



# GRADY COUNTY

## Financial Report

For the fiscal year ended June 30, 2021

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

**GRADY COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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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, 2021. 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,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

**GRADY COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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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, 2021**

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**GRADY COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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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, 2021, 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, 2021, 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, 2021, 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 accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the remaining supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and is not a required part of the financial statement.

The schedule of expenditures of federal awards and the remaining 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 schedule of expenditures of federal awards and the remaining 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, 2021**

|   | Beginning<br>Cash Balances<br>July 1, 2020 | Receipts<br>Apportioned | Transfers<br>In  | Transfers<br>Out | Disbursements        | Ending<br>Cash Balances<br>June 30, 2021 |
|---|--|-------------------------|------------------|------------------|----------------------|--|
| County Funds:                             |  |                         |                  |                  |                      |  |
| County General                            | \$ 6,893,503                               | \$ 10,019,993           | \$ -             | \$ 350           | \$ 7,710,954         | \$ 9,202,192                             |
| County Highway                            | 9,036,897                                  | 13,964,437              | 350              | -                | 12,177,374           | 10,824,310                               |
| Health                                    | 1,671,566                                  | 1,151,067               | -                | -                | 334,005              | 2,488,628                                |
| Emergency Management State Grant          | 361  | -                       | -                | -                | 361                  | -  |
| County Sinking Fund                       | 2  | -                       | -                | -                | -                    | 2  |
| 911 Phone Fees                            | 354,865                                    | 634,765                 | -                | -                | 680,914              | 308,716                                  |
| Treasurer Resale Property                 | 1,756,845                                  | 434,653                 | 26,776           | -                | 265,796              | 1,952,478                                |
| Treasurer Mortgage Tax                    | 28,005                                     | 14,185                  | -                | -                | 4,503                | 37,687                                   |
| County Clerk Lien Fee                     | 526,583                                    | 60,894                  | -                | -                | 267,145              | 320,332                                  |
| County Clerk Preservation                 | 221,251                                    | 177,947                 | -                | -                | 14,693               | 384,505                                  |
| Assessor Revolving Fee                    | 22,650                                     | 2,961                   | -                | -                | 8,936                | 16,675                                   |
| Assessor Visual Inspection                | 190  | -                       | -                | -                | -                    | 190                                      |
| Sheriff Service Fee                       | 138,908                                    | 205,666                 | -                | -                | 124,533              | 220,041                                  |
| Sheriff Training                          | 79   | -                       | -                | -                | -                    | 79                                       |
| County Donations                          | 8,683                                      | 5,500                   | -                | -                | 12,370               | 1,813                                    |
| Sheriff Drug Forfeiture                   | 997  | 460                     | -                | -                | 880                  | 577                                      |
| Sheriff Drug Buy                          | 473  | -                       | -                | -                | -                    | 473                                      |
| Littering Reward Court Clerk              | 1,315                                      | -                       | -                | -                | -                    | 1,315                                    |
| Court Clerk Payroll                       | 4,964                                      | 185,253                 | -                | -                | 185,410              | 4,807                                    |
| Sales Tax - Grady Memorial                | 110,208                                    | 1,548,289               | -                | -                | 1,498,065            | 160,432                                  |
| Sales Tax - Fire Departments              | 2,452,494                                  | 886,678                 | -                | -                | 909,148              | 2,430,024                                |
| Sales Tax - Senior Citizens               | 3,262,846                                  | 892,915                 | -                | -                | 1,408,110            | 2,747,651                                |
| Sales Tax - EMS                           | 199,039                                    | 201,193                 | -                | -                | 379,385              | 20,847                                   |
| Sales Tax - Fairgrounds                   | 5,514,589                                  | 1,749,478               | -                | -                | 7,082,790            | 181,277                                  |
| GCEMA Local Emergency Planning Commission | 4,566                                      | 2,000                   | -                | -                | 324                  | 6,242                                    |
| Use Tax                                   | 1,650,890                                  | 982,101                 | -                | -                | 471,861              | 2,161,130                                |
| County Bridge and Road Improvement        | 1,215,897                                  | 405,985                 | -                | -                | 740,978              | 880,904                                  |
| Medical Reserve Corps Grant               | 2,500                                      | 5,000                   | -                | -                | 2,445                | 5,055                                    |
| Equitable Sharing - DOJ (County Sheriff)  | 22,759                                     | 23,177                  | -                | -                | 16,741               | 29,195                                   |
| Rural Economic Action Plan Revolving      | -  | 90,000                  | -                | -                | 48,250               | 41,750                                   |
| Safe Oklahoma Grant                       | -  | 35,000                  | -                | -                | 35,000               | -  |
| American Rescue Plan                      | -  | 5,422,550               | -                | -                | -                    | 5,422,550                                |
| <b>Total - All County Funds</b>           | <b>\$ 35,103,925</b>                       | <b>\$ 39,102,147</b>    | <b>\$ 27,126</b> | <b>\$ 350</b>    | <b>\$ 34,380,971</b> | <b>\$ 39,851,877</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, 2021**

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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, 2021**

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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.

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

**GRADY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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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.

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.

Rural Economic Action Plan Revolving – accounts for monies received from ASCOG for the Emergency Management Office for capital outlay and maintenance and operation projects.

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.

American Rescue Plan – accounts for monies received from the United States Government and disbursed per federal guidelines.

**GRADY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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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, 2021**

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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, 2021**

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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, 2021**

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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.

**June 30, 2020**

The voters of Grady County approved a 5-year extension of one-eighth (1/8%) of one percent sales tax on June 30, 2020. 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, 2025. These funds are accounted for in the Sales Tax - Senior Citizens 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 \$1,307,896 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2021.

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

**GRADY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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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.

**F. Interfund Transfers**

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

- A total of \$350 was transferred to the County Highway fund from County General fund for the reimbursement of a disbursement error.
- A total of \$26,776 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.

**SUPPLEMENTARY INFORMATION**

**GRADY COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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|                                     | General Fund  |              |              |
|-------------------------------------|---------------|--------------|--------------|
|                                     | Budget        | Actual       | Variance     |
| District Attorney - County          | \$ 70,000     | \$ 70,000    | \$ -         |
| County Sheriff                      | 2,760,239     | 2,747,549    | 12,690       |
| County Treasurer                    | 356,969       | 303,045      | 53,924       |
| OSU Extension                       | 218,000       | 116,901      | 101,099      |
| County Clerk                        | 806,061       | 730,401      | 75,660       |
| Court Clerk                         | 531,074       | 480,788      | 50,286       |
| County Assessor                     | 446,216       | 444,039      | 2,177        |
| Visual Inspection                   | 761,997       | 737,095      | 24,902       |
| Juvenile Shelter Bureau             | 60,000        | 8,533        | 51,467       |
| General Government                  | 1,799,296     | 1,360,770    | 438,526      |
| Excise - Equalization Board         | 6,782         | 5,783        | 999          |
| County Election Board               | 285,049       | 232,551      | 52,498       |
| Charity                             | 5,001         | 2,355        | 2,646        |
| Emergency Management                | 255,247       | 239,705      | 15,542       |
| Building Maintenance                | 5,299,362     | 440,335      | 4,859,027    |
| County Audit Budget Account         | 148,435       | 49,802       | 98,633       |
| Total Expenditures, Budgetary Basis | \$ 13,809,728 | \$ 7,969,652 | \$ 5,840,076 |

**GRADY COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—HEALTH FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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|                                     | Health Fund  |            |              |
|-------------------------------------|--------------|------------|--------------|
|                                     | Budget       | Actual     | Variance     |
| Health and Welfare                  | \$ 2,592,265 | \$ 386,047 | \$ 2,206,218 |
| Total Expenditures, Budgetary Basis | \$ 2,592,265 | \$ 386,047 | \$ 2,206,218 |

**GRADY COUNTY, OKLAHOMA  
NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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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.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**GRADY COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| Federal Grantor/Pass-Through<br>Grantor/Program Title                   | Federal<br>Assistance<br>Listings<br>Number | Pass-Through<br>Grantor's<br>Number | Federal<br>Expenditures |
|---|---|-------------------------------------|-------------------------|
| <b>U.S. DEPARTMENT OF JUSTICE</b>                                       |   |                                     |                         |
| Passed Through the Oklahoma District Attorneys Council:                 |   |                                     |                         |
| Edward Byrne Memorial Justice Assistance Grant                          | 16.738                                      | JAG-LLE-2020                        | 9,300                   |
| Passed Through the Oklahoma State Bureau of Investigation:              |   |                                     |                         |
| Missing Children's Assistance   | 16.543                                      | 2018-MC-FX-K009                     | 4,617                   |
| Direct Grant:   |   |                                     |                         |
| Equitable Sharing Program   | 16.922                                      | N/A                                 | <u>16,742</u>           |
| Total U.S. Department of Justice  |   |                                     | <u>30,659</u>           |
| <b>U.S. DEPARTMENT OF TRANSPORTATION</b>                                |   |                                     |                         |
| Passed Through the Oklahoma Department of Transportation:               |   |                                     |                         |
| Highway Planning and Construction                                       | 20.205                                      | NHPP 226N00690000FP                 | 54,006                  |
| Highway Planning and Construction                                       | 20.205                                      | ACSTP 226C00790000RW                | 81                      |
| Passed Through the Oklahoma Department of Emergency Management:         |   |                                     |                         |
| E-911 Grant Program   | 20.615                                      | GIS-F2182106S22                     | <u>52,200</u>           |
| Total U.S. Department of Transportation                                 |   |                                     | <u>106,287</u>          |
| <b>U.S. DEPARTMENT OF THE TREASURY</b>                                  |   |                                     |                         |
| Passed Through the Oklahoma Office of State Finance:                    |   |                                     |                         |
| Coronavirus Relief Fund   | 21.019                                      | SA-0267                             | <u>1,169,417</u>        |
| Total U.S. Department of Treasury                                       |   |                                     | <u>1,169,417</u>        |
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                     |   |                                     |                         |
| Passed Through Office of State Finance:                                 |   |                                     |                         |
| Medical Reserve Corps Small Grant Program                               | 93.008                                      | MRC-20-0032                         | <u>2,445</u>            |
| Total U.S. Department of Health and Human Services                      |   |                                     | <u>2,445</u>            |
| <b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>                             |   |                                     |                         |
| Passed Through the Oklahoma Department of Emergency Management:         |   |                                     |                         |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036                                      | DR-4438                             | 88,417                  |
| Emergency Management Performance Grants                                 | 97.042                                      | EMPG-2021                           | <u>30,000</u>           |
| Total U.S. Department of Homeland Security                              |   |                                     | <u>118,417</u>          |
| <b>Total Expenditures of Federal Awards</b>                             |   |                                     | <u>\$ 1,427,225</u>     |

**GRADY COUNTY, OKLAHOMA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Grady County, and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

Indirect Cost Rate

Grady County has elected to not use the 10 percent de minimis cost rate allowed for by 2 CFR§ 200.414(f).

Eligible Expenditures Incurred in the Prior Fiscal Year

On March 27, 2020, the President of the United States signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law. Grady County received \$1,169,417 in federal relief funds. The County incurred \$576,807 in eligible expenditures in the prior year ending June 30, 2020. These eligible expenditures were from March 16, 2020 through June 30, 2020 and accounted for in the County's June 30, 2020 financial statements. Therefore, expenditures on the schedule of expenditures of federal awards for Assistance Listings Number 21.019 – Coronavirus Relief Fund will include \$576,807 in eligible expenditures incurred in the fiscal year ending June 30, 2020, and all eligible expenditures that were incurred in the fiscal year ending June 30, 2021, totaling \$592,610.

**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, 2021, 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, 2021, 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) as 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 questioned costs that we consider to be material weaknesses: 2021-001.

### **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 Grady County, which are included in Section 4 of the schedule of findings and questioned costs 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 questioned costs. 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



**Independent Auditor's Report on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance  
Required by the Uniform Guidance**

TO THE OFFICERS OF  
GRADY COUNTY, OKLAHOMA

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Grady County, Oklahoma, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Grady County's major federal program for the year ended June 30, 2021. Grady County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Grady County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, Grady County, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

## **Report on Internal Control Over Compliance**

Management of Grady County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Grady County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Grady County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-006 and 2021-007 that we consider to be material weaknesses.

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

Grady County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Grady County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

April 18, 2022

**GRADY COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**SECTION 1—Summary of Auditor’s Results**

Financial Statements

Type of auditor's report issued:.....Adverse as to GAAP; unmodified as to regulatory presentation

Internal control over financial reporting:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? ..... None reported

Noncompliance material to the financial statement noted? ..... No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? ..... None reported

Type of auditor's report issued on  
compliance for major programs: ..... Unmodified

Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR § 200.516(a) of the Uniform Guidance? ..... Yes

Identification of Major Programs

| <u>Assistance Listings Number</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------------------|---|
| 21.019                            | Coronavirus Relief Fund                   |

Dollar threshold used to distinguish between  
Type A and Type B programs: ..... \$750,000

Auditee qualified as low risk auditee? ..... No

**GRADY COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**SECTION 2—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 2021-001 – 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, 2020-001)**

**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 QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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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 3—Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

**Finding 2021-006 – Lack of County-Wide Controls Over Major Federal Program – Coronavirus Relief Fund**

**PASS-THROUGH GRANTOR:** Oklahoma Office of State Finance

**FEDERAL AGENCY:** U.S. Department of Treasury

**ASSISTANCE LISTINGS NUMBER:** 21.019

**FEDERAL PROGRAM NAME:** Coronavirus Relief Fund

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance of Federal Funds

**QUESTIONED COSTS:** \$-0-

**Condition:** County-wide controls regarding Control Environment, Risk Assessment, Information and Communication, and Monitoring have not been designed.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the County complies with grant requirements.

**Effect of Condition:** This condition could result in noncompliance with grant requirements.

**Recommendation:** OSAI recommends the County implement a system of internal controls to ensure compliance with grant requirements.

**GRADY COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**Management Response:**

**Chairman of the Board of County Commissioners:** We will work to implement a Risk Assessment plan. We will implement controls to help make sure we are in compliance with all grant requirements and federal funds are expended in accordance with grant agreements and in a timely manner. We will ensure employees have the current and correct compliance supplement to work from.

**Criteria:** The GAO Standards – Section 1 – Fundamental Concepts of Internal Control – OV1.01 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.

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.

**Finding 2021-007 – Lack of Internal Controls Over Major Programs – Coronavirus Relief Fund**

**PASS-THROUGH GRANTOR:** Oklahoma Office of State Finance

**FEDERAL AGENCY:** U.S. Department of Treasury

**ASSISTANCE LISTINGS NUMBER:** 21.019

**FEDERAL PROGRAM NAME:** Coronavirus Relief Fund

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance of Federal Funds

**QUESTIONED COSTS:** \$-0-

**GRADY COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**Condition:** During the process of documenting the County’s internal controls regarding federal disbursements, we noted that policies and procedures have not been established to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Period of Performance of Federal Funds.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure federal expenditures are made in accordance with federal compliance requirements.

**Effect of Condition:** This condition could result in noncompliance to grant requirements and loss of federal funds to the County.

**Recommendation:** OSAI recommends that the County implement a system of internal controls to ensure compliance with grant requirements.

**Management Response:**

**Chairman of the Board of County Commissioners:** The Board of County Commissioners will work with all County Officials to go over all grants and federal monies that the County receives to ensure that proper internal controls are implemented.

**Criteria:** *OMB 2 CFR 200, Subpart D. § .303(a)* reads as follows:

Subpart D-Post Federal Award Requirements

§200.303 Internal Controls

The non-Federal entity must:

Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Further, accountability and stewardship should be overall goals in management's accounting of federal funds. Internal controls should be designed to monitor compliance with laws and regulations pertaining to grant contracts.

**GRADY COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**SECTION 4—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 2021-002 – Lack of Internal Controls and Noncompliance Over Abstract of Assessed Valuations Amended After Certification**

**Condition:** Upon inquiry and observation of the Assessor’s Report to the Excise Board, the following was noted:

- The County Assessor certified that the valuations of taxable property set forth for the school districts of Grady County reported to the excise board were true and correct for tax year 2020 and filed with the County Clerk’s office on June 11, 2020. The Assessor’s Report to the County Excise Board was amended and recertified on August 4<sup>th</sup>, 2020 and again on October 29<sup>th</sup>, 2020.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the valuations of taxable property for each school district are accurate prior to certification with the County Excise Board and filing with the County Clerk.

**Effect of Condition:** These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

**Recommendation:** OSAI recommends that the County Assessor implement a system of internal controls to provide reasonable assurance that certified abstract levies are true and correct when filed with the County Excise Board. After the Assessor’s Report to the County Excise Board is certified and filed, it cannot be recertified without a tax roll correction.

**Management Response:**

**County Assessor:** We will ensure certified abstract levies on file with the County Excise Board are true and correct. I understand the Assessor’s Report to the Excise Board cannot be recertified without a tax roll correction.

**Criteria:** The GAO Standards – Section 1 – Fundamental Concepts of Internal Control – OV1.01 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 QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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Additionally, the GAO Standards – Section 2 – Objectives of an Entity – OV2.23 states in part:

*Compliance Objectives*

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Further, Title 68 O.S. § 2867 (D) states, “Within ten (10) days after the County Assessor of each county receives from the State Board of Equalization the certificates of assessment of all railroads, air carriers and public service corporations, and the equalized value of real and personal property of such county, it shall be the duty of the County Assessor to prepare and file with the County Excise Board an abstract of the assessed valuations of the county and each municipal subdivision thereof as shown by his records through that date; and said abstract shall show separately the valuations of all personal property, real property, railroad and air carrier property and public service corporation property, in each municipality, and shall be properly totaled and balanced.”

Lastly, The Handbook for County Assessors of Oklahoma – Chapter 20 – The Assessment Roll states in part:

“The County Assessor prepares the Assessor’s Report to the Excise Board, SA&I Form 263 as soon as the certified public service corporation assessments and the certified valuation of real and personal property are received from the State Board of Equalization. This report is prepared with columns showing the assessed valuations, by class of property. By law, the abstract shall be properly totaled and balanced. When totaling and balancing the abstract over all the school districts, the total of each column should equal the dollar value for the whole county.

Upon receiving the certified public service corporation assessments and the annual abstract of valuations and assessments from the State Board of Equalization, the County Assessor has ten (10) days to deliver the Assessor’s Report to Excise Board, SA&I Form No. 263, to the County Excise Board. This report shows the County Excise Board the taxable valuation of the taxing jurisdiction is used by the County Excise Board in determining the tax levies.

Chapter 21 – The Assessment Roll states in part:

No later than October 1 of each year, the County Assessor must prepare and deliver a complete tax roll to the County Treasurer. The tax roll is a list of the dollar amount of property taxes levied on all of the taxable and exempt property on the tax roll.”

**GRADY COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**Finding 2021-008 – Lack of Internal Controls and Noncompliance over Fixed Assets (Repeat Finding 2015-12, 2016-12, 2018-008, 2019-008, 2020-008)**

**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 2021:

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

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

**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 Assessor:** We will work to ensure that a signed and dated 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.

**GRADY COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**County Sheriff:** We have updated the records and will file the updated inventory with the County Clerk.

**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.

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.

**APPENDIX A**

**CORRECTIVE ACTION PLAN**

**(Prepared by County Management)**



**APPENDIX B**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**(Prepared by County Management)**

## Grady County Commissioners

District 1 - Michael Walker - 405-381-3272  
Ok. 73089

District 2 - Kirk L. Painter - 405-224-2184  
Chickasha, Ok. 73018

District 3 - Ralph Seard • 580-476-3577 Tuttle,  
Rush Springs, Ok.73082

County Commissioners Office~ 326 West Choctaw~ Chickasha. Ok. 73018 Phone  
405- 224-5211 ~Fax 405- 222-1053

### Summary Schedule of Prior Audit Findings in accordance with 2 CFR § 200.511b for the fiscal year ended June 30, 2021

#### FINANCIAL AUDIT FINDINGS

**Finding 2010-001, 2011-001, 2012-003, 2013-002, 2014-002**

**Inadequate Segregation of Duties – County Treasurer**

**Finding Summary:** The County Treasurer has segregated the duties of preparing/reviewing deposits and performing bank reconciliations; however, the employees who perform these duties also issue receipts and prepare journal entries. In addition, all employees are able to void receipts. A daily mail log is not maintained, and there is no independent oversight of the accuracy of the compilation of the monthly reports

**Status:** Corrected. The accounting functions are overseen by management and management has implemented compensating controls to mitigate the risk involved with a concentration of duties

**Finding 2010-003, 2011-007, 2012-005, 2013-003**

**Inadequate Internal Controls Over the Payroll Process**

**Finding Summary:** The Payroll Clerk enrolls new hires, makes payroll changes, runs verification reports, prints payroll checks, distributes payroll checks, and maintains personnel files.

**Status:** Corrected. Compensating controls over payroll have been implemented. The key payroll processes have been separated and all reviews are documented and dated.

**Finding 2010-004, 2011-008, 2012-006, 2013-003, 2014-003, 2015-003**

**Inadequate Internal Controls and Noncompliance Over Purchasing**

**Finding Summary:** The test of sixty purchase orders reflected eight instances in which purchase orders were not timely encumbered and eight instances in which receiving reports were not attached to support all cash disbursements as required by 19 O.S. § 1505.

**Status:** Corrected. Management has implemented controls to help ensure that each department encumbers their purchase orders prior to receiving the goods or services, and that receiving reports are attached.

**Finding 2010-009, 2011-005, 2012-001, 2013-001, 2014-001, 2015-0013, 2016-001, 2017-001, 2018-001, 2019-001, 2020-001**

**Inadequate County-Wide Controls**

**Finding Summary:** County-wide controls regarding Risk Assessment and Monitoring have not been designed

**Status:** Not Corrected.

**Finding 2010-010, 2011-006, 2012-002**

**Inadequate Internal Controls Over Information Systems Security**

**Finding Summary:** Upon review of the computer systems within the County Treasurer's and the County Clerk's offices, it was noted that there does not appear to be adequate controls in place to safeguard data from unauthorized modification, loss, or disclosure.

**Status:** Corrected. Management has established adequate controls to safeguard data from unauthorized modification, loss, or disclosure.

#### FEDERAL AUDIT FINDINGS

**Finding 2010-14**

**Inadequate Internal Controls Over Major Federal Programs – ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)**

**Federal Agency:** U.S. Department of Energy

**Assistance Listings Number:** 81.128

**Federal Program Name:** ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG)

**Federal Award Year:** 2010

**Control Category:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Eligibility; Procurement and Suspension and Debarment; and Sub recipient Monitoring.

**Questioned Costs:** \$-0-

**Finding Summary:** During the process of documenting the County's internal controls regarding federal disbursements, we noted that Grady County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Eligibility; Procurement and Suspension and Debarment; and Sub recipient Monitoring.

**Status:** The Grady County Board of County Commissioners do not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal Clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.



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



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

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