



# GRADY COUNTY

## Financial Report

For the fiscal year ended June 30, 2020

**Cindy Byrd, CPA**  
State Auditor & Inspector

**GRADY COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website ([www.sai.ok.gov](http://www.sai.ok.gov)) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



May 16, 2022

TO THE CITIZENS OF  
GRADY COUNTY, OKLAHOMA

Transmitted herewith is the audit of Grady County, Oklahoma for the fiscal year ended June 30, 2020. The audit was conducted in accordance with 19 O.S. § 171.

A report of this type can be critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.) and shall be open to any person for inspection and copying.

Sincerely,

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

**GRADY COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Board of County Commissioners**

District 1 – Mike Walker  
District 2 – Kirk Painter  
District 3 – Ralph Beard

**County Assessor**

Bari Firestone

**County Clerk**

Jill Locke

**County Sheriff**

Jim Weir

**County Treasurer**

Robin Burton

**Court Clerk**

Lisa Hannah

**District Attorney**

Jason Hicks

**GRADY COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**FINANCIAL SECTION**



## **Independent Auditor's Report**

TO THE OFFICERS OF  
GRADY COUNTY, OKLAHOMA

### ***Report on the Financial Statement***

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Grady County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting described in Note 1, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for 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.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 statement.

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

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1, the financial statement is prepared by Grady County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Grady County as of June 30, 2020, or changes in financial position for the year then ended.

### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the total receipts, disbursements, and changes in cash balances for all county funds of Grady County, as of and for the year ended June 30, 2020, in accordance with the basis of accounting described in Note 1.

### ***Other Matters***

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the total of all county funds on the financial statement. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statement.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2022, on our consideration of Grady County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County’s internal control over financial reporting or on compliance. That report is an integral part

of an audit performed in accordance with *Government Auditing Standards* in considering Grady County's internal control over financial reporting and compliance.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

April 18, 2022

**REGULATORY BASIS FINANCIAL STATEMENT**

**GRADY COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Beginning Cash Balances July 1, 2019	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2020
County Funds:						
County General	\$ 5,488,556	\$ 8,972,496	\$ -	\$ -	\$ 7,567,549	\$ 6,893,503
County Highway	11,776,104	13,715,933	400,000	-	16,855,140	9,036,897
Health	1,053,508	1,019,627	-	-	401,569	1,671,566
Emergency Management State Grant	10,951	-	-	-	10,590	361
County Sinking Fund	2	-	-	-	-	2
911 Phone Fees	682,183	393,393	-	-	720,711	354,865
Treasurer Resale Property	1,606,247	394,639	4,163	-	248,204	1,756,845
Treasurer Mortgage Tax	21,737	10,770	-	-	4,502	28,005
County Clerk Lien Fee	405,767	182,878	-	-	62,062	526,583
County Clerk Preservation	173,583	131,694	-	-	84,026	221,251
Assessor Revolving Fee	33,474	6,990	-	-	17,814	22,650
Assessor Visual Inspection	188	2	-	-	-	190
Sheriff Service Fee	134,020	203,848	-	-	198,960	138,908
Sheriff Training	79	-	-	-	-	79
County Donations	8,790	8,714	6	-	8,827	8,683
Sheriff Drug Forfeiture	685	312	-	-	-	997
Sheriff Drug Buy	473	-	-	-	-	473
Sheriff K-9 Donations	6	-	-	6	-	-
Littering Reward Court Clerk	1,215	100	-	-	-	1,315
Court Clerk Payroll	4,703	184,661	-	-	184,400	4,964
Sales Tax - Grady Memorial	262,673	2,590,772	-	-	2,743,237	110,208
Sales Tax - Fire Departments	1,925,728	1,473,027	7,944	-	954,205	2,452,494
Sales Tax - Senior Citizens	2,769,574	1,712,497	-	-	1,219,225	3,262,846
Sales Tax - EMS	243,188	327,497	-	7,944	363,702	199,039
Sales Tax - Fairgrounds	4,983,767	2,679,878	-	-	2,149,056	5,514,589
GCEMA Local Emergency Planning Commission	3,566	1,000	-	-	-	4,566
Use Tax	1,031,773	1,270,653	-	-	651,536	1,650,890
County Bridge and Road Improvement	914,355	604,768	-	-	303,226	1,215,897
Safe Room Grant	19,374	280,228	-	-	299,602	-
Safe Oklahoma Grant	-	37,280	-	-	37,280	-
Medical Reserve Corps Grant	-	2,500	-	-	-	2,500
Equitable Sharing - DOJ (County Sheriff)	-	22,759	-	-	-	22,759
<b>Total - All County Funds</b>	<b>\$ 33,556,269</b>	<b>\$ 36,228,916</b>	<b>\$ 412,113</b>	<b>\$ 7,950</b>	<b>\$ 35,085,423</b>	<b>\$ 35,103,925</b>

The notes to the financial statement are an integral part of this statement.

**GRADY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Grady County is a subdivision of the State of Oklahoma created by the Oklahoma Constitution and regulated by Oklahoma Statutes.

The accompanying financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds under the control of the primary government. The general fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund, where its use is restricted for a specified purpose. Other funds established by statute and under the control of the primary government are also presented.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, libraries, school districts, and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations. Any trust or agency funds maintained by the County are not included in this presentation.

**B. Fund Accounting**

The County uses funds to report on receipts, disbursements, and changes in cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Following are descriptions of the county funds included within the financial statement:

County General – accounts for the general operations of the government.

County Highway – accounts for state, local, and miscellaneous receipts and disbursements for the purpose of constructing and maintaining county roads and bridges.

Health – accounts for monies collected on behalf of the county health department from ad valorem taxes and state and local revenues.

Emergency Management State Grant – accounts for monies received from a state grant and expended for computer equipment for the Emergency Management Office.

County Sinking Fund – accounts for the payment of interest and principal on the matured portion of long-term bonded debt and civil judgements. Debt service receipts are derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments. There is currently no long-term debt.

**GRADY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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911 Phone Fees – accounts for the collection of fees imposed on the residents within the boundaries of Grady County from the telephone company and to be disbursed for maintaining an emergency telephone system.

Treasurer Resale Property – accounts for the collection of interest and penalties on delinquent taxes and disbursement of funds as restricted by state statute.

Treasurer Mortgage Tax – accounts for the collection of fees by the Treasurer for mortgage tax certificates and disbursement of funds as restricted by state statute.

County Clerk Lien Fee – accounts for lien fee collections and disbursement of funds as restricted by state statute.

County Clerk Preservation – accounts for fees collected for instruments filed in the County Clerk's office and disbursement of funds as restricted by state statute for preservation of records.

Assessor Revolving Fee – accounts for the collection of fees for copies and disbursement of funds as restricted by state statute.

Assessor Visual Inspection – accounts for the collection and disbursement of monies by the Assessor as restricted by state statute for the visual inspection program.

Sheriff Service Fee – accounts for the collection of sheriff process service fees to be disbursed as restricted by state statute, the collection of funding from the State Department of Corrections and local police department to be disbursed as restricted by state statute, fees collected through the courts to be disbursed for administrative expenses and supervision of offenders, and for fees collected through the courts to be disbursed for courthouse security.

Sheriff Training – accounts for the collection of proceeds from the sale of unclaimed property and the disbursement of funds restricted by state statute.

County Donations – accounts for monies received from donations and disbursements are for the operation of the Sheriff's office and Grady County.

Sheriff Drug Forfeiture – accounts for proceeds from forfeited drug cases and disbursed for drug enforcement.

Sheriff Drug Buy – accounts for monies received from forfeitures and disbursed for drug enforcement.

Sheriff K-9 Donations – accounts for donations made to the Sheriff's office to provide care for the K-9 dogs.

**GRADY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Littering Reward Court Clerk – accounts for monies received from donations and expended for information that leads to the capture of those illegally dumping trash.

Court Clerk Payroll – accounts for funds collected by the Court Clerk and disbursed for payroll of the Court Clerk’s employees.

Sales Tax - Grady Memorial – accounts for the collection of sales tax revenue which is used for the construction, support, and operation of health care facilities, equipment, and services serving the residents of Grady County.

Sales Tax - Fire Departments – accounts for the collection of sales tax revenue which is used for operation and maintenance of 20 (twenty) fire departments in Grady County.

Sales Tax - Senior Citizens – accounts for the collection of sales tax revenue which is used for operation and maintenance of 7 (seven) senior nutrition centers in Grady County.

Sales Tax - EMS – accounts for the collection of sales tax revenue which is used for support of Rush Springs and Tuttle EMS.

Sales Tax - Fairgrounds – accounts for the collection of sales tax revenue which is used for renovation and maintenance and operation of the county fairgrounds.

GCEMA Local Emergency Planning Commission – accounts for monies received from the Department of Homeland Security and expended on computer equipment for the Emergency Management Office.

Use Tax – accounts for monies received from the Oklahoma Tax Commission. 50% of collections are disbursed to Grady Memorial Hospital and 50% of collections to Grady County for Capital Improvements to the courthouse.

County Bridge and Road Improvement – accounts for state receipts and disbursements for the improvement of county roads and bridges.

Safe Room Grant – accounts for grant monies received and disbursed as restricted by grant agreement.

Safe Oklahoma Grant – accounts for grant monies received from a state grant and expended for radios, tag reader, and body cameras for the County Sheriff’s office.

Medical Reserve Corps Grant – accounts for monies received by the Grady County Health Department and disbursed as restricted by grant agreement.

Equitable Sharing – DOJ (County Sheriff) – accounts for monies received from the Department of Justice for the County Sheriff’s Office.

**GRADY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**C. Basis of Accounting**

The financial statement is prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred. This regulatory basis financial presentation is not a comprehensive measure of economic condition or changes therein.

Title 19 O.S. § 171 allows Oklahoma counties to present their financial statement in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171, which specifies the format and presentation of such regulatory basis financial statements: county governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue with all other funds included in the audit presented in the aggregate in a combining statement. However, the County has elected to present all funds included in the audit in the Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis.

**D. Budget**

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

**E. Cash and Investments**

For the purposes of financial reporting, “Ending Cash Balances, June 30” includes cash and cash equivalents and investments as allowed by statutes. The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County’s books. The balance in the pooled cash accounts is available to meet current operating requirements.

State statutes require financial institutions with which the County maintains funds to deposit collateral securities to secure the County’s deposits. The amount of collateral securities to be pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

**GRADY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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The County Treasurer has been authorized by the County's governing board to make investments. Allowable investments are outlined in statutes 62 O.S. § 348.1 and § 348.3.

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured. All investments as classified by state statute are nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are not subject to interest rate risk or credit risk.

**2. Ad Valorem Tax**

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. The County Treasurer, according to the law, shall give notice of delinquent taxes and special assessments by publication once a week for two consecutive weeks at any time after April 1, but prior to the end of September following the year the taxes were first due and payable. Unpaid real property taxes become a lien upon said property after the treasurer has perfected the lien by public notice.

Unpaid delinquent personal property taxes are usually published in May. If the taxes are not paid within 30 days from publication, they shall be placed on the personal tax lien docket.

**3. Other Information**

**A. Pension Plan**

Plan Description. The County contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

**GRADY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates.

**B. Other Post-Employment Benefits (OPEB)**

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

**C. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; however, the County expects such amounts, if any, to be immaterial.

As of the end of the fiscal year, there were no claims or judgments that would have a material adverse effect on the financial condition of the County; however, the outcome of any lawsuit would not be determinable.

**D. Sales Tax**

**May 14, 2013**

The voters of Grady County approved a 15-year extension of one quarter (1/4%) of one percent sales tax on May 14, 2013. The proceeds derived from the sales tax are for acquiring, constructing, and equipping additions and improvements to the Grady County Fairgrounds. Sales tax collections continue and will end on December 31, 2029. These funds are accounted for in the Sales Tax - Fairgrounds fund.

**November 4, 2014**

The voters of Grady County approved a 10-year one-eighth (1/8%) of one percent sales tax on November 4, 2014. The proceeds derived from the sales tax are for support of the twenty (20) fire departments in Grady County. Sales tax collections began April 1, 2015 and will end March 30, 2025. These funds are accounted for in the Sales Tax - Fire Departments fund.

**GRADY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**November 10, 2015**

The voters of Grady County approved a 5-year extension of one-eighth (1/8%) of one percent sales tax on November 10, 2015. The proceeds derived from the sales tax are for maintaining and operating the seven (7) Senior Nutrition Centers in Grady County. Sales tax collections continue and will end on December 31, 2020. These funds are accounted for in the Sales Tax - Senior Citizens fund.

**February 9, 2016**

The voters of Grady County approved a 20-year one-quarter (1/4%) of one percent sales tax on February 9, 2016. The proceeds derived from the sales tax are for the construction, support, and operation of health care facilities, equipment, and services serving the residents of Grady County, as more specifically set out in Grady Memorial Hospital Tax Resolution of 2016 as adopted and approved by the Board of County Commissioners of Grady County. These funds are accounted for in the Sales Tax - Grady Memorial fund.

**E. Tax Abatements**

The County is subject to ad valorem tax abatements granted by the State of Oklahoma in accordance with the Oklahoma Constitution, Article 10 Section 6B for qualifying manufacturing concern—ad valorem tax exemption.

Under this program, a five-year ad valorem tax exemption exempts all real and personal property that is necessary for the manufacturing of a product and facilities engaged in research and development which meet the requirements set by the Oklahoma Constitution and statutes. Under Title 68 O.S. § 2902, in exchange for the five-year exemption, qualifying manufacturing concerns must meet certain minimum investment requirements for construction, acquisition, or expansion of a manufacturing facility. In addition, there are general minimum payroll requirements that must be met and the qualifying manufacturing concern must offer basic health benefit plans to all full-time employees within 180 days of employment.

The County had \$1,500,653 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2020.

The State has an Ad Valorem Reimbursement Fund in accordance with Title 62 O.S. § 193 that is used to reimburse the County for the loss of revenue. Monies apportioned to this fund by the State also may be transferred to other state funds or otherwise expended as directed by the Legislature. In the event monies apportioned to the Fund are insufficient to pay all claims for reimbursement, claims for reimbursement for loss of revenue due to manufacturing exemptions of ad valorem taxes shall be paid first, and any remaining funds shall be distributed proportionally among the counties making claims for reimbursement for loss of revenue for school district exemptions.

**GRADY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**F. Interfund Transfers**

During the fiscal year, the County made the following transfers between cash funds:

- \$225,000 was transferred to the County Highway fund from Emergency Transportation Revolving Fund (a trust and agency fund) to repay the loan of funds from prior years.
- \$175,000 was transferred to the County Highway fund from Emergency Transportation Revolving Fund (a trust and agency fund) to repay the loan of funds from prior years.
- \$4,163 was transferred to the Treasurer Resale Property fund from the Treasurer Excess Resale fund (a trust and agency fund) in accordance 68 O.S. § 3131C.
- \$6, a residual transfer, was transferred to the County Donations fund from Sheriff K-9 Donations by Board of County Commissioners' Resolution to close out the fund.
- \$7,944 was transferred to the Sales Tax – Fire Departments fund from Sales Tax - EMS fund for the purpose of lease payment.

**SUPPLEMENTARY INFORMATION**

**GRADY COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	General Fund		
	Budget	Actual	Variance
District Attorney - County	\$ 57,000	\$ 55,470	\$ 1,530
County Sheriff	2,578,236	2,531,355	46,881
County Treasurer	448,254	335,094	113,160
OSU Extension	130,312	106,020	24,292
County Clerk	766,998	700,604	66,394
Court Clerk	520,484	444,026	76,458
County Assessor	462,944	462,474	470
Revaluation of Real Property	591,257	523,917	67,340
Juvenile Shelter Bureau	80,000	54,621	25,379
General Government	1,194,974	713,831	481,143
Excise - Equalization Board	5,999	5,289	710
County Election Expense	261,344	210,260	51,084
Charity	5,001	1,237	3,764
Civil Defense	264,322	239,422	24,900
Capital Improvement	4,547,876	1,177,278	3,370,598
County Audit	76,175	76,175	-
Total Expenditures, Budgetary Basis	\$ 11,991,176	\$ 7,637,073	\$ 4,354,103

**GRADY COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—HEALTH FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 1,988,311	\$ 554,826	\$ 1,433,485
Total Expenditures, Budgetary Basis	\$ 1,988,311	\$ 554,826	\$ 1,433,485

**GRADY COUNTY, OKLAHOMA  
NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**1. Budgetary Schedules**

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in these funds. At the end of the year unencumbered appropriations lapse.

**INTERNAL CONTROL AND COMPLIANCE SECTION**



**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

TO THE OFFICERS OF  
GRADY COUNTY, OKLAHOMA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Grady County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statement, which collectively comprise Grady County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated April 18, 2022.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 2020, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered Grady County's internal control over financial reporting (internal control) a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Grady County's internal control. Accordingly, we do not express an opinion on the effectiveness of Grady County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses: 2020-001.

### **Compliance and Other Matters**

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

We noted certain matters regarding statutory compliance that we reported to the management of County, which are included in Section 2 of the schedule of findings and responses contained in this report.

### **Grady County's Response to Findings**

Grady County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Grady County's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

April 18, 2022

**GRADY COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**SECTION 1—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

**Finding 2020-001 – Lack of County-Wide Internal Controls (Repeat Finding - 2006-001, 2010-009, 2011-005, 2012-001, 2013-001, 2014-001, 2015-001, 2016-001, 2017-001, 2018-001, 2019-001)**

**Condition:** Through the process of gaining an understanding of the County’s internal control structure, it was noted that county-wide controls regarding Risk Assessment and Monitoring have not been designed.

**Cause of Condition:** Policies and procedures have not been designed and implemented to address the risks of the County.

**Effect of Condition:** Without an adequate system of county-wide controls, there is greater risk of a breakdown in control activities which could result in unrecorded transactions, undetected errors, or misappropriation of funds.

**Recommendation:** The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that the County design and implement a system of county-wide procedures to identify and address risks related to financial reporting and to ensure that information is communicated effectively. OSAI also recommends that the County design and implement monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

**Management Response:**

**Chairman of the Board of County Commissioners:** The Board of County Commissioners will work to set up and document quarterly meetings with all elected officials to discuss and take action regarding risk management and monitoring. We will work to document, assess, and identify risks to design county-wide controls going forward.

**Criteria:** The United States Government Accountability Office’s (*Standards for Internal Control in the Federal Government*) (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

The GAO Standards – Section 1 – Fundamental Concepts of Internal Control – OVI.01 states in part:

*Definition of Internal Control*

Internal control is a process effected by an entity’s oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

**GRADY COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Additionally, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.04 states in part:

*Components, Principles, and Attributes*

Control Environment - The foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.

Risk Assessment - Assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses.

Information and Communication - The quality information management and personnel communicate and use to support the internal control system.

Monitoring - Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.

**SECTION 2—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management’s attention. We recommend that management consider these matters and take appropriate corrective action.**

**Finding 2020-008 – Lack of Internal Controls and Noncompliance Over Fixed Assets (Repeat Finding - 2015-12, 2016-12, 2018-008, 2019-008)**

**Condition:** Upon inquiry and observation of fixed assets inventory, it was noted annual counts of fixed assets were not on file with the County Clerk for the following offices for the fiscal year 2020:

- County Sheriff
- District 4
- County Commissioner’s Secretary
- Emergency Management Director
- Fire Departments
- Safety Director
- Election Board
- Health Department
- OSU Extension
- Fairgrounds
- Senior Citizens Centers

It was further noted that the County Sheriff inventory on file was not accurate and had not been updated.

**GRADY COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Cause of Condition:** Policies and procedures have not been adequately designed and implemented by county offices/departments to ensure the accurate reporting of fixed assets.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes. Opportunities for loss and misappropriation of county assets may be more likely to occur when the County does not have procedures in place to account for fixed assets.

**Recommendation:** OSAI recommends the County Officers implement internal controls to ensure compliance with 19 O.S. §§ 178.1, 178.2, 1502(A)(1) and 1502(B)(1) regarding fixed assets. These controls would include that:

- Annual counts of fixed assets should be on file with the County Clerk in accordance with state statutes.

**Management Response:**

**County Sheriff:** We will work to ensure that an updated and signed asset list is filed with the County Clerk's office.

**Chairman of the Board of County Commissioners:** We will work to ensure that inventory records for all Fire Departments, Senior Citizens Centers, Fairgrounds, District 4, County Commissioner's Secretary, Emergency Management Director, Safety Director, Election Board, Health Department, and OSU Extension are on file with County Clerk. We will also ensure 2 signatures are included for verifying the inventory count.

**Emergency Management Director:** I will work to ensure that an updated and signed asset list is filed with the County Clerk's office.

**Safety Director:** I will work to ensure that an updated and signed asset list is filed with the County Clerk's office.

**Health Department:** We will work to ensure that an updated and signed asset list is filed with the County Clerk's office.

**Election Board Secretary:** We will work to ensure that an updated and signed asset list is filed with the County Clerk's office.

**Criteria:** The GAO Standards – Principal 10 – Design Control Activities – 10.03 states in part:

*Physical control over vulnerable assets*

Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for the limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.

**GRADY COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Title 19 O.S. § 178.1 requires the board of county commissioners in each county of this state to take or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment.

Title 19 O.S. § 178.2 states in part, "... It shall be the duty and responsibility of each elected county official to create and maintain inventory records of said office. Such inventory shall be filed with the county clerk."

Title 19 O.S. § 1502(A)(1) which requires a prescribed uniform identification system for all supplies, materials, and equipment of a county used for maintenance for roads and bridges.

Title 19 O.S. § 1502(B)(1) requires a prescribed uniform identification system for all supplies, materials, and equipment of a county not used in the construction and maintenance for roads and bridges.

O·K·L·A·H·O·M·A  
S·A·I  
STATE AUDITOR & INSPECTOR



**Cindy Byrd, CPA | State Auditor & Inspector**

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | [www.sai.ok.gov](http://www.sai.ok.gov)