



# GRADY COUNTY

## Financial Report

For the fiscal year ended June 30, 2019

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

**GRADY COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

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.



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)

December 2, 2020

TO THE CITIZENS OF  
GRADY COUNTY, OKLAHOMA

Transmitted herewith is the audit of Grady County, Oklahoma for the fiscal year ended June 30, 2019. 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.

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, 2019**

---

**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, 2019**

---

**TABLE OF CONTENTS**

**FINANCIAL SECTION**

|  |   |
|--|---|
| Report of State Auditor and Inspector .....  | 1 |
| Financial Statement:   |   |
| Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis (with<br>Combining Information)..... | 4 |
| Notes to the Financial Statement.....  | 5 |

**SUPPLEMENTARY INFORMATION**

|   |    |
|---|----|
| Comparative Schedule of Receipts, Expenditures, and Changes in<br>Cash Balances—Budget and Actual—Budgetary Basis—General Fund.....                   | 13 |
| Comparative Schedule of Receipts, Expenditures, and Changes in<br>Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund ..... | 14 |
| Note to Supplementary Information .....   | 15 |

**INTERNAL CONTROL AND COMPLIANCE SECTION**

|   |    |
|---|----|
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters<br>Based on an Audit of Financial Statements Performed in Accordance With<br><i>Government Auditing Standards</i> ..... | 16 |
| Schedule of Findings and Responses .....  | 18 |

## **FINANCIAL SECTION**

## **Independent Auditor's Report**

TO THE OFFICERS OF  
GRADY COUNTY, OKLAHOMA

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

We have audited the combined 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, 2019, 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, 2019, 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 combined total of receipts, disbursements, and changes in cash balances for all county funds of Grady County, for the year ended June 30, 2019, 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 combined 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 November 30, 2020, 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.

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is written in a cursive, flowing style.

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

November 30, 2020

## **REGULATORY BASIS FINANCIAL STATEMENT**

**GRADY COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**(WITH COMBINING INFORMATION)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

|   | Beginning<br>Cash Balances<br>July 1, 2018 | Receipts<br>Apportioned | Transfers<br>In      | Transfers<br>Out     | Disbursements        | Ending<br>Cash Balances<br>June 30, 2019 |
|---|--|-------------------------|----------------------|----------------------|----------------------|--|
| Combining Information:                                |  |                         |                      |                      |                      |  |
| County General Fund                                   | \$ 3,705,380                               | \$ 8,037,823            | \$ 1,595,516         | \$ 1,688,478         | \$ 6,161,685         | \$ 5,488,556                             |
| County Highway  | 8,956,718                                  | 16,419,785              | 1,595,000            | 1,954,941            | 13,240,458           | 11,776,104                               |
| Health  | 629,650                                    | 947,764                 | -                    | -                    | 523,906              | 1,053,508                                |
| County Sales Tax                                      | 6,956,076                                  | -                       | -                    | 6,956,076            | -                    | -  |
| FEMA - Hazard Mitigation Grant                        | 245  | -                       | -                    | 245                  | -                    | -  |
| Emergency Management State Grant                      | 21,873                                     | -                       | -                    | 3,125                | 7,797                | 10,951                                   |
| County Sinking Fund                                   | 2  | -                       | -                    | -                    | -                    | 2  |
| 911 Phone Fees  | 843,175                                    | 396,715                 | -                    | -                    | 557,707              | 682,183                                  |
| Treasurer Resale Property                             | 1,516,620                                  | 357,591                 | 21,043               | -                    | 289,007              | 1,606,247                                |
| Treasurer Mortgage Tax                                | 17,249                                     | 9,650                   | -                    | -                    | 5,162                | 21,737                                   |
| County Clerk Lien Fee                                 | 451,519                                    | 319,476                 | -                    | -                    | 365,228              | 405,767                                  |
| County Clerk Preservation                             | 102,282                                    | 115,016                 | -                    | -                    | 43,715               | 173,583                                  |
| Assessor Revolving Fee                                | 37,698                                     | 15,520                  | -                    | -                    | 19,744               | 33,474                                   |
| Assessor Visual Inspection                            | 188  | -                       | -                    | -                    | -                    | 188                                      |
| Sheriff Service Fee                                   | 184,366                                    | 306,552                 | -                    | -                    | 356,898              | 134,020                                  |
| Sheriff Training                                      | 79   | -                       | -                    | -                    | -                    | 79                                       |
| County Donations                                      | 194  | 4,849                   | 7,447                | 281                  | 3,419                | 8,790                                    |
| Sheriff Drug Forfeiture                               | 321  | 563                     | -                    | -                    | 199                  | 685                                      |
| Sheriff Drug Buy                                      | 473  | -                       | -                    | -                    | -                    | 473                                      |
| Sheriff K-9 Donations                                 | 4,419                                      | -                       | 281                  | 4,418                | 276                  | 6  |
| Sheriff Public Donations                              | 3,029                                      | -                       | -                    | 3,029                | -                    | -  |
| Littering Reward Court Clerk                          | 1,115                                      | 100                     | -                    | -                    | -                    | 1,215                                    |
| Court Clerk Payroll                                   | -  | 174,304                 | -                    | -                    | 169,601              | 4,703                                    |
| Sales Tax - Grady Memorial                            | -  | 3,282,413               | 225,561              | -                    | 3,245,301            | 262,673                                  |
| Sales Tax - Fire Departments                          | -  | 1,852,698               | 1,250,095            | -                    | 1,177,065            | 1,925,728                                |
| Sales Tax - Senior Citizens                           | -  | 1,855,771               | 1,912,932            | -                    | 999,129              | 2,769,574                                |
| Sales Tax - EMS                                       | -  | 426,528                 | 279,864              | -                    | 463,204              | 243,188                                  |
| Sales Tax - Fairgrounds                               | -  | 3,727,287               | 3,287,624            | -                    | 2,031,144            | 4,983,767                                |
| GCEMA Local Emergency Planning Commission             | 3,352                                      | 4,000                   | -                    | -                    | 3,786                | 3,566                                    |
| Use Tax   | -  | 2,093,412               | 93,478               | -                    | 1,155,117            | 1,031,773                                |
| County Bridge and Road Improvement                    | -  | 603,292                 | 359,941              | -                    | 48,878               | 914,355                                  |
| Safe Room Grant                                       | -  | 176,372                 | -                    | -                    | 156,998              | 19,374                                   |
| <b>Combined Total - All County Funds, as Restated</b> | <b>\$ 23,436,023</b>                       | <b>\$ 41,127,481</b>    | <b>\$ 10,628,782</b> | <b>\$ 10,610,593</b> | <b>\$ 31,025,424</b> | <b>\$ 33,556,269</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, 2019**

---

**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.

During the fiscal year ended June 30, 2019, the County converted to a new chart of accounts; therefore, several fund names and descriptions change. However, these changes do not reflect a change in the sources and uses of revenues over the prior fiscal year.

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

County General Fund – 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.

County Sales Tax – accounts for the collection of sales tax revenue which is used for renovation and maintenance and operation of the county fairgrounds, to operate and maintain the present

**GRADY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

seven senior nutrition centers, to operate and maintain the 20 fire departments, and to operate and maintain Grady County Memorial Hospital in Grady County.

FEMA – Hazard Mitigation Grant – accounts for grant monies received and disbursed as restricted by grant agreement.

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

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.

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 and disbursement of Sheriff process service fees as restricted by state statute.

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.

**GRADY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

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.

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

Littering Reward Court Clerk – accounts for monies received from donations and disbursed 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 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 disbursed in accordance with grant agreement.

Use Tax – accounts for monies received from OTC. 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 the state receipts and disbursements for the improvement of county roads and bridges.

**GRADY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

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

**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 specifies the format and presentation for 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. 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

**GRADY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

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).

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



**GRADY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

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.

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; although, 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 1/4% 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. The sales tax was originally apportioned to the Grady County Sales Tax Fund for the designated purpose. However, during the conversion to the new chart of accounts this fiscal year, the funds were transferred to the Sales Tax - Fairgrounds fund.

**November 4, 2014**

The voters of Grady County approved a 10-year 1/8% 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. The sales tax was

**GRADY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

originally apportioned to the Grady County Sales Tax Fund for the designated purpose. However, during the conversion to the new chart of accounts this fiscal year, the funds were transferred to the Sales Tax - Fire Departments fund.

**November 10, 2015**

The voters of Grady County approved a 5-year extension of 1/8% 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. The sales tax was originally apportioned to the Grady County Sales Tax Fund for the designated purpose. However, during the conversion to the new chart of accounts this fiscal year, the funds were transferred to the Sales Tax - Senior Citizens fund.

**February 9, 2016**

The voters of Grady County approved a 20-year 1/4% 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 set out in Grady Memorial Hospital Tax Resolution of 2016 as adopted and approved by the Board of County Commissioners of Grady County. The sales tax was originally apportioned to the Grady County Sales Tax Fund for the designated purpose. However, during the conversion to the new chart of accounts this fiscal year, the funds were transferred to the Sales Tax - Grady Memorial fund and the Sales Tax - EMS fund.

**E. Interfund Transfers**

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

- A total of \$516, a residual balance, was transferred to the County General Fund from the following funds by Board of County Commissioner Resolution to close out the funds:
  - \$245 was transferred from FEMA Hazard Mitigation Grant
  - \$271 was transferred from Sheriff Estray Animals, a Trust & Agency Fund
- \$1,595,000 was transferred to the County General fund from County Highway for the purpose of funding operating expenses as allowed by 68 O.S. § 3021.
- \$1,595,000 was transferred to the County Highway fund from the County General Fund to reimburse the County Highway to repay the operating transfer as required by 68 O.S. § 3021.
- \$93,478 was transferred from County General to Use Tax for the purpose of establishing a separate fund for use tax collections and in the conversion to COA.
- \$359,941 was transferred from County Highway to County Bridge and Road Improvement for the purpose of establishing a separate fund and in the conversion of COA.
- \$3,125 was transferred to Grady County Emergency Management (a trust and agency fund) from Emergency Management State Grant to correct an apportionment error occurring in fiscal year 2018.

**GRADY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

- \$21,043 was transferred from the Excess Resale fund (a trust and agency fund) to the Treasurer Resale Property fund in accordance with 68 O.S. § 3131C.
- A total of \$6,956,076 was transferred from County Sales Tax fund to the following funds in order to establish individual sales tax funds in the conversion to COA:
  - \$225,561 was transferred to Sales Tax – Grady Memorial Fund
  - \$1,250,095 was transferred to Sales Tax – Fire Departments Fund
  - \$1,912,932 was transferred to Sales Tax – Senior Citizens Fund
  - \$3,287,624 was transferred to Sales Tax – Fairgrounds Fund
  - \$279,864 was transferred to Sales Tax – EMS Fund
- A total of \$7,447 was transferred to County Donations from the following funds:
  - \$3,029 was transferred from Sheriff Public Donations in order to combine into the fund with the County Donations fund for the conversion to COA .
  - \$4,418 was transferred from Sheriff K-9 Donations to repay the operating transfer as allowed by 68 O.S. § 3021.
- \$281 was transferred to the Sheriff K-9 Donations from County Donations for the purpose of funding operating expenses as allowed by 68 O.S. § 3021.

**F. Restatement of Fund Balance**

During the fiscal year, the County had a reclassification of funds. County Donations fund was reclassified as a county fund. Grady County Drug Court was reclassified as a trust and agency fund as it is under the direction of the District Attorney.

|   |                     |
|---|---------------------|
| Prior year ending balance, as reported  | \$23,506,718        |
| Funds reclassified to County Funds:   |                     |
| County Donations fund reclassified from a Trust and Agency Fund to a County Fund        | 194                 |
| Funds reclassified as Trust and Agency Funds:   |                     |
| Grady County Drug Court fund reclassified from a County Fund to a Trust and Agency Fund | <u>(70,889)</u>     |
| Prior year ending balance, as restated  | <u>\$23,436,023</u> |

## **SUPPLEMENTARY INFORMATION**

**GRADY COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

|   | General Fund     |                     |                     |
|---|------------------|---------------------|---------------------|
|   | Budget           | Actual              | Variance            |
| Beginning Cash Balances   | \$ 3,705,380     | \$ 3,705,380        | \$ -                |
| Less: Prior Year Outstanding Warrants   | (121,823)        | (121,823)           | -                   |
| Less: Prior Year Encumbrances   | (481,712)        | (315,350)           | 166,362             |
| Beginning Cash Balances, Budgetary Basis  | <u>3,101,845</u> | <u>3,268,207</u>    | <u>166,362</u>      |
| Net Residual  |                  | 516                 | 516                 |
| Total Receipts, Budgetary Basis   | <u>6,106,219</u> | <u>8,037,823</u>    | <u>1,931,604</u>    |
| Total Expenditures, Budgetary Basis   | <u>9,208,064</u> | <u>6,145,349</u>    | <u>3,062,715</u>    |
| Excess of Receipts and Beginning Cash<br>Balances Over Expenditures, Budgetary Basis    | <u>\$ -</u>      | 5,161,197           | <u>\$ 5,161,197</u> |
| Net Operating Transfer  |                  | (93,478)            |                     |
| Reconciliation to Statement of Receipts,<br>Disbursements, and Changes in Cash Balances |                  |                     |                     |
| Add: Cancelled Warrants   |                  | 66                  |                     |
| Add: Current Year Outstanding Warrants  |                  | 185,074             |                     |
| Add: Current Year Encumbrances  |                  | <u>235,697</u>      |                     |
| Ending Cash Balance   |                  | <u>\$ 5,488,556</u> |                     |

**GRADY COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**HEALTH FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

|   | Health Fund          |                     |                       |
|---|----------------------|---------------------|-----------------------|
|   | Budget               | Actual              | Variance              |
| Beginning Cash Balances   | \$ 629,650           | \$ 629,650          | \$ -                  |
| Less: Prior Year Outstanding Warrants   | (71,821)             | (71,821)            | -                     |
| Less: Prior Year Encumbrances   | (67,920)             | (42,503)            | 25,417                |
| Beginning Cash Balances, Budgetary Basis  | <u>489,909</u>       | <u>515,326</u>      | <u>25,417</u>         |
| <br>Total Receipts, Budgetary Basis   | <br><u>915,854</u>   | <br><u>947,764</u>  | <br><u>31,910</u>     |
| <br>Total Expenditures, Budgetary Basis   | <br><u>1,405,763</u> | <br><u>522,604</u>  | <br><u>883,159</u>    |
| <br>Excess of Receipts and Beginning Cash<br>Balances Over Expenditures,<br>Budgetary Basis | <br><u>\$ -</u>      | <br>940,486         | <br><u>\$ 940,486</u> |
| <br>Reconciliation to Statement of Receipts,<br>Disbursements, and Changes in Cash Balances |                      |                     |                       |
| Add: Current Year Encumbrances  |                      | 112,307             |                       |
| Add: Current Year Outstanding Warrants  |                      | <u>715</u>          |                       |
| Ending Cash Balance   |                      | <u>\$ 1,053,508</u> |                       |

**GRADY COUNTY, OKLAHOMA  
NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

**1. Budgetary Schedules**

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—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 (with Combining Information) 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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined total—all funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information) of Grady County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprises Grady County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated November 30, 2020.

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 for the year ended June 30, 2019, 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) to determine the 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: 2019-001.

### **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Grady County's response to the findings identified in our audit are 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 the response.

### **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 result 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.

This report is also 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.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

November 30, 2020

**GRADY COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

**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 2019-001 – 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)**

**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 – 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 RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

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.**

No matters were reported.



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)