining term of the related bonds.

**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**—The Authority has deferred outflows related to pension plans and loss on reacquired debt.

**Deferred Inflows**—The Authority has deferred inflows related to pension plans and regulated operations.

**Operating and Nonoperating Revenues and Expenses**—Operating revenues include the sales of power and other operating revenues consisting primarily of revenues from transmission and ancillary services. Other operating revenues also include

sales of water, sulfur dioxide emission credit conversions and renewable energy certificates. Operating expenses include costs to operate and maintain the Authority's generation and transmission assets, including fuel, purchased power, depreciation and related administrative and general expenses. Nonoperating revenues include investment income, net increase in the fair value of investments, deferral of costs to be recovered from future revenues, and income from nonutility operations. Nonoperating expenses include interest expense, amortization of costs to be recovered from future revenues and amortization of bond-related expenses.

**Purchased Power**—Purchased Power includes the cost of electricity purchased for resale and settlements for hourly net exchange of electricity in the SPP Integrated Marketplace and the long term commitments for wind purchases.

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

**Adoption of New Accounting Standards**—During the year, the Authority adopted the following accounting standards:

*GASB Statement No. 72, Fair Value Measurement and Application:* This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The statement is effective for financial statements for periods beginning after June 15, 2015. This statement was effective for the Authority in 2016 (see Note 1). The implementation of this statement resulted in additional disclosures of the valuation measures related to investments for 2016.

*GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments:* The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement was effective for the Authority in 2016. This statement did not have a material impact on the Authority's financial statements.

*GASB Statement No. 77, Tax Abatement Disclosures:* Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. This statement was effective for the Authority in 2016. This statement did not have a material impact on the Authority's financial statements.

*GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans:* The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This statement was effective for the Authority in 2016. This statement did not have an impact on the Authority's financial statements.

*GASB Statement No. 79, Certain External Investment Pools and Pool Participants:* This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for

financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria addresses (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. This statement was effective for the Authority in 2016. This statement did not have an impact on the Authority's financial statements.

**Recently Issued Accounting Standards**—The following accounting standards will be adopted as applicable in future periods:

*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:* The 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 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The statement is effective for financial statements for periods beginning after June 15, 2016, which makes it effective for the Authority for fiscal year 2017, and management is currently evaluating the impact of this pronouncement on the Authority's financial statements.

*GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions:* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The statement is effective for financial statements for periods beginning after June 15, 2017, which makes it effective for the Authority for fiscal year 2018, and management is currently evaluating the impact of this pronouncement on the Authority's financial statements.

*GASB Statement No. 80, Blending Requirements for Certain Component Units—an Amendment of GASB Statement No. 14:* The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The statement is effective for financial statements for periods beginning after June 15, 2016, which makes it effective for the Authority for fiscal year 2017, and management is currently evaluating the impact of this pronouncement on the Authority's financial statements.

*GASB Statement No. 81, Irrevocable Split-Interest Agreements:* The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The statement is effective for financial statements for periods beginning after December 15, 2016, which makes it effective for the Authority for fiscal year 2017, and management is currently evaluating the impact of this pronouncement on the Authority's financial statements.

*GASB Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73:* The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The statement is effective for financial statements for periods



beginning after June 15, 2016, which makes it effective for the Authority for fiscal year 2017, and management is currently evaluating the impact of this pronouncement on the Authority's financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The statement is effective for financial statements for periods beginning after June 15, 2018, which makes it effective for the Authority for fiscal year 2019, and management is currently evaluating the impact of this pronouncement on the Authority's financial statements.

GASB Statement No. 84, *Fiduciary Activities*: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement is effective for financial statements for periods beginning after December 15, 2018, which makes it effective for the Authority for fiscal year 2019, and management is currently evaluating the impact of this pronouncement on the Authority's financial statements.

GASB Statement No. 85, *Omnibus 2017*: The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The statement is effective for financial statements for periods beginning after June 15, 2017, which makes it effective for the Authority for fiscal year 2018, and management is currently evaluating the impact of this pronouncement on the Authority's 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. The Authority has no formal policy to address exposure to fair value losses resulting from changes in interest rates. However, 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 not mature later than five (5) years from the date of investment. The Authority attempts to hold the investments to maturity which minimizes the exposure to rising interest rates.

As of December 31, 2016 and 2015, the Authority had the following cash and investments (classified as either cash equivalents, investments or restricted investments on the statements of net position) and corresponding maturities:

Investment Type	2016			
	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
U.S. gov't agencies and U.S. gov't sponsored enterprises	\$ 312,140,114	\$ 43,784,109	\$ 240,222,487	\$ 28,133,518
Certificates of deposits	7,116,378	7,116,378	-	-
Money market funds	99,960,416	99,960,416	-	-
Cash deposits—net	1,986,161	1,986,161	-	-
<b>Total</b>	<b>\$ 421,203,069</b>	<b>\$ 152,847,064</b>	<b>\$ 240,222,487</b>	<b>\$ 28,133,518</b>

Investment Type	2015			
	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
U.S. gov't agencies and U.S. gov't sponsored enterprises	\$ 611,066,436	\$ 261,072,833	\$ 319,952,829	\$ 30,040,774
Certificates of deposits	6,979,153	6,979,153	-	-
Money market funds	29,741,828	29,741,828	-	-
Cash deposits—net	2,657,682	2,657,682	-	-
<b>Total</b>	<b>\$ 650,445,099</b>	<b>\$ 300,451,496</b>	<b>\$ 319,952,829</b>	<b>\$ 30,040,774</b>

*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 Bank—"FHR") are direct obligations of the agencies. With the exception of Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"), which are government-sponsored quasi-governmental agencies (which also received US government backing during 2008), the agencies have the backing of the US 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 US Government. Securities issued by the Federal Farm Credit Bank (FFCB) 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 Money Market Funds are held by a bank and are collateralized at over 100% of the cash fair value with US Treasury and U.S. Agency securities. The Authority addresses credit risk of investments through the Authority's Board Policy 5-2 which states that investments must be backed by the US 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, 2016 and 2015, the Authority's investments had the following ratings:

Investment Rating	2016		
	Investment Rating		
	Moody's/ S&P/Fitch Aaa/AA+/AAA	Credit Risk Not Applicable	Total
Money markets	\$ -	\$ 99,960,416	\$ 99,960,416
Certificates of deposits	-	7,116,378	7,116,378
U.S. gov't securities	174,689,428	-	174,689,428
U.S. gov't agencies and U.S. gov't sponsored enterprises	137,450,686	-	137,450,686
Cash deposits--net	-	1,986,161	1,986,161
	<b>\$ 312,140,114</b>	<b>\$ 109,062,955</b>	<b>\$ 421,203,069</b>

Investment Rating	2015		
	Investment Rating		
	Moody's/ S&P/Fitch Aaa/AA+/AAA	Credit Risk Not Applicable	Total
Money markets	\$ -	\$ 29,741,828	\$ 29,741,828
Certificates of deposits	-	6,979,153	6,979,153
U.S. gov't securities	382,379,150	-	382,379,150
U.S. gov't agencies and U.S. gov't sponsored enterprises	228,687,286	-	228,687,286
Cash deposits--net	-	2,657,682	2,657,682
	<b>\$ 611,066,436</b>	<b>\$ 39,378,663</b>	<b>\$ 650,445,099</b>

As of December 31, 2016 and 2015, the Authority had the following portfolio of investments with credit exposure by investment type as a percentage of total investments:

	2016	2015
U.S. government securities	<b>41.5 %</b>	58.8 %
U.S. government agencies and U.S. government sponsored enterprises:		
FFCB	<b>2.2</b>	4.9
FHLB	<b>3.9</b>	9.4
GNMA	<b>13.6</b>	0.6
FHLMC	<b>12.3</b>	9.3
FNMA	<b>0.6</b>	11.0
Money market funds	<b>23.7</b>	4.6
Certificate of deposits	<b>1.7</b>	1.0
Cash deposits--net	<b>0.5</b>	0.4

*Custodial Credit Risk*—For an investment, 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.

*Fair Value Measurements*—According to GASB Statement No. 72, the Authority is required to disclose the valuation technique and level of inputs for all investments. The Authority’s investments fall into either input Level 1 or 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. For example, US government securities are reflected as Level 2 because the inputs used to determine fair value may not always be quoted prices in an active market. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in inactive markets
- Quoted prices for identical or smaller 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 following table shows the levels used to measure the fair value of investments:

	2016			
	Fair Value			
	Level 1	Level 2	Level 3	Total
US government securities	\$ -	\$ 172,178,103	\$ -	\$ 172,178,103
Agency securities	-	139,951,011	-	139,951,011
<b>Total</b>	<b>\$ -</b>	<b>\$ 312,129,114</b>	<b>\$ -</b>	<b>\$ 312,129,114</b>

**Carrying Values**—Cash and cash equivalents and current and noncurrent investments at December 31, 2016 and 2015, follows:

	2016							Total
	General Operations	Board Designated	Rate Stabilization	Bond Service (Restricted)	Construction (Restricted)	Bond Service Reserve (Restricted)	Other Special Purposes (Restricted)	
<b>Current:</b>								
Cash deposits - net	\$ 1,986,161	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,350,982	\$ 4,337,143
Money market funds - cash and investments	62,191,210	-	-	2,168,491	17,867,489	-	27,000	82,254,190
U.S. government securities, agencies and sponsored enterprises	7,956,725	-	-	16,355,852	-	-	-	24,312,577
Certificates of deposits - maturity > 3 months	4,765,396	-	-	-	-	-	-	4,765,396
<b>Total current</b>	<b>76,899,492</b>	<b>-</b>	<b>-</b>	<b>18,524,343</b>	<b>17,867,489</b>	<b>-</b>	<b>2,377,982</b>	<b>115,669,306</b>
<b>Non-current:</b>								
U.S. government securities, agencies and sponsored enterprises	98,189,451	38,849,000	21,000,000	-	45,424,228	84,364,858	-	287,827,537
Money market funds	-	-	-	-	15,442,176	2,264,050	-	17,706,226
<b>Total non-current</b>	<b>98,189,451</b>	<b>38,849,000</b>	<b>21,000,000</b>	<b>-</b>	<b>60,866,404</b>	<b>86,628,908</b>	<b>-</b>	<b>305,533,763</b>
<b>Total cash and investments</b>	<b>\$ 175,088,943</b>	<b>\$ 38,849,000</b>	<b>\$ 21,000,000</b>	<b>\$ 18,524,343</b>	<b>\$ 78,733,893</b>	<b>\$ 86,628,908</b>	<b>\$ 2,377,982</b>	<b>\$ 421,203,069</b>

	2015						Total
	General Operations	Board Designated	Bond Service (Restricted)	Construction (Restricted)	Bond Service Reserve (Restricted)	Other Special Purposes (Restricted)	
<b>Current:</b>							
Cash deposits - net	\$ 2,657,682	\$ -	\$ -	\$ -	\$ -	\$ 2,451,663	\$ 5,109,345
Money market funds - cash and investments	497,322	-	27,133	6,990,528	-	27,000	7,541,983
U.S. government securities, agencies and sponsored enterprises	15,973,461	-	18,211,734	-	-	-	34,185,195
Certificates of deposits - maturity > 3 months	4,527,490	-	-	-	-	-	4,527,490
<b>Total current</b>	<b>23,655,955</b>	<b>-</b>	<b>18,238,867</b>	<b>6,990,528</b>	<b>-</b>	<b>2,478,663</b>	<b>51,364,013</b>
<b>Non-current:</b>							
U.S. government securities, agencies and sponsored enterprises	150,186,243	38,266,000	-	304,283,433	84,145,565	-	576,881,241
Money market funds	-	-	-	17,136,707	5,063,138	-	22,199,845
<b>Total non-current</b>	<b>150,186,243</b>	<b>38,266,000</b>	<b>-</b>	<b>321,420,140</b>	<b>89,208,703</b>	<b>-</b>	<b>599,081,086</b>
<b>Total cash and investments</b>	<b>\$ 173,842,198</b>	<b>\$ 38,266,000</b>	<b>\$ 18,238,867</b>	<b>\$ 328,410,668</b>	<b>\$ 89,208,703</b>	<b>\$ 2,478,663</b>	<b>\$ 650,445,099</b>

The restricted balances are the minimum amounts required to be maintained.

Additional information relating to cash and investment restrictions follows:

*Rate Stabilization Fund*—As of December 31, 2016, the Authority established and deposited \$21 million into the rate stabilization fund in the accompanying Statements of Net Position. Customer contracts contain requirements for the establishment and funding of a rate stabilization fund. General Bond Resolution No. 5107, Board Resolution No. 5154 contain further guidelines for the establishment and maintenance of the fund. This amount was funded from operating revenues and will be used at the discretion of the Authority’s Board of Directors to reduce or defer future rate increases.

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

*Construction*—A 2008 construction fund was established in September 2008 with the proceeds from the Revenue Bonds, Series 2008A and 2008B. Initial disbursements were for the purchase of a 36% interest in the 1230 MW gas-fired, combined-cycle power generation facility located in Luther, Oklahoma (see Note 1). Additional costs to be funded from the remaining balance include capital additions, repairs, and improvements to the Authority’s coal-fired generation complex, transmission system, hydroelectric generating facilities and ecosystems. The last of this construction fund was expended in 2015.

A 2010 construction fund was established in December 2010 with the proceeds from the Revenue Bonds, Series 2010A and 2010B. The proceeds from the 2010 Bonds will be used to fund certain system costs consisting of capital additions, repairs and improvements to the Authority’s coal-fired generation complex, transmission system, hydroelectric generating facilities, ecosystems and the natural gas-fired, combined-cycle generation facility. This last of this construction fund was expended in 2015.

A 2014 construction fund was established in October 2014 with the proceeds of the Revenue Bonds, Series 2014A and 2014B. The construction fund was increased in December 2014 from the proceeds of the Revenue Bonds, Series 2014C. The proceeds from the 2014 Bonds will be used to fund a portion of the costs of construction of a nominal 495 MW gas-fired combined-cycle plant (GREC 3) on the site of the Authority’s existing Grand River Energy Center (formerly known as the Coal-Fired Complex) in Chouteau, Oklahoma, to fund environmental upgrades to the existing nominal 520 MW coal-fired plant (GREC 2), and to fund other capital requirements for power supply and transmission needs.

*Bond Service Reserve*—The restricted amount in the accompanying Statements of Net Position reflects the maximum aggregate debt service for all bonds outstanding per General Bond Resolution No. 5107.

*Restricted for Other Special Purposes*—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 is 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 \$106,000 were made from the fund in 2016 and no expenditures were made from the fund in 2015. 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. No expenditures were made from the fund in either 2016 or 2015.

*Line of Credit*—In 2015, the Authority established an unsecured line of credit of \$3 million to meet the requirements for participating in the SPP Integrated Marketplace. The current line of credit expires on May 31, 2017, with an auto-renewal clause.

In addition to these restricted funds, two special funds (designated by the Authority’s Board of Directors in December 2004) are unrestricted:

*The Special Reserve and Contingency Fund I*—This designated, though unrestricted, fund was established in December 2004 as a Board-designated fund for future use, if needed, for extraordinary maintenance, operational and environmental expenses. This Board-designated fund had a balance of \$22.5 million as of December 31, 2016 and 2015, respectively.

*The Special Reserve and Contingency Fund II*—This designated though unrestricted fund was established in December 2004 as a Board-designated fund for future use, if needed, related to unforeseen risk, including, but not limited to, unscheduled outages, unexpected purchased power expense, and other extraordinary expense not covered by insurance proceeds. This Board-designated fund had a balance of \$38.8 million and \$38.3 million as of December 31, 2016 and 2015, respectively.

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, 2016 and 2015, were as follows:

	2016	2015
Gross realized gains	\$ 2,945,207	\$ 1,739,132
Gross realized losses	(995,893)	(1,283,729)

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

### 3. RECEIVABLES

Accounts receivable is comprised at December 31, 2016 and 2015, of the following amounts:

	2016	2015
Customers	\$ 35,102,788	\$ 32,757,422
Less allowance for doubtful accounts	(100,000)	(100,000)
Other	19,714,233	14,165,711
<b>Total</b>	<b>\$ 54,717,021</b>	<b>\$ 46,823,133</b>

In general, other accounts receivable include KAMO Power’s participation as a co-owner of the Authority’s coal-fired plant GREC 2 (for 2015), insurance recoveries related to the July 2016 GREC Fire (for 2016), Chouteau Fuels Company, LLC, reimbursable work for other entities, the current portion of receivables for aid of construction, and dock billings.

At December 31, 2016 and 2015, the Authority had noncurrent receivables for closure and post-closure costs related to the flyash landfill at the GREC of \$74,741 and \$517,072, respectively.

#### 4. UTILITY PLANT

A summary of changes in utility plant for the years ended December 31, 2016 and 2015, follows:

	2016			
	Balance December 31, 2015	Additions/ Transfers	Retirements	Balance December 31, 2016
<b>Capital assets - nondepreciable:</b>				
Land	\$ 37,648,820	\$ -	\$ -	\$ 37,648,820
Construction work in progress	267,395,207	173,633,672	-	441,028,879
<b>Total capital assets - nondepreciable</b>	<b>305,044,027</b>	<b>173,633,672</b>	<b>-</b>	<b>478,677,699</b>
<b>Capital assets - depreciable:</b>				
Coal-fired plant GRDA 1 (reduced by cost of common facilities applicable to joint ownership of GRDA 2 (Note 1))	353,902,549	18,792,128	(16,149,948)	356,544,729
Coal-fired plant GRDA 2 (Note 1)	337,699,915	160,367,560	(18,560,714)	479,506,761
Redbud combined-cycle plant	364,784,756	1,578,221	(1,421,315)	364,941,662
Hydraulic production plants	164,032,531	3,788,091	(95,264)	167,725,358
Transmission system	344,058,978	32,925,388	(2,208,658)	374,775,708
Other properties and production plant	122,188,272	13,428,499	(1,766,653)	133,850,118
	<b>1,686,667,001</b>	<b>230,879,887</b>	<b>(40,202,552)</b>	<b>1,877,344,336</b>
<b>Less accumulated depreciation:</b>				
Coal-fired plant GRDA 1	(281,617,507)	(34,205,731)	3,375,456	(312,447,782)
Coal-fired plant GRDA 2	(237,996,157)	(147,093,573)	14,212,981	(370,876,749)
Redbud combined-cycle plant	(134,723,258)	(18,259,262)	496,392	(152,486,128)
Hydraulic production plants	(32,615,897)	(2,399,993)	89,826	(34,926,064)
Transmission system	(160,395,409)	(9,611,862)	1,550,072	(168,457,199)
Other properties and production plant	(63,737,056)	(9,922,705)	1,493,482	(72,166,279)
	<b>(911,085,284)</b>	<b>(221,493,126)</b>	<b>21,218,209</b>	<b>(1,111,360,201)</b>
<b>Total capital assets - depreciable</b>	<b>775,581,717</b>	<b>9,386,761</b>	<b>(18,984,343)</b>	<b>765,984,135</b>
<b>Net utility plant</b>	<b>\$ 1,080,625,744</b>	<b>\$ 183,020,433</b>	<b>\$ (18,984,343)</b>	<b>\$ 1,244,661,834</b>

	2015			
	Balance December 31, 2014	Additions/ Transfers	Retirements	Balance December 31, 2015
<b>Capital assets - nondepreciable:</b>				
Land	\$ 35,948,598	\$ 1,700,222	\$ -	\$ 37,648,820
Construction work in progress	63,761,061	203,634,146	-	267,395,207
<b>Total capital assets - nondepreciable</b>	<b>99,709,659</b>	<b>205,334,368</b>	<b>-</b>	<b>305,044,027</b>
<b>Capital assets - depreciable:</b>				
Coal-fired plant GRDA 1 (reduced by cost of common facilities applicable to joint ownership of GRDA 2 (Note 1))	352,154,001	2,130,595	(382,047)	353,902,549
Coal-fired plant GRDA 2 (Note 1)	329,224,055	34,503,799	(26,027,939)	337,699,915
Redbud combined-cycle plant	371,480,246	2,784,193	(9,479,683)	364,784,756
Hydraulic production plants	157,365,882	8,607,328	(1,940,679)	164,032,531
Transmission system	331,013,817	13,799,030	(753,869)	344,058,978
Other properties and production plant	118,124,862	7,337,967	(3,274,557)	122,188,272
	<b>1,659,362,863</b>	<b>69,162,912</b>	<b>(41,858,774)</b>	<b>1,686,667,001</b>
<b>Less accumulated depreciation:</b>				
Coal-fired plant GRDA 1	(272,446,034)	(9,493,294)	321,821	(281,617,507)
Coal-fired plant GRDA 2	(252,628,135)	(9,769,510)	24,401,488	(237,996,157)
Redbud combined-cycle plant	(117,846,766)	(18,331,452)	1,454,960	(134,723,258)
Hydraulic production plants	(31,432,782)	(2,258,282)	1,075,167	(32,615,897)
Transmission system	(150,886,455)	(10,091,162)	582,208	(160,395,409)
Other properties and production plant	(57,805,027)	(8,595,328)	2,663,299	(63,737,056)
	<b>(883,045,199)</b>	<b>(58,539,028)</b>	<b>30,498,943</b>	<b>(911,085,284)</b>
<b>Total capital assets - depreciable</b>	<b>776,317,664</b>	<b>10,623,884</b>	<b>(11,359,831)</b>	<b>775,581,717</b>
<b>Net utility plant</b>	<b>\$ 876,027,323</b>	<b>\$ 215,958,252</b>	<b>\$ (11,359,831)</b>	<b>\$ 1,080,625,744</b>

The change in construction work in progress during 2016 and 2015 is presented on a net basis to avoid a duplication of additions and retirements in the preceding tables. The change in construction work in progress includes capitalized interest of approximately \$11,783,000 and \$4,642,000 for 2016 and 2015, respectively, which also increases investment income. The Authority had depreciation and amortization expense of \$69,673,894 and \$67,953,588 for 2016 and 2015, respectively.

The Authority had contractual commitments at December 31, 2016, of approximately \$95,525,000 for equipment and construction contracts. Major projects include construction of the natural gas combined-cycle plant, GREC 3, for approximately \$73,257,000; SCADA, upgrades of communications and network security for approximately \$6,099,000; refurbishment of the Pensacola flood gates for approximately \$4,852,000; the construction of transmission lines and substations for approximately \$3,684,000; Markham Ferry Hydroelectric Plant upgrade for approximately \$2,592,000; GREC improvements for approximately \$1,404,000; the purchase of new fleet vehicle and heavy equipment for approximately \$833,000; ecological, lake and environmental projects for approximately \$748,000; and upgrades for police equipment and communications for approximately \$726,000.

On the evening of July 1, 2016, a lightning strike precipitated a fire at the GREC, which resulted in a short outage of GREC 1 and the impairment of assets within GREC 2. GREC 1 was successfully returned to operation July 19, 2016, and the Authority determined that no portion of GREC 1 was impaired. The GREC 2 turbine-generator and auxiliary systems were extensively damaged and require significant restoration before the assets are able to return to service. According to Statement 42, the capital assets damaged by the turbine-generator fire are considered impaired. The Authority has utilized the restoration cost approach based on current-year dollars to measure the impairment. Under the restoration cost approach, the amount of the impairment is derived from the ratio of estimated costs to restore the utility of the affected capital assets to the total cost to replace the assets. This ratio is then multiplied by the carrying value of the impaired assets. As a result, the Authority reduced the carrying amount of its electric plant and equipment by approximately \$4,264,954 in 2016 along with an insurance recovery amount of \$38,658,526. Both items are included in the insurance recoveries net of impairment loss and recorded as an extraordinary item on the Statements of Revenues, Expenses and Changes in Net Position.

The property and casualty insurer of the GREC 2 turbine-generator has acknowledged that the damage is subject to insurance coverage. In lieu of a lump sum payment of insurance proceeds, the insured opted to advance the insurance proceeds periodically as needed. The Authority has established a Fire Insurance Fund with Bank of Oklahoma to handle all insurance proceeds and reimbursements. All insurance advancements have been credited to Other Deferred Credits. In 2016, \$50 million in insurance proceeds were advanced, of which \$32,132,511 was reimbursed from the fund, resulting in a balance of \$17,867,489 on the Statements of Net Position as unearned revenue related to insurance proceeds. The Authority also has a receivable recorded for items that were paid by the Authority but not reimbursed from the Fire Insurance Fund as of December 31, 2016, in the amount of \$14,027,810. This amount is a portion of the Current Assets: Accounts receivable-net on the Statements of Net Position.

As a consequence of the GREC 2 turbine-generator fire, GREC 2 has been idled until such time that the restoration is complete. The carrying amount of the electric plant and equipment idled at December 31, 2016, was approximately \$85.9 million.

The Authority entered into a lease vehicle program in 2016, leasing 14 passenger vehicles with a term of 48 months, or four years. 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 2016 is \$295,952. Total accumulated amortization related to the leased vehicles is \$49,160 at December 31, 2016. The balance of capital leases payable at December 31, 2016, is \$246,792 and is recorded as a portion of accounts payable and accrued liabilities. The Authority is committed to expanding the program by leasing an additional three passenger vehicles in 2017 at a gross amount of \$76,867. 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 payment amount for 2016 is \$7,965.



The following is a schedule detailing the current and future minimum lease payments under capital leases:

	Current Lease Payment	Future Lease Payments	Total Lease Payments
2016	\$ 49,160	\$ -	\$ 49,160
2017	73,988	9,608	83,596
2018	73,988	19,217	93,205
2019	73,988	19,217	93,205
2020	24,828	19,217	44,045
2021	-	9,608	9,608
<b>Total</b>	<b>\$ 295,952</b>	<b>\$ 76,867</b>	<b>\$ 372,819</b>

## 5. COST TO BE RECOVERED FROM FUTURE REVENUES

At December 31, 2016, the deferred regulatory asset consists of recognized revenues associated with the GREC fire insurance proceeds on capital assets. The capital assets in service were subject to revenue amortization and represent only a portion of the deferral of revenues. A rollforward of costs to be recovered from future revenues follows:

	2016
Beginning balance	\$ -
Deferral of revenues	7,504,470
Amortization of revenues	(2,676)
Ending balance	\$ 7,501,794

## 6. BONDS PAYABLE

A summary of changes in bonds payable for the years ended December 31, 2016 and 2015, follows:

	2016			
	December 31, 2015	Bonds Issued	Retirements	December 31, 2016
Revenue Bonds, 2008 Series A:				
3.2% to 5% Series 2008A - maturing in 2014 through 2028	\$ 328,560,000	\$ -	\$ (308,800,000)	\$ 19,760,000
4.8% to 5% Series 2008A - maturing in 2033	191,930,000	-	(191,930,000)	-
Total Series 2008 A	520,490,000	-	(500,730,000)	19,760,000
Revenue Bonds, 2010 Series A & B:				
3% to 5.25% Series 2010A - maturing in 2015 through 2040	158,750,000	-	(47,695,000)	111,055,000
3.71% to 7.155% Series 2010B (fully taxable) - maturing 2015 through 2040	75,860,000	-	(1,320,000)	74,540,000
Total Series 2010 A & B	234,610,000	-	(49,015,000)	185,595,000
Revenue Bonds, 2014 Series A, B & C:				
3% to 5% Series 2014A - maturing in 2018 through 2039	225,635,000	-	-	225,635,000
1.804% to 3.961% Series 2014B (fully taxable) - maturing 2018 through 2039	84,845,000	-	-	84,845,000
Variable Rate Series 2014C (fully taxable) - maturing in 2018 through 2039	65,000,000	-	(65,000,000)	-
Total Series 2014 A, B & C	375,480,000	-	(65,000,000)	310,480,000
Revenue Bonds, 2016 Series A & B:				
3% to 5% Series 2016A - maturing in 2019 through 2039	-	475,330,000	-	475,330,000
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	-	496,405,000
Total bonds payable	1,130,580,000	496,405,000	(614,745,000)	1,012,240,000
Less current portion	(23,795,000)			(24,780,000)
Long-term portion	1,106,785,000			987,460,000
Add (deduct):				
Unamortized debt premium	37,267,836	90,075,081	(11,157,948)	116,184,969
Unamortized debt discount	(3,643,429)	-	1,209,689	(2,433,740)
Unamortized loss on advance refunding	-	(29,563,900)	-	(29,563,900)
Long-term bonds payable	\$ 1,140,409,407	\$ 60,511,181	\$ (9,948,259)	\$ 1,071,647,329

	2015			
	December 31, 2014	Bonds Issued	Retirements	December 31, 2015
Revenue Bonds, 2008 Series A:				
3.2% to 5% Series 2008A - maturing in 2014 through 2028	\$ 346,820,000	\$ -	\$ (18,260,000)	\$ 328,560,000
4.8% to 5% Series 2008A - maturing in 2033	191,930,000	-	-	191,930,000
Total Series 2008 A	538,750,000	-	(18,260,000)	520,490,000
Revenue Bonds, 2010 Series A & B:				
3% to 5.25% Series 2010A - maturing in 2015 through 2040	162,185,000	-	(3,435,000)	158,750,000
3.71% to 7.155% Series 2010B (fully taxable) - maturing 2015 through 2040	77,130,000	-	(1,270,000)	75,860,000
Total Series 2010 A & B	239,315,000	-	(4,705,000)	234,610,000
Revenue Bonds, 2014 Series A, B & C:				
3% to 5% Series 2014A - maturing in 2018 through 2039	225,635,000	-	-	225,635,000
1.804% to 3.961% Series 2014B (fully taxable) - maturing 2018 through 2039	84,845,000	-	-	84,845,000
Variable Rate Series 2014C (fully taxable) - maturing in 2018 through 2039	65,000,000	-	-	65,000,000
Total Series 2014 A, B & C	375,480,000	-	-	375,480,000
Total bonds payable	1,153,545,000	-	(22,965,000)	1,130,580,000
Less current portion	(22,965,000)			(23,795,000)
Long-term portion	1,130,580,000			1,106,785,000
Add (deduct):				
Unamortized debt premium	40,121,473	-	(2,853,637)	37,267,836
Unamortized debt discount	(3,890,800)	-	247,371	(3,643,429)
Long-term bonds payable	\$ 1,166,810,673	\$ -	\$ (2,606,266)	\$ 1,140,409,407

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.

In 2016, the Authority issued \$496,405,000 of 2016 Series A and Series B Revenue Bonds to (i) advance refund \$481,790,000 of the Authority's Revenue Bonds, Series 2008A and advance refund \$44,160,000 of the Authority's Revenue Bonds, Series 2010A, and redeem all of the Authority's \$65,000,000 Revenue Bonds, Series 2014C (Federally Taxable), and (ii) to finance certain costs of issuance of the Series 2016 Bonds. The Authority recorded an initial accounting loss of approximately \$30 million in connection with this advance refunding, which was recorded as a deferred asset and is being amortized to expense over the life of the new bonds. The economic gain on the transaction was \$111.4 million. The difference between the present values of the old and new debt service payments is \$69.5 million. The Authority will realize \$132.5 million in decrease aggregate debt service payments.

In 2014, the Authority issued \$375,480,000 of 2014 Series A, Series B, and Series C Revenue Bonds to fund a portion of the construction of a nominal 495 MW combined-cycle plant (GREC 3), to fund environmental upgrades to the existing nominal 520 MW coal-fired plant (GREC 2), to fund other capital requirements for power supply and transmission needs and to pay certain costs of issuance of the 2014 Bonds. The \$225,635,000 Series 2014A (tax-exempt) and the \$84,845,000 Series B (taxable) bonds were issued in October 2014 and have a fixed interest rate. The \$65,000,000 Series 2014C (taxable) bonds were issued in December 2014 and have a variable rate. The 2014C Bonds were issued in the weekly mode and will bear interest at the weekly rate, which, in the sole and exclusive judgment of the remarketing agent, would equal (but not exceed) the interest rate necessary to enable the remarketing agent to sell such Series 2014C Bonds (exclusive of accrued interest, if any) on the relevant rate adjustment date and for such rate period at a price equal to one hundred percent (100%) of the principal amount thereof. While in the weekly mode, the Series 2014C Bonds are subject to redemption and optional and mandatory tender for purchase prior to maturity. Additionally, the Series 2014C Bonds have the benefit of credit facility in the form of an irrevocable direct pay letter of credit issued by Barclays Bank PLC. Barclays Capital Inc. is the remarketing agent for the Series 2014C Bonds. The Series 2014C Bonds were redeemed by the 2016 refunding issues.

In December 2010, the Authority issued \$239,315,000 of 2010 Series A and Series B Revenue Bonds to fund capital additions, repairs and improvements to the system, to fund a portion of the interest accruing on the 2010 Bonds to December 1, 2012, and to pay certain costs of issuance of the 2010 Bonds. \$44,160,000 of the Series 2010A Bonds were advance refunded with the 2016 refunding issues.

In September 2008, the Authority issued \$575,375,000 of 2008 Series A and Series B Revenue Bonds for the purchase of a 36% interest in the 1230MW gas-fired, combined-cycle Redbud Power Plant (see Note 1), to fund capital additions, repairs and improvements to the system, to make deposits into the bonds service reserve, reserve, and contingency accounts and to pay certain costs of issuance for the 2008 bonds. \$481,790,000 of the Series 2008A Bonds were advance refunded with the 2016 refunding issues.

Monies from the 2016 refunding bonds were placed in escrow for the payment of principal and interest on all the defeased bonds and were invested in obligations of the United States, which were deposited in irrevocable trusts with recourse against the trustee if funds are not available to pay principal, interest and any redemption premium on a timely basis. Since the revenue bonds that are defeased are no longer direct liabilities of the Authority, they are not reflected on the accompanying Statements of Net Position.

Defeased bonds of \$525,950,000 were outstanding at December 31, 2016. At December 31, 2016, the defeased term bonds were a portion of the Series 2008A and Series 2010A.

The scheduled maturities of bonds payable at December 31, 2016, are as follows and reflect the scheduled payments to be remitted by the trustee to the bondholders:

Years Ending December 31	Due to Bond Holders			Due to Trustee
	Annual Principal	Semiannual Interest	Calendar Year Bond Payments	Debt Service Requirement
2017	\$ 24,780,000	\$ 25,459,332		\$ 62,434,312
		12,097,788	\$ 62,337,120	
2018	14,760,000	35,571,384		68,824,814
		11,857,267	62,188,651	
2019	26,205,000	35,330,863		79,369,928
		11,566,587	73,102,450	
2020	37,505,000	34,567,483		85,559,670
		11,222,744	83,295,227	
2021	39,100,000	33,180,210		83,861,158
		10,870,546	83,150,756	
2022-2026	235,890,000	190,516,497	426,406,497	426,229,038
2027-2031	274,350,000	129,237,627	403,587,627	406,414,847
2032-2036	234,065,000	58,984,944	293,049,944	273,801,046
2037-2040	125,585,000	12,114,785	137,699,785	116,101,203
	\$ 1,012,240,000	\$ 612,578,057	\$ 1,624,818,057	\$ 1,602,596,016

While the Authority makes monthly sinking fund payments for cash management purposes, per the General Bond Resolution No. 5107, the payments from the revenue fund to the debt service fund only need to be sufficient to pay the June 1st interest and principal payments and the December 1st interest payments.

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 or sold or disposed of and additional parity bonds are not to be issued unless certain conditions are met. As of December 31, 2016, the Authority was in compliance 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 had no accrued liability balance for arbitrage rebate at December 31, 2016 and 2015, respectively.

## 7. RETIREMENT PLANS, POSTRETIREMENT, AND OTHER EMPLOYEE BENEFITS

The Authority participated in five retirement plans during 2016 and 2015. 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 implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*— an amendment of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* an amendment of GASB Statement No. 68, effective January 1, 2015. The opening Net Position of 2015 was restated.

The Authority is a participant in two cost-sharing 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, 2016:

	OPERS	OLERS	Total
Deferred outflows of resources	\$ 15,800,828	\$ 886,396	\$ 16,687,224
Deferred inflows of resources	961,503	705,035	1,666,538
Pension liability (asset)	22,684,530	(142,729)	22,541,801

### 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 and may be amended by the legislature of the State. Title 74 of the Oklahoma Statutes, Sections 901 through 943, as amended, assigns the authority for management and operation of the OPERS Plan to the OPERS Board of Trustees.

Effective November 1, 2015, Oklahoma Legislature enacted legislation 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](http://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 fiscal years ended June 30, 2016 and 2015.

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, 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 2016 and 2015, the OPERS recognized \$6,615,357 and \$6,333,952, respectively, in contributions from the Authority, respectively.

Contribution rates as of December 31, 2016 and 2015, were as follows:

Employee Category	2016		2015	
	Employee	Employer	Employee	Employer
General	3.5 %	16.5 %	3.5 %	16.5 %
Elected Officials	3.5	16.5	3.5	16.5

**OPERS Hazardous Duty.** On July 1, 2016, HB 1388 was signed into law, which required the Authority to participate in the OPERS Hazardous Duty for GRDA Police employees. This group of employees contribute 8% on salary, while the Authority contributed 16.5%, on all salary beginning July 1, 2016.

The employee contribution rate is required for a maximum of 20 years of hazardous duty participating service. After the employee has contributed at the higher rate for 20 years, he or she 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***

As of December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (note that GRDA’s proportionate share of the items disclosed in the below table are reduced by the portion related to KAMO of approximately 8%):

	OPERS Plan – 2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 961,503
Changes in assumptions	5,174,649	-
Net differences between projected and actual earnings on pension plan investments	7,143,754	-
Employer contributions subsequent to the measurement date	3,197,984	-
Change in proportion	284,440	-
<b>Total</b>	<b>\$ 15,800,827</b>	<b>\$ 961,503</b>

\$3,197,984 reported as deferred outflows related to pension resulting from the OPERS Employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. 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	
	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 2,896,014	\$ 546,956
2018	2,796,337	390,825
2019	7,795,709	30,708
2020	2,742,488	-

At December 31, 2016, the Authority reported a liability of \$22,684,530 for its cumulative proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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. At June 30, 2016, the Authority’s proportion, which included the proportion previously designated for Oklahoma Scenic Rivers Commission was 2.2062%. For the year ended December 31, 2016, the Authority recognized pension expense of \$3,685,633.

**Actuarial assumptions** – The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	July 1, 2016
Measurement Date of Net Pension Liability	June 30, 2016
Actuarial Cost Method	Entry Age
Asset Valuation Method for Contributions	Five-year moving average of expected and actual market values
Asset Valuation Method for Assets Under GASB 68	Fair value of assets
Long-Term Expected Rate of Return	7.25%
Discount Rate	7.25%
Salary Increases:	4.5% to 8.4% per year including inflation
Inflation	3.0%
Seniority/merit	
Mortality	RP-2000 Combined Active/Retiree Healthy Mortality Table
Post-retirement Adjustments*	N/A

Actuarial assumptions are based upon the most recent experience study, which covered the three year period ending June 30, 2013. The experience study report is dated May 9, 2014.

**Sensitivity of the Authority’s proportionate share of the net pension liability to changes in the discount rate.** The following presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease to Discount Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase To Discount Rate (8.25%)
<b>The Authority’s 2016 proportionate share of the net pension liability</b>	<b>\$ 44,106,907</b>	<b>\$ 21,546,600</b>	<b>\$ 2,394,825</b>
	1% Decrease to Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase To Discount Rate (8.50%)
The Authority’s 2015 proportionate share of the net pension liability	\$ 29,104,476	\$ 7,810,649	\$ (10,292,482)

*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 as of June 30, 2016 and 2015, are summarized in the following table.

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

*Single Discount rate.* The discount rate used to measure the total pension liability was 7.25% for 2016 and 7.50% for 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the 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.

*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](http://www.opers.ok.gov).

### **Payables to the pension plan**

At December 31, 2016 and 2015, the Authority has outstanding payables to OPERS of \$643,410 and \$663,524, respectively, related to December 2016 and 2015 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 after August 29, 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 Titles 47, Section 2, 315, which provided that Authority lake patrolmen and dispatchers as of June 30, 2003, could 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. Title 47 of the Oklahoma Statutes, Sections 2, 300 through 315, as amended, assigns the authority for management and operation of the OLERS Plan to the OLERS Board.

HB 1388 made all employees hired after July 1, 2016, ineligible to join the OLERS plan.

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.olders.state.ok.us](http://www.olders.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 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 2016 and 2015, the OLERS recognized \$136,630 and \$81,430 in contributions from the Authority, respectively.

Contribution rates as of December 31, 2016 and 2015, were 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***

At December 31, 2016, the Authority reported an asset of \$142,729 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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. At June 30, 2015, the Authority’s proportion was 1.3370%.

For the year ended December 31, 2016, the Authority recognized pension expense of \$419,985.

At December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (note that GRDA’s proportionate share of the items disclosed in the below table are reduced by the portion related to KAMO of approximately 8%):

	OLERS Plan – 2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 351,889	\$ 236,819
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	-	468,215
Employer contributions subsequent to the measurement date	67,200	-
Change in Proportion	467,307	-
<b>Total</b>	<b>\$ 886,396</b>	<b>\$ 705,034</b>



\$67,200 reported as deferred outflows related to pension resulting from the OLEERS employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. 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:	OLEERS Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 140,567	\$ (147,618)
2018	140,567	(147,618)
2019	148,315	(318,577)
2020	124,340	(237,100)
2021	29,278	-

**Actuarial assumptions.** The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	July 1, 2016
Measurement Date of Net Pension Liability	June 30, 2016
Actuarial Cost Method	Entry Age
Asset Valuation Method for Contributions	Five-year moving average of expected and actual market values
Asset Valuation Method for Assets Under GASB 68	Fair value of assets
Long-Term Expected Rate of Return	7.5%
Discount Rate	7.5%
Salary Increases	3.0%
Inflation	3.75% - 7.8%, including inflation
Seniority/Merit	
Mortality	RP-2000 Combined Blue Collar Healthy Employees with Generational Projection

Actuarial assumptions used in the July 1, 2016, valuation are based upon an experience study conducted using experience from 2007 – 2011.

**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	N/A	20 %
Small Cap Equity	N/A	10
Long/Short Equity	N/A	10
International	N/A	10
Emerging Market	N/A	5
Private Equity	N/A	5
Fixed Income	N/A	30
Real Assets	N/A	10
Total		100 %

\* Arithmetic Mean

*Single Discount rate.* A single discount rate of 7.50% 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 7.50%. 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 will be made the current contribution rates 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.

*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 7.50 percent, 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease to Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase to Discount Rate (8.50%)
<b>The Authority’s 2016 proportionate share of the net pension liability</b>	<b>\$ 2,812,513</b>	<b>\$ 2,526,404</b>	<b>\$ 660,814</b>
The Authority’s 2015 proportionate share of the net pension liability	\$ 2,021,435	\$ 894,807	\$ (29,143)

*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.olders.state.ok.us](http://www.olders.state.ok.us).

### **Payables to the pension plan**

At December 31, 2016 and 2015, the Authority has outstanding payables to OLERS of \$19,305 and \$20,602, respectively, related to December 2016 and 2015, 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**

Effective November 1, 2015, Oklahoma Legislature enacted legislation 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. Employees of the Authority who first become 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 chapter 40 of Title 590 of the Oklahoma Statutes. 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. The board of trustees of OPERS may amend Pathfinder or Trust(s) but no amendment shall authorize or permit any part of the Trust for Pathfinder to be used or diverted to purposes other than for the exclusive benefit of the Pathfinder participants and their beneficiaries.

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 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, 2016, was approximately \$106,785.

Additionally, in order to reduce the liabilities of the defined benefit 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, 2016, to meet this requirement is \$42,871. The Authority reports no liabilities for Pathfinder at December 31, 2016.

## 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 Chapter 45 of Title 74, Oklahoma statutes. The State Plan is established and may be amended by the legislature of the State. Title 74 of the Oklahoma Statutes, Sections 901 through 943, as amended, assigns 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 \$1,059,653 and \$1,049,633 for the years ended December 31, 2016 and 2015, respectively. The Authority paid matching contributions and administrative fees of \$158,972 and \$154,605 for the years ended December 31, 2016 and 2015, 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. Beginning in 2003, revisions to Title 82, Section 864.1 of the Oklahoma Statutes authorized the Authority to pay up to \$60 per month of eligible employee-only health insurance premiums for each Authority retiree. Legislation passed in 2005 removed the \$60 limitation. At the December 2005 Board meeting, the Authority's directors authorized the Authority to increase the amount to a defined benefit allowance of \$105 per month for eligible retiree premiums, effective January 1, 2006. At the November 2007 Board meeting, the Authority's directors authorized the Authority to increase the amount to \$200 per month for eligible retiree premiums, effective January 1, 2008. This increase resulted in increases in the Annual Required Contribution and the Actuarial Accrued Liability after January 1, 2008, as reflected below and in the Required Supplementary Information section.

**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, 2016 and 2015, the Authority contributed \$570,074 and \$536,663, respectively, to the plan which consisted entirely of current premiums and included no additional contribution to prefund benefits.

**Annual OPEB Cost and Net OPEB Obligation.** The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority net OPEB obligation to GRDA Postemployment Healthcare Plan (included in Other Noncurrent Liabilities on the Statements of Net Position):

	2016
Annual required contribution	\$ 765,275
Interest on net OPEB obligation	90,188
Adjustment to annual required contribution	(80,026)
Annual OPEB cost (expense)	775,437
Contributions made	(570,074)
Increase in net OPEB obligation	205,363
Net OPEB obligation – beginning of year	2,815,571
Net OPEB obligation – end of year	\$ 3,020,934

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2016, and the two preceding years were as follows:

Year-End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2013	\$ 801,351	58.79 %	\$ 2,291,545
December 31, 2014	798,830	64.29	2,576,797
December 31, 2015	775,437	69.21	2,815,571
<b>December 31, 2016</b>	<b>775,437</b>	<b>73.52</b>	<b>3,020,934</b>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress immediately following the notes to the financial statements and presented as required supplementary information, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for 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.

In the most recent actuarial valuation, as of January 1, 2014, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% inflation rate assumption, a 3.5% discount rate, which is approximately based on the employer's own long term rate of return on investments, a 4% projected annual payroll increase and no increase to the postretirement benefit. The unfunded actuarial accrued liability is being amortized over the maximum permissible amortization period of thirty years as a level percentage of payroll on an open basis.

**Funded Status and Funding Progress.** As of January 1, 2015, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$12,852,859, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,852,859. The covered payroll (annual payroll of active employees covered by the plan) was \$37,581,377, and the ratio of the UAAL to the covered payroll was 34.2%.

**Other Employee Benefits.** The Authority has accrued a liability for annual and compensated leave, and related payroll taxes, of \$4,688,981 and \$4,704,361 at December 31, 2016 and 2015, respectively, which is included in accounts payable and accrued liabilities in the accompanying financial statements.

2016	Accrued Annual Leave	Compensated Leave
Beginning Balance	\$ 4,668,154	\$ 36,207
Increases	3,376,367	228,283
Decreases	(3,374,394)	(245,833)
End of year balance	\$ 4,670,127	\$ 18,657

As of December 31, 2016, \$3,362,491 of the \$4,670,127 total accrued annual and compensated leave liabilities is expected to be paid during 2017.

## 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, except for various transactions with KAMO (see Note 1), which are described elsewhere in the notes to financial statements, 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 sections “Joint Participant” and “Joint Ownership” in Note 1.

## 9. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Authority makes and receives commitments for purchases of coal, natural gas, and other materials and supplies inventory. 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 at December 31, 2016, for long-term coal and freight purchases through 2025 under contracts with estimated minimum obligations. The minimum obligations below are based on the Authority’s contract rates and represents management’s best estimate of future expenditures under long-term arrangements.

### Years Ending December 31

2017	\$ 4,154,400
2018	42,684,000
2019	43,980,000
2020	45,312,000
2021	46,692,000
2022	48,120,000
2023	49,608,000
2024	51,132,000
2025	52,716,000
<hr/>	
Total	\$ 384,398,400

The Authority had contractual commitments as of December 31, 2016, for long-term service agreements at the Redbud facility for the maintenance of the gas and steam turbines of approximately \$74.9 million through the year 2028. The Authority had contractual commitments as of December 31, 2016, for natural gas at the Redbud facility of approximately \$17.2 million through the year 2017.

The Authority had contractual commitments as of December 31, 2016, for long-term wind power purchase agreements of approximately \$299.5 million through the year 2035 and for customer generation capacity agreements of approximately \$520.8 million through the year 2042.

The Authority had contractual commitments as of December 31, 2016, for long-term service agreements at the GREC 3 facility for the maintenance of the gas and steam turbines of approximately \$71.6 million through the year 2030. The Authority had contractual commitments as of December 31, 2016, for natural gas at the GREC 3 facility of approximately \$158.2 million through the year 2047.

The Authority is a defendant in a lawsuit in Ottawa County, Oklahoma, brought by approximately 50 landowners claiming a constitutional taking and damages to real and personal property due to flooding beginning in the 1990s. All but five of the landowners have settled or been dismissed, and it is anticipated that the remaining claims will proceed to trial with the next eighteen months. Potential exposure related to the remaining claims, if any, cannot be predicted by the management of the Authority.

The Authority is a defendant in a class action in Ottawa County, Oklahoma, arising from 2007 flood events. There are approximately 400 potential class members. Plaintiffs are not currently prosecuting this case aggressively pending the outcome of the lawsuit described in the preceding paragraph. Potential exposure related to this case, if any, cannot be predicted by management of the Authority.

The Authority was the defendant in the pending litigation, KAMO v The Grand River Dam Authority, Case No. CJ-2015-150, filed July 29, 2015, in the District Court of Mayes County, State of Oklahoma, in which KAMO alleged issues arising from the agreement governing the ownership and operation of GREC 2. The parties submitted the matter to mediation on March 24-25, 2016, and all issues raised in the lawsuit were resolved by GRDA's agreement to pay to KAMO \$25.5 million in exchange for transfer of KAMO's interest in GREC 2 real and personal property, including fuel and spare parts inventories, and the 2015 air quality upgrades, to GRDA. The lawsuit was dismissed with prejudice on May 25, 2016.

The Authority is currently a party in an arbitration with KAMO Electric Cooperative in an attempt to resolve a dispute arising from the Integrated Transmission Agreement between the Authority and KAMO. The arbitration hearing is set for October, 2017, and the parties have agreed to limited settlement discussions. Potential exposure related to the disputed issues cannot be predicted by the management of the Authority.

## **10. FLYASH LANDFILL CLOSURE AND POSTCLOSURE COSTS**

The Authority maintains a flyash landfill in Chouteau, Oklahoma. The Authority accounts for this flyash landfill in accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*.

State regulations will require the Authority to place a final cover on the flyash site when it discontinues its depositing of flyash and to perform certain maintenance and monitoring functions at the site for eight years after closure. Although closure costs occur as the landfill is used, and in a manner consistent with the closure plan, postclosure costs will be paid near or after the date of discontinuance of use of the landfill. Statement No. 18 requires proprietary funds to report a portion of these costs as an operating expense in each period based on capacity and utilization. The amount recorded as a liability for the closure and postclosure costs in Other Noncurrent Liabilities at December 31, 2016 and 2015, was \$1,997,913 and \$1,438,157, respectively, which represents 89% and 88%, respectively, of the total estimated closure and postclosure costs. There was an increase in the liability from 2016 to 2015 of \$559,756. The Authority will recognize the remaining estimated cost of closure and postclosure care of approximately \$258,000 as the remaining estimated capacity is filled. These estimated closure amounts are based on what it would cost to perform all closure and postclosure care in 2015. Actual costs are subject to change resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

This flyash landfill has a total capacity of 7,449,987 cubic yards in which 4,317,456 cubic yards have been used through December 31, 2016. The remaining useful life at December 31, 2016, was approximately 41 years.

## **11. RISK MANAGEMENT**

The Authority is exposed to a variety of risks and has obtained insurance to cover those risks, subject to negotiated coverage limits and exclusions. General Bond 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 (CWCP), a self-insured program operated by States Risk Management. A private insurance carrier provides excess insurance coverage for the CWCP and a private company provides claims administration services. Settled claims have not exceeded commercial insurance coverage in any of the past three years. 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. Concentration of revenues from a single external customer also increases credit and market concentration risks. The Authority had two customers in 2016 and two customers in 2015 that each accounted for 9% or more of the Authority's operating revenues for the year. In 2015, sales to Western Farmers Electric Cooperative totaled approximately \$71.5 million and sales to City of Coffeyville, Kansas totaled approximately \$45 million. In 2016, sales to Western Farmers Electric Cooperative totaled approximately \$56.2 million and sales to Google Inc. totaled approximately \$39.1 million.

UNAUDITED

**REQUIRED**  
*SUPPLEMENTARY INFORMATION*

Comprehensive Annual Financial Report  
For the Years Ended December 31, 2016 and 2015

## SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET (UNAUDITED)

FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

### 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
<b>December 31, 2016</b>	<b>2.2462 %</b>	<b>\$ 21,890,211</b>	<b>\$ 38,811,001</b>	<b>56.40 %</b>	<b>89.48 %</b>
December 31, 2015	2.1715 %	\$ 7,810,649	\$ 38,557,227	20.26 %	96.00 %

## SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)

FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

### 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
<b>December 31, 2016</b>	<b>\$ 6,641,675</b>	<b>\$ 6,615,357</b>	<b>\$ 26,318</b>	<b>\$ 38,811,001</b>	<b>17.05 %</b>
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 68 allows the presentation for those years for which information is available.

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Plan.

*Changes in Assumptions are as follows:*

	2016	2015
Long-term expected rate of return	7.25 %	7.50 %
Discount rate	7.25 %	7.50 %

There were no other changes in assumptions.



## SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET (UNAUDITED)

FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

### 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, 2016	1.3370 %	\$ 1,631,598	\$ 1,241,483	131.4233 %	81.88 %
December 31, 2015	0.8627 %	\$ 894,807	\$ 1,098,172	81.4815 %	89.62 %

## SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)

FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

### 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, 2016	\$ 136,630	\$ 136,630	\$ -	\$ 1,241,483	11.01 %
December 31, 2015	\$ 81,430	\$ 81,430	\$ -	\$ 1,098,172	7.42 %

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 68 allows the presentation for those years for which information is available.

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Plan.

*Changes in Assumptions.* There were no changes in assumptions.

## SCHEDULE OF FUNDING PROGRESS (UNAUDITED)

FOR THE YEAR ENDED DECEMBER 31, 2016

### OTHER POSTEMPLOYMENT BENEFITS PLAN

Actuarial Valuation Date	Actuarial Values of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2008	\$ -	\$ 8,234,641	\$ 8,234,641	- %	\$ 33,000,000	24.95 %
January 1, 2010	\$ -	\$ 11,839,457	\$ 11,839,457	- %	\$ 31,092,799	38.08 %
January 1, 2012	\$ -	\$ 12,898,195	\$ 12,898,195	- %	\$ 31,769,303	40.60 %
January 1, 2014	\$ -	\$ 12,736,244	\$ 12,736,244	- %	\$ 34,520,427	36.89 %
January 1, 2015	\$ -	\$ 12,852,859	\$ 12,852,859	- %	\$ 37,581,377	34.20 %

**Funded Status and Funding Progress**—As of January 1, 2015, the most recent actuarial valuation date, the plan was 0% funded. The projected unit credit actuarial cost method was used for the schedule of funding progress. Covered payroll (annual payroll of active employees covered by the plan) prior to 2010 is estimated. The discount rate was lowered to 3.5% for the actuarial valuation dated January 1, 2010, January 1, 2012, January 1, 2014, and January 1, 2015. See Note 7 to Financial Statements, Retirement Plans, Postretirement, and Other Employee Benefits for additional information about GRDA's Postemployment Healthcare Plan.

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# STATISTICAL

## *Section*

GRDA 2016 Comprehensive Annual Financial Report

*This statistical section of GRDA's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health. Statistical information is provided for five primary categories:*

**Revenue Capacity:** these schedules contain information to help the reader assess GRDA's most significant revenue source, electric revenues.

**Debt Capacity:** these schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and its ability to issue additional debt in the future.

**Financial Trends:** these schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

**Operating Information:** these schedules contain generation and transmission data to help the reader understand how the information in the Authority's financial report relates to the services GRDA provides and the activities it performs.

**Demographic and Economic Information:** these schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.



# Revenue Capacity

## LARGEST 20 CUSTOMERS BY NET REVENUES

### 2016

Customer Name	Customer Since	Customer Classification	Net Revenue Percentage
Western Farmers Electric Cooperative	1983	Off-System Firm	13%
Google	2007	Industrial	9
City of Coffeyville, Kansas	1999	Municipal	8
Northeast Oklahoma Electric Cooperative, Inc.	1946	Cooperative	8
Stillwater Utilities Authority	1987	Municipal	6
Kansas Municipal Energy Agency	2000	Off-System Firm	6
Paragould, Arkansas, Light and Water Commission	1992	Off-System Firm	5
Claremore Public Works Authority	1946	Municipal	3
Oklahoma Municipal Power Authority	1985	Other Contractual Agreement/Off-System Firm	3
City of Siloam Springs, Arkansas	1989	Municipal	3
City of Poplar Bluff, Missouri	1992	Off-System Firm	3
Pryor Chemical Company	2004	Industrial	2
Tahlequah Public Works Authority	1947	Municipal	2
Miami Public Utilities Board	1947	Municipal	2
Sallisaw Municipal Authority	1952	Municipal	1
Solae, LLC	1975	Industrial	1
Byng Public Works Authority	1990	Municipal	1
Cushing Municipal Authority	1953	Municipal	1
Air Products Manufacturing Corporation	1976	Industrial	1
City of Pryor Creek Municipal Utility Board	1951	Municipal	1

Net Revenues as a Percentage of Sales of Power

79%

### NINE YEARS AGO - 2007

Customer Name	Customer Since	Customer Classification	Net Revenue Percentage
City of Coffeyville, Kansas	1999	Municipal	10%
Northeast Oklahoma Electric Cooperative, Inc.	1946	Cooperative	10
Stillwater Utilities Authority	1987	Municipal	8
Paragould, Arkansas, Light and Water Commission	1992	Off-System Firm	7
Kansas Municipal Energy Agency	2000	Off-System Firm	6
Claremore Public Works Authority	1946	Municipal	5
City of Poplar Bluff, Missouri	1992	Off-System Firm	4
City of Siloam Springs, Arkansas	1989	Municipal	4
Oklahoma Municipal Power Authority	1985	Other Contractual Agreement/Off-System Firm	4
Miami Public Utilities Board	1947	Municipal	3
City Utilities, Springfield, Missouri	1992	Off-System Firm	3
Tahlequah Public Works Authority	1947	Municipal	3
Air Products Manufacturing Corporation	1976	Industrial	2
Sallisaw Municipal Authority	1952	Municipal	2
Solae, LLC	1975	Industrial	2
City of Pryor Creek Municipal Utility Board	1951	Municipal	2
Wagoner Public Works Authority	1947	Municipal	2
Cushing Municipal Authority	1953	Municipal	1
Stilwell Area Development Authority	1950	Municipal	1
Orchids Paper Products Company	1975	Industrial	1

Net Revenues as a Percentage of Sales of Power

80%

Source: Grand River Dam Authority

# Revenue Capacity

## RATE HISTORY

	2016	2015	2014	2013	2012
<b>ELECTRIC SERVICE RATES:</b>					
<b>Capacity Charges per kW:</b>					
Wholesale - Distribution Primary	\$10.95	\$10.50	\$10.50	\$10.50	\$11.88
Wholesale - Transmission	10.11	9.69	9.69	9.69	11.02
Wholesale - Generation Bus	9.50	9.11	9.11	9.11	10.39
Industrial - Distribution, Schedule LGS	11.32	10.82	10.82	10.82	12.26
Industrial - Distribution, Schedule GS	12.41	11.09	11.09	11.09	12.57
Industrial - Distribution Primary, Schedule LGS	11.08	10.60	10.60	10.60	12.00
Industrial - Distribution Primary, Schedule GS	11.71	10.33	10.33	10.33	11.81
Industrial - Transmission	10.25	9.80	9.80	9.80	11.14
<b>Energy Charges per kWh:</b>					
Wholesale - Distribution Primary	0.0321	0.031	0.031	0.031	0.0216
Wholesale - Transmission	0.0317	0.031	0.031	0.031	0.0216
Wholesale - Generation Bus	0.0314	0.031	0.031	0.031	0.0216
Industrial - Distribution, Schedule LGS	0.0327	0.0316	0.0316	0.0316	0.02203
Industrial - Distribution, Schedule GS	0.0328	0.0324	0.0324	0.0324	0.02258
Industrial - Distribution Primary, Schedule LGS	0.0325	0.031	0.031	0.031	0.02156
Industrial - Distribution Primary, Schedule GS	0.0328	0.0324	0.0324	0.0324	0.02258
Industrial - Transmission, Schedule LGS	0.0324	0.031	0.031	0.031	0.02159
Commercial - SGS-C	0.0761	0.07442	0.07442	0.07442	0.072
Commercial - GS-C	0.1064	0.1013	0.1013	0.1013	0.098
<b>Power Cost Adjustment per kWh:</b>					
PCA - 1st half of Year	Avg (0.0073)	Avg 0.0072	Avg 0.00460	0.01166	0.01332
PCA - 2nd half of Year	Avg (0.0035)	Avg 0.0001	Avg 0.00744	Avg 0.00239	0.00825
<b>WATER RATES:</b> per thousand gallons					
Grand Lake	\$0.110	\$0.100	\$0.100	\$0.100	\$0.100
Lake Hudson	0.110	0.100	0.100	0.100	0.100
Fort Gibson Lake - Commercial	0.110	0.100	0.100	0.100	0.100
Fort Gibson Lake - Wholesale	0.033	0.030	0.030	0.030	0.030
WR Holway Reservoir	0.137	0.100	0.100	0.100	0.100
River Pump Station	0.073	0.073	0.073	0.063	0.063
<b>DOCK PERMIT RATES:</b>					
<b>Private Docks:</b>					
Docks less than 1100 sq. feet:					
Base charge, including first slip	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Per each additional slip	25.00	25.00	25.00	25.00	25.00
Docks greater than 1100 sq. feet:					
Base charge	100.00	100.00	100.00	100.00	100.00
Per square foot	0.06	0.06	0.06	0.06	0.06
<b>Commercial Docks:</b>					
Minimum charge	200.00	200.00	200.00	200.00	200.00
Per slip	25.00	25.00	25.00	25.00	25.00
Per square foot	0.06	0.06	0.06	0.06	0.06

Source: Grand River Dam Authority

2011	2010	2009	2008	2007
\$11.88	\$12.13	\$10.09	\$10.09	\$10.09
11.02	11.24	9.32	9.32	9.32
10.39	10.60	8.76	8.76	8.76
12.26	12.51	10.40	10.40	10.40
12.57	12.83	10.40	10.40	9.99
12.00	12.25	10.19	10.19	10.19
11.81	12.07	9.64	9.64	9.23
11.14	11.36	9.42	9.42	9.42

*Per Oklahoma Statute as well as General Bond Resolution 5107, the Authority's Board of Directors has the sole responsibility and authority for establishing sufficient rates.*

*Effective July 1, 2013 the Authority began updating the Power Cost Adjustment monthly. The average monthly PCA for each six-month period is included in the table since July 1, 2013.*

0.0216	0.0220	0.0210	0.0210	0.0210
0.0216	0.0220	0.0210	0.0210	0.0210
0.0216	0.0220	0.0210	0.0210	0.0210
0.02203	0.02248	0.0214	0.0214	0.0214
0.02258	0.02304	0.0214	0.0214	0.0210
0.02159	0.02203	0.0210	0.0210	0.0210
0.02258	0.02304	0.0214	0.0214	0.0210
0.02159	0.02203	0.0210	0.0210	0.0210
0.072	0.0735	0.06442	0.06442	0.06442
0.098	0.1000	0.06442	0.06442	0.06442

0.00644	0.00249	0.00626	0.00775	0.00788
0.00924	0.00611	0.00645	0.00595	0.00446

2011	2010	2009	2008	2007
\$0.100	\$0.100	\$0.060	\$0.030	\$0.015
0.100	0.100	0.060	0.030	0.010
0.100	0.100	0.060	0.030	0.004
0.100	0.100	0.060	0.030	0.004
0.100	0.100	0.060	0.030	0.022
0.068	0.068	0.100	0.100	0.085

2011	2010	2009	2008	2007
\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
25.00	25.00	25.00	25.00	25.00
100.00	100.00	100.00	100.00	100.00
0.06	0.06	0.06	0.06	0.06
200.00	200.00	200.00	200.00	200.00
25.00	25.00	25.00	25.00	25.00
0.06	0.06	0.06	0.06	0.06

## Debt Capacity

### DEBT SERVICE COVERAGE

	2016	2015	2014	2013	2012
Operating Revenues	\$ 420,932,552	\$ 414,055,542	\$ 475,159,326	\$ 430,426,855	\$ 411,022,733
Over/(Under) Recovered Fuel Cost	-	-	-	-	-
Revenues Available for Debt Service	420,932,552	414,055,542	475,159,326	430,426,855	411,022,733
Operating Expenses, excluding depreciation	(300,547,383)	(282,440,882)	(350,744,574)	(295,194,540)	(272,187,924)
Other Income, excluding noncash amortizations, market adjustments, and other excluded interest	12,265,711	8,656,223	20,570,370	6,835,884	12,778,212
Other Available Funds	-	-	13,703,911	7,539,167	4,000,000
Rate Stabilization Fund	21,000,000	-	-	-	-
Available for Debt Service	\$ 153,650,880	\$ 140,270,883	\$ 158,689,033	\$ 149,607,366	\$ 155,613,021
Sinking Fund Requirements:					
Principal	24,369,583	23,449,167	28,523,892	59,141,198	89,299,585
Interest	50,546,292	52,051,897	49,075,242	50,974,856	41,447,602
Debt Service	\$ 74,915,875	\$ 75,501,064	\$ 77,599,134	\$ 110,116,054	\$ 130,747,187
Net Revenues Available for Capital Improvements or Other Authorized Purposes	\$ 78,735,005	\$ 64,769,819	\$ 81,089,899	\$ 39,491,312	\$ 24,865,834
Debt Service Coverage	2.05	1.86	2.04	1.36	1.19
Debt Service/MWh Generated	\$ 13.03	\$ 10.94	\$ 12.54	\$ 15.06	\$ 18.63

Source: Grand River Dam Authority

### REVENUE BONDS OUTSTANDING AND LIMITS

	2016	2015	2014	2013	2012
Long Term Portion <sup>(1)</sup>	\$ 1,101,211,229	\$ 1,140,409,407	\$ 1,166,810,673	\$ 784,142,575	\$ 820,851,660
Current Portion	24,780,000	23,795,000	22,965,000	36,306,340	91,110,000
Total Outstanding Bonds	1,125,991,229	1,164,204,407	1,189,775,673	820,448,915	911,961,660
Bond Indebtedness Limit	1,410,000,000	1,410,000,000	1,410,000,000	1,410,000,000	1,410,000,000
Bond Indebtedness Margin	284,008,771	245,795,593	220,224,327	589,551,085	498,038,340
Margin as a percentage of Limit	20.1%	17.4%	15.6%	41.8%	35.3%
Outstanding Debt Per Capita in District	\$ 706	\$ 726	\$ 748	\$ 519	\$ 580
Outstanding Debt to Total Personal Income	628%	672%	711%	512%	613%

Source: Grand River Dam Authority

(1) Presented net of debt premium, debt discount and loss on advance refunding; see Note to Financial Statements, Bonds Payable.



2011	2010	2009	2008	2007
\$ 394,486,571	\$ 382,000,789	\$ 317,668,977	\$ 323,747,187	\$ 288,469,008
-	-	-	(2,687,159)	18,434,306
394,486,571	382,000,789	317,668,977	321,060,028	306,903,314
(254,480,377)	(243,624,219)	(214,758,203)	(193,038,490)	(161,698,734)
11,907,475	11,834,590	17,588,591	14,929,690	19,691,690
-	15,874,058	22,000,000	28,104,674	-
-	-	-	-	-
\$ 151,913,669	\$ 166,085,218	\$ 142,499,365	\$ 171,055,902	\$ 164,896,270
84,623,379	87,427,504	95,392,385	71,002,500	67,223,750
42,873,407	43,497,512	38,333,851	31,642,622	28,205,822
\$ 127,496,786	\$ 130,925,016	\$ 133,726,236	\$ 102,645,122	\$ 95,429,572
\$ 24,416,883	\$ 35,160,202	\$ 8,773,129	\$ 68,410,780	\$ 69,466,698
1.19	1.27	1.07	1.67	1.73
\$ 15.91	\$ 16.48	\$ 16.60	\$ 14.12	\$ 14.23

Per General Bond Resolutions 4800 and 5107, the Authority shall establish and collect rates, which together with other available funds, will be sufficient to make all payments pertaining to bond payments, maintenance and operations costs, and any other charges against the Authority. The Debt Service Coverage calculations for the years 2006 through 2008 were calculated under Resolution 4800. Subsequent calendar years were calculated under the Bond Resolution 5107 which became effective July 2009. See Notes to Financial Statements Summary of Significant Accounting Policies and Bonds Payable for additional information about change in General Bond Resolutions.

2011	2010	2009	2008	2007
\$ 911,841,014	\$ 997,997,959	\$ 844,164,321	\$ 937,454,436	\$ 415,773,193
86,765,000	81,665,000	95,470,000	72,590,000	68,780,000
998,606,014	1,079,662,959	939,634,321	1,010,044,436	484,553,193
1,410,000,000	1,410,000,000	1,410,000,000	1,410,000,000	1,410,000,000
411,393,986	330,337,041	470,365,679	399,955,564	925,446,807
29.2%	23.4%	33.4%	28.4%	65.6%
\$ 637	\$ 694	\$ 611	\$ 664	\$ 321
707%	790%	711%	752%	392%

The Authority's bond issuance limit of \$1,410,000,000 is established per Oklahoma statute and relates to the amount of bonds outstanding at any time. The State of Oklahoma has pledged not to limit or alter GRDA's ability to collect fees and charges or impair the rights of bondholders until such bonds are fully discharged.

## Financial Trends

### NET POSITION AND CHANGE IN NET POSITION

	2016	2015	2014	2013	2012
<b>NET POSITION</b>					
Assets:					
Current Assets	\$ 266,859,465	\$ 187,394,076	\$ 209,580,470	\$ 239,521,952	\$ 255,025,040
Net Utility Plant	1,244,661,834	1,080,625,744	876,027,323	825,045,007	795,320,230
Investments	305,533,763	599,081,087	740,055,949	397,792,015	433,875,248
Other Noncurrent Assets	4,586,150	10,661,010	11,277,802	7,462,896	19,074,561
<b>Total Assets</b>	<b>1,821,641,212</b>	<b>1,877,761,917</b>	<b>1,836,941,544</b>	<b>1,469,821,870</b>	<b>1,503,295,079</b>
Deferred Outflows:	47,329,276	3,192,494	-	-	-
Liabilities:					
Current Liabilities	111,699,020	128,852,811	79,863,026	117,596,459	142,613,484
Noncurrent Liabilities	1,130,293,579	1,153,381,782	1,172,337,640	789,240,945	837,445,824
<b>Total Liabilities</b>	<b>1,241,992,599</b>	<b>1,282,234,593</b>	<b>1,252,200,666</b>	<b>906,837,404</b>	<b>980,059,308</b>
Deferred Inflows:	29,090,179	4,216,446	-	-	-
Net Position:					
Net Investment in Capital Assets	271,706,418	344,780,665	304,838,953	348,205,546	263,939,054
Restricted for:					
Debt Service	18,524,344	18,238,867	17,705,259	33,526,719	56,886,806
Rate Stabilization Fund	21,000,000	-	-	-	-
Other Special Purposes	2,377,982	2,478,663	5,321,351	1,942,224	749,975
Unrestricted	284,278,966	229,005,177	256,875,315	179,309,977	201,659,936
<b>Total Net Position</b>	<b>\$ 597,887,710</b>	<b>\$ 594,503,372</b>	<b>\$ 584,740,878</b>	<b>\$ 562,984,466</b>	<b>\$ 523,235,771</b>

	2016	2015	2014	2013	2012
<b>CHANGE IN NET POSITION</b>					
Operating Revenues:					
Sales of Power	\$ 428,066,100	\$ 401,569,988	\$ 463,946,059	\$ 416,591,647	\$ 401,449,292
Other operating revenues	14,157,387	12,485,554	11,213,267	13,835,208	9,573,441
Transfer (provision) for rate stabilization	(21,000,000)	-	-	-	-
<b>Total Operating Revenues</b>	<b>421,223,487</b>	<b>414,055,542</b>	<b>475,159,326</b>	<b>430,426,855</b>	<b>411,022,733</b>
Operating Expenses:					
Fuel	(119,783,385)	(143,804,114)	(171,947,118)	(170,624,193)	(151,413,641)
Purchased power - net	(78,339,797)	(44,525,854)	(80,171,737)	(32,091,910)	(29,831,445)
Depreciation	(69,673,894)	(67,953,588)	(68,138,608)	(53,952,049)	(48,204,063)
Operations	(55,939,972)	(46,841,448)	(46,102,751)	(41,766,524)	(30,099,571)
Maintenance	(30,436,172)	(34,068,198)	(36,992,566)	(34,350,768)	(33,722,761)
Administrative and general	(16,048,057)	(13,201,268)	(15,530,402)	(16,361,145)	(27,120,506)
<b>Total Operating Expense</b>	<b>(370,221,277)</b>	<b>(350,394,470)</b>	<b>(418,883,182)</b>	<b>(349,146,589)</b>	<b>(320,391,987)</b>
<b>Operating Income</b>	<b>51,002,210</b>	<b>63,661,072</b>	<b>56,276,144</b>	<b>81,280,266</b>	<b>90,630,746</b>
Other Non-Operating Revenues	12,388,746	11,027,384	22,461,908	731,315	10,166,652
Gain (loss) on impairment of asset	(6,202,196)	-	-	-	-
Interest and Bond-Related Amortizations	(55,275,152)	(50,612,334)	(44,372,401)	(43,903,851)	(49,213,767)
Increase (Decrease) in Costs to be Recovered	-	-	698,009	1,640,965	1,560,409
Capital Contributions	1,470,730	-	-	-	863,401
Recovery of cost to be recovered	-	-	(13,307,248)	-	-
<b>Net Increase in Net Position</b>	<b>\$ 3,384,338</b>	<b>\$ 24,076,122</b>	<b>\$ 21,756,412</b>	<b>\$ 39,748,695</b>	<b>\$ 54,007,441</b>

2011	2010	2009	2008	2007
\$ 321,618,071	\$ 278,502,458	\$ 320,324,339	\$ 443,547,555	\$ 238,279,411
782,641,048	801,422,915	778,489,258	730,162,939	413,627,666
398,963,309	444,945,573	244,179,432	206,646,566	120,151,735
18,215,154	24,228,271	22,589,056	22,723,419	7,027,004
<u>1,521,437,582</u>	<u>1,549,099,217</u>	<u>1,365,582,085</u>	<u>1,403,080,479</u>	<u>779,085,816</u>
-	-	-	-	-
125,764,760	118,474,852	152,199,370	117,860,150	98,373,459
926,444,492	1,013,865,944	859,841,618	952,157,405	430,618,300
<u>1,052,209,252</u>	<u>1,132,340,796</u>	<u>1,012,040,988</u>	<u>1,070,017,555</u>	<u>528,991,759</u>
-	-	-	-	-
192,361,193	188,760,234	154,704,963	178,061,740	72,505,255
61,324,015	66,485,014	59,544,174	51,568,437	42,339,465
-	-	-	-	-
637,178	513,456	394,469	407,705	336,863
214,905,944	160,999,717	138,897,491	103,025,042	134,912,474
<u>\$ 469,228,330</u>	<u>\$ 416,758,421</u>	<u>\$ 353,541,097</u>	<u>\$ 333,062,924</u>	<u>\$ 250,094,057</u>

2011	2010	2009	2008	2007
\$ 388,834,078	\$ 374,524,747	\$ 309,678,303	\$ 316,628,436	\$ 278,464,783
5,652,493	7,476,042	7,990,674	7,118,751	10,004,225
-	-	-	-	-
<u>394,486,571</u>	<u>382,000,789</u>	<u>317,668,977</u>	<u>323,747,187</u>	<u>288,469,008</u>
(160,222,167)	(151,322,794)	(130,956,467)	(98,340,950)	(75,652,926)
(14,585,117)	(11,154,488)	(7,589,678)	(30,339,495)	(28,974,960)
(50,869,539)	(44,101,788)	(48,595,784)	(32,644,506)	(26,270,163)
(27,823,333)	(23,480,280)	(28,885,899)	(21,574,439)	(19,529,286)
(26,809,111)	(33,720,522)	(27,581,156)	(22,597,687)	(21,840,687)
(25,040,649)	(23,946,136)	(19,745,003)	(20,185,919)	(15,700,875)
<u>(305,349,916)</u>	<u>(287,726,008)</u>	<u>(263,353,987)</u>	<u>(225,682,996)</u>	<u>(187,968,897)</u>
89,136,655	94,274,781	54,314,990	98,064,191	100,500,111
22,579,696	14,962,273	17,600,716	21,057,910	19,823,951
-	-	-	-	-
(55,213,808)	(47,471,710)	(52,779,134)	(37,722,260)	(35,213,108)
1,483,770	1,410,896	1,341,601	1,262,100	1,066,691
-	41,084	-	306,926	4,927,020
-	-	-	-	-
<u>\$ 57,986,313</u>	<u>\$ 63,217,324</u>	<u>\$ 20,478,173</u>	<u>\$ 82,968,867</u>	<u>\$ 91,104,665</u>

## Financial Trends

### CASH AND INVESTMENT BALANCES

	2016	2015	2014	2013	2012
General Operating	\$ 175,088,943	\$ 173,842,198	\$ 158,052,673	\$ 85,793,845	\$ 65,680,834
Board Designated	38,849,000	38,266,000	33,633,000	36,500,000	37,500,000
Restricted for:					
Rate Stabilization	21,000,000	-	-	-	-
Bond Service	18,524,343	18,238,867	17,705,259	33,526,719	56,886,806
Construction	78,733,893	328,410,668	518,754,428	202,530,697	232,617,067
Bond Service Reserve	86,628,908	89,208,703	88,451,195	133,476,142	141,810,137
Reserve and Contingency	-	-	-	-	-
Other Special Purposes	2,377,982	2,478,663	5,321,351	1,942,224	749,975
<b>Total Cash and Investments</b>	<b>\$ 421,203,069</b>	<b>\$ 650,445,099</b>	<b>\$ 821,917,906</b>	<b>\$ 493,769,627</b>	<b>\$ 535,244,819</b>

## Operating Information

### HISTORICAL ENERGY RESOURCES (MWH)

Year	Run-of-River Hydro Generation	Pumped-Storage Hydro Generation	Coal-Fired Thermal Generation	Combined-Cycle Gas Generation	Long-Term Wind Purchase	Other Purchased Power	Total GRDA	Municipal SPA Allocation	Total Resources
2007	808,193	267,255	5,630,573	-	-	527,821	7,233,842	35,362	7,269,204
2008	1,140,029	279,154	5,612,618	239,073	-	343,244	7,614,118	52,395	7,666,513
2009	1,069,449	170,326	5,493,609	1,322,444	-	128,920	8,184,748	43,801	8,228,549
2010	804,231	233,436	4,991,403	1,915,495	-	280,878	8,225,443	38,952	8,264,395
2011	492,200	228,570	5,508,842	1,782,658	-	410,568	8,422,838	31,001	8,453,839
2012	284,048	150,566	4,222,926	2,362,192	18,329	964,528	8,002,589	25,707	8,028,296
2013	711,789	104,040	4,526,724	1,968,570	169,710	858,973	8,339,806	29,991	8,369,797
2014	325,372	129,333	3,595,061	2,137,660	174,336	2,478,267	8,840,029	23,914	8,863,943
2015	873,816	67,972	3,120,808	2,837,754	329,699	1,624,113	8,854,162	39,885	8,894,047
<b>2016</b>	<b>726,954</b>	<b>89,060</b>	<b>2,306,516</b>	<b>2,625,974</b>	<b>981,175</b>	<b>2,318,847</b>	<b>9,048,526</b>	<b>36,543</b>	<b>9,085,069</b>

Source: Grand River Dam Authority

### HISTORICAL SALES BY CUSTOMER GROUP (MWH)

Year	Municipal	Cooperative	Industrial	Other	Off-System Firm	Total Contract Sales	Off-System Spot	Total Sales
2007	3,068,267	587,543	668,840	176,206	1,625,919	6,126,775	547,964	6,674,739
2008	3,047,991	605,556	686,806	181,709	1,660,683	6,182,745	864,608	7,047,353
2009	3,000,980	607,723	616,543	160,818	1,730,040	6,116,104	1,612,029	7,728,133
2010	3,132,069	661,648	770,321	159,263	1,965,468	6,688,769	993,433	7,682,202
2011	3,215,429	648,510	939,237	135,576	2,255,335	7,194,087	699,525	7,893,612
2012	3,184,093	602,781	1,056,978	36,401	2,552,525	7,432,778	170,759	7,603,537
2013	3,193,662	630,015	1,022,471	49,597	2,943,886	7,839,631	180,004	8,019,635
2014	3,266,293	640,025	1,287,651	96,537	3,074,595	8,365,101	79,648	8,444,749
2015	3,156,468	620,160	1,467,245	12,497	2,985,668	8,242,038	343,271	8,585,309
<b>2016</b>	<b>3,192,044</b>	<b>621,128</b>	<b>1,769,842</b>	<b>10,125</b>	<b>2,978,366</b>	<b>8,571,505</b>	<b>191,999</b>	<b>8,763,504</b>

Source: Grand River Dam Authority

2011	2010	2009	2008	2007
\$ 105,062,893	\$ 69,267,384	\$ 62,189,497	\$ 56,055,494	\$ 56,724,276
35,000,000	32,500,000	30,000,000	27,500,000	25,000,000
-	-	-	-	-
61,324,015	66,485,014	59,544,174	51,568,437	42,339,465
257,891,432	317,223,969	151,837,215	241,949,727	29,612,591
143,429,267	139,140,993	141,560,060	141,560,060	96,121,388
-	-	13,390,015	35,390,015	24,030,347
637,178	513,456	394,469	407,705	307,066
\$ 603,344,785	\$ 625,130,816	\$ 458,915,430	\$ 554,431,438	\$ 274,135,133

See Notes to Financial Statements, Deposits and Investments for additional information about restrictions.

## Operating Information

### NUMBER OF FULL-TIME EMPLOYEES

GRDA Facility	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Thermal Generation	167	186	194	191	191	191	196	210	212	210
Hydroelectric Generation	51	47	45	46	39	36	40	40	41	43
Transmission and Engineering	162	167	159	149	146	140	134	125	128	119
Energy Control and Operations	36	39	37	36	37	32	28	28	30	30
Information Technology	11	9	8	8	6	7	13	12	12	12
Ecosystems and GRDA Police	63	53	41	32	30	32	19	17	17	16
Other Administrative	84	76	67	60	62	58	55	57	57	56
Total Employees by Function	574	577	551	522	511	496	485	489	497	486
Employees per MW of Generation	0.29	0.33	0.31	0.30	0.30	0.29	0.28	0.28	0.28	0.37

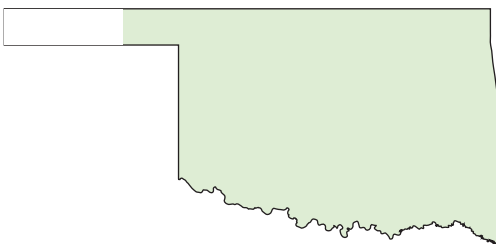
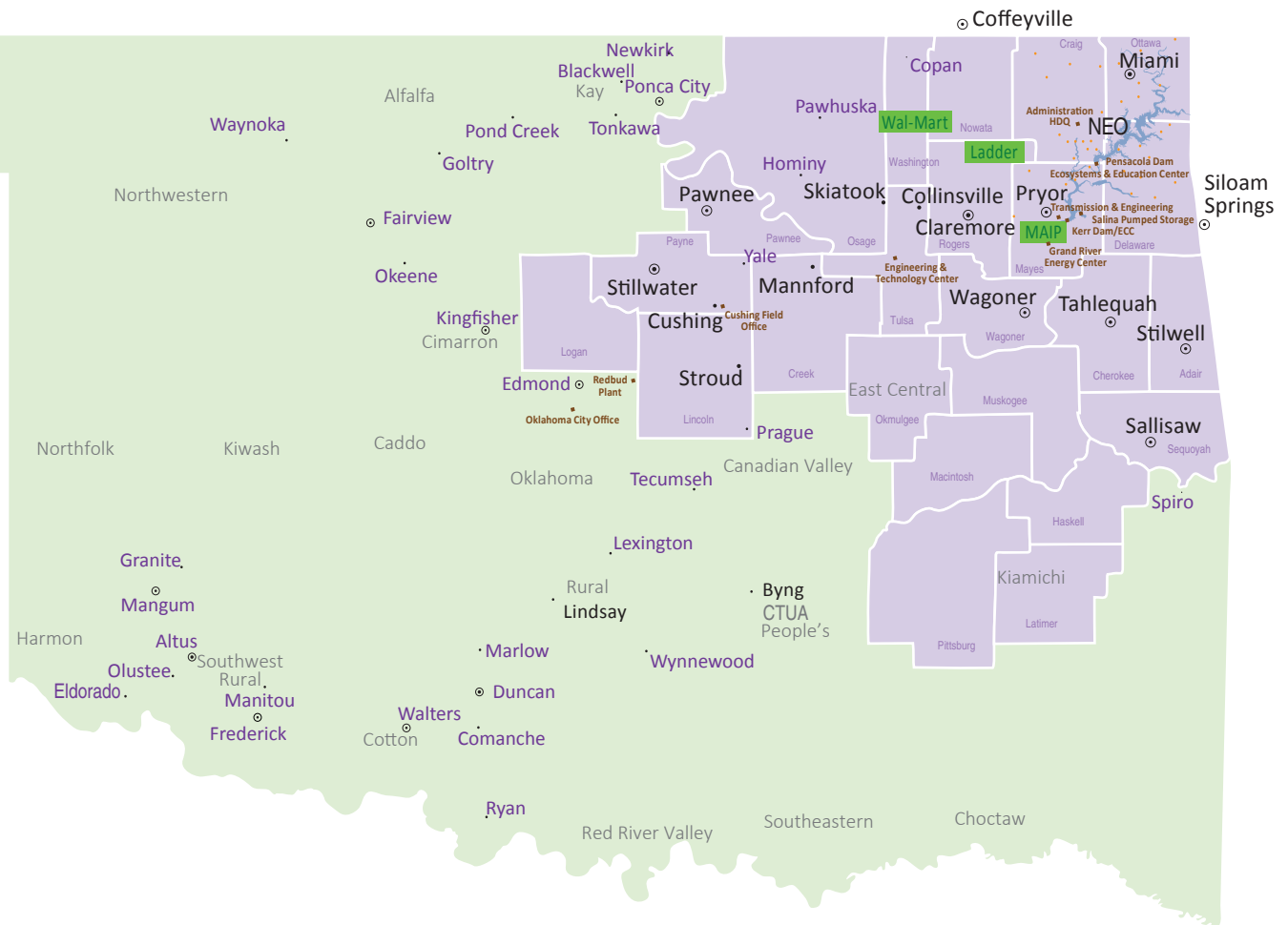
Source: Grand River Dam Authority

## Miscellaneous Operating Information

### NATURE OF CAPITAL ASSETS

Generating Facilities	Location	Rated Capability	Generating Fuel	Date of Commercial Operations
<b>Pensacola Project</b>				
Grand Lake O' the Cherokees: Pensacola Dam Units 1, 2, 3, 4, 5 and 6	Langley, OK	126 MW	Run-of-River Hydro	1941
<b>Markham Ferry Project</b>				
Lake Hudson: Robert S. Kerr Dam Units 1, 2, 3 and 4	Locust Grove, OK	128 MW	Run-of-River Hydro	1964
<b>Salina Pumped Storage Project</b>				
W.R. Holway Reservoir: Salina Units 1, 2 and 3	Salina, OK	129 MW	Pumped-Storage Hydro	1968
Salina Units 4, 5 and 6	Salina, OK	129 MW	Pumped-Storage Hydro	1971
<b>Grand River Energy Center (formerly known as Coal-Fired Complex)</b>				
GREC 1	Chouteau, OK	490 MW	Coal Fired Thermal	1981
GREC 2	Chouteau, OK	520 MW	Coal Fired Thermal	1985
GREC 3	Chouteau, OK	495 MW	Combined Cycle Gas	COD 2017
<b>Redbud Plant</b>				
Redbud Units 1, 2, 3 and 4 (GRDA's 36%)	Luther, OK	443 MW	Combined Cycle Gas	Purchased 2008
<b>Renewable Purchase Power Agreements</b>				
Canadian Hills Wind Project		48 MW (energy)	Wind	2012
Breckinridge Wind Project		99 MW (energy)	Wind	2015
Kay County		100 MW (energy)	Wind	2015
Red Dirt Wind Project		140 MW (energy)	Wind	COD 2017
<b>Customer Capacity Purchase Agreements</b>				
Stillwater		64 MW		
Coffeyville		86 MW		
Cushing		21 MW		
<b>Other Facilities</b>		<b>Location</b>		
Administration Headquarters		Vinita, OK		
Ecosystem & Education Center		Langley, OK		
Energy Control Center		Locust Grove, OK		
Cushing Field Office		Cushing, OK		
Transmission, Distribution Headquarters		Pryor, OK		
Engineering and Technology Center		Tulsa, OK		
Satellite Office		Oklahoma City, OK		
<b>Transmission Facilities</b>				
<b>VOLTAGE - MILES OF LINE</b>				
69 kV - 602	115 kV - 13	138 kV - 119	161 kV - 369	345 kV - 110
<b>INTERCONNECTIONS</b>				
American Electric Power (AEP)				
Associated Electric Cooperative Company (AECI)/KAMO Power (KAMO)				
Empire District Electric (Empire)				
Oklahoma Gas and Electric Company (OG&E)				
Southwestern Power Administration (SWPA)				
Western Farmers Electric Cooperative (WFEC)				
<b>REGIONAL TRANSMISSION ORGANIZATION</b>				
Southwest Power Pool (SPP)				

# MAP OF CUSTOMERS AND GRDA FACILITIES



GRDA directly or indirectly provides electricity to some portion of all counties in Oklahoma except for two counties in the panhandle.

Municipal Customers - Served by GRDA in BLACK lettering; many served since 1940s.

Northeast Electric Cooperative - Represented by ORANGE DOTS, served since 1946.

Industrial Customers - Represented by GREEN BOX, Majority located in MidAmerica Industrial Park (MAIP.)

Oklahoma Municipal Power Authority - served since 1985. OMPA's customers in PURPLE lettering.

Western Farmers Electric Cooperative - served since 1983. WFEC's customers in GRAY lettering.

GRDA Facilities - Shown in BROWN lettering.

See Notes to Financial Statements, Utility Plant for additional information on capital assets.

Source: Grand River Dam Authority

## Demographics and Economic Indicators

### STATE OF OKLAHOMA DEMOGRAPHICS

Year	Population	Unemployment Rate	Per Capita Income	Total* Personal Income
2007	3,617,000	4.3%	\$34,153	\$123,541,111
2008	3,642,361	3.8%	\$36,899	\$134,399,865
2009	3,687,050	6.4%	\$35,268	\$132,132,000
2010	3,751,351	6.8%	\$36,421	\$136,627,222
2011	3,791,508	6.2%	\$37,277	\$141,334,880
2012	3,814,820	5.1%	\$39,006	\$148,798,993
2013	3,850,568	5.4%	\$41,586	\$160,128,477
2014	3,878,051	3.9%	\$43,138	\$167,291,805
2015	3,911,921	4.1%	\$44,272	\$173,186,712
<b>2016</b>	<b>3,923,561</b>	<b>5.0%</b>	<b>\$45,682</b>	<b>\$179,237,997</b>

Source: www.bea.gov - U.S. Bureau of Economic Analysis, \* In Thousands

### MAJOR EMPLOYERS IN THE STATE OF OKLAHOMA - NON GOVERNMENT, NON TRIBAL

Non-Governmental Major Employers 2006	Non-Governmental Major Employers 2015	Employment 2015	Percentage of Total State Employment 2015
Wal-Mart Stores, Inc.	Wal-Mart Stores, Inc.	33,500	1.90%
Integrus Health	Integrus Health, Inc.	9,500	0.54%
AMR Corp.	Mercy Health	6,500	0.37%
Hillcrest Healthcare System	Hobby Lobby Stores	6,000	0.34%
Saint Francis Hospital, Inc.	Saint Francis Hospital, Inc.	6,000	0.34%
Sonic Industries, Inc.	American Airlines	5,500	0.31%
Conoco Phillips	Braum's, Inc.	5,500	0.31%
Goodyear Tire & Rubber Company	Saint John Medical Center, Inc.	5,000	0.28%
HCA Healthcare	Lowe's Home Centers, Inc.	4,500	0.26%
Seaboard Farms	Dolgencorp (Dollar General)	4,000	0.23%

Source: State of Oklahoma 2016 CAFR. Note: Employment information restricted only to utilities in Oklahoma served by GRDA is not available.

### POPULATION CHANGE: 2007-2016

	State Rank by Growth Rate 2007-2016	Growth % 2006-2015	Population 2016	Population 2007
Logan County	2	27.9%	46,588	36,435
Wagoner County	5	15.5%	77,679	67,239
Rogers County	13	10.4%	91,766	83,105
Tulsa County	15	9.9%	642,940	585,068
Lincoln County	20	8.9%	35,129	32,272
Cherokee County	26	7.3%	48,700	45,393
Haskell County	29	5.7%	12,747	12,059
Osage County	31	5.0%	47,806	45,523
Washington County	34	4.4%	52,087	49,888
Mayes County	38	3.3%	40,920	39,627
Creek County	39	3.2%	71,312	69,073
Delaware County	41	3.0%	41,598	40,406
Payne County	46	1.5%	81,131	79,931
Adair County	47	0.9%	22,098	21,902
Sequoyah County	49	0.7%	41,294	41,024
McIntosh County	50	0.5%	19,815	19,709
Pawnee County	52	0.2%	16,485	16,447
Okmulgee County	54	-0.2%	39,213	39,300
Latimer County	59	-0.9%	10,414	10,508
Pittsburg County	62	-1.2%	44,173	44,711
Muskogee County	66	-2.3%	69,477	71,116
Ottawa County	67	-2.4%	31,691	32,474
Nowata County	68	-2.8%	10,419	10,723
Craig County	69	-3.8%	14,625	15,195
<b>Total for GRDA 24 County District</b>		<b>6.7%</b>	<b>1,610,107</b>	<b>1,509,128</b>
<b>Total for all of Oklahoma's 77 Counties</b>		<b>8.5%</b>	<b>3,923,561</b>	<b>3,617,316</b>

Source: census.gov







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