

GRADY COUNTY HOME
FINANCE AUTHORITY

Financial Statements
For the Year Ended December 31, 2021

ROBERT D. TURNER
CERTIFIED PUBLIC ACCOUNTANT

LAWTON, OKLAHOMA 73501

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ROBERT D. TURNER C.P.A.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Grady County Home Finance Authority
Chickasha, Oklahoma

Opinion

I have audited the accompanying financial statements of Grady County Home Finance Authority (a nonprofit organization), which comprise the statement of net position as of December 31, 2021 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the net position of Grady County Home Finance Authority as of December 31, 2021 and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Grady County Home Finance Authority and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Grady County Home Finance Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or

error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Grady County Home Finance Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Grady County Home Finance Authority's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated April 5, 2022, on my consideration of Grady County Home Finance Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Home Finance Authority's internal control over financial reporting and compliance.

Robert D. Turner

Robert D. Turner, CPA
April 5, 2022

GRADY COUNTY HOME FINANCE AUTHORITY

Management and Discussion Analysis

Our discussion and analysis of Grady County Home Finance Authority's (the Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2021.

FINANCIAL HIGHLIGHTS:

Net Position: The Authority's Net Position decreased by \$27,493 from \$300,984 in 2020 to \$273,491 in 2021. This decrease was primarily due to program expenses.

Liabilities: There were no liabilities at December 2020 or December 2021.

Revenues: The Authority's income consists principally of income on investments, net (interest income), \$116.

Expenses: The Authority's operating expenses decreased \$13,948 from \$41,369 in 2020 to \$27,421 in 2021. This change was primarily due to an decrease in program expense of \$15,486.

USING THIS ANNUAL REPORT

The Statement of Net Position and the Statement of Activities

The Statement of Net Position includes all assets and liabilities of the Authority using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The Statement of Revenues, Expenses and Changes in Net Position includes all of the current year's revenues and expenses regardless of when the cash is received or paid. These statements provide information about whether the entity is better off or worse off as a result of the year's activities.

Net Position is the difference between the Authority's assets and liabilities. Over time, increases or decreases in the Authority's Net Position provide one indicator of the financial health of the Authority.

Unaudited.

GRADY COUNTY HOME FINANCE AUTHORITY

Management and Discussion Analysis Cont'd

FINANCIAL ANALYSIS

Net Position

The Authority's Net Position decreased by \$27,493. A comparative overview of the major components of the Statement of Net Position is shown below.

Statement of Net Position

	<u>Business-type Activities</u>			% Inc. (Dec.)
	<u>2021</u>	<u>2020</u>	<u>Difference</u>	
Current assets	<u>\$ 273,491</u>	<u>\$ 300,984</u>	<u>(27,493)</u>	(9%)
Total assets	<u>273,491</u>	<u>300,984</u>	<u>(27,493)</u>	(9%)
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	0%
Net Position:				
Unrestricted	<u>273,491</u>	<u>300,984</u>	<u>(27,493)</u>	(9%)
Total Net Position	<u>\$ 273,491</u>	<u>\$ 300,984</u>	<u>\$ (27,493)</u>	(9%)

Net Position decreased primarily due to expenses related to program expenses.

Unaudited.

GRADY COUNTY HOME FINANCE AUTHORITY

Management and Discussion Analysis Cont'd

Change in Net Position

A comparative of the major components of the Statement of Revenues, Expenses, and Changes in Net Position is shown below.

Statement of Revenues, Expenses, and Changes in Net Position

	<u>Business-type Activities</u>			
	<u>2021</u>	<u>2020</u>	<u>Difference</u>	<u>% Changed</u>
Operating Revenues	\$ 0	\$ 0	\$	n/a
Operating Expenses:				
Attorney Fees	6,005	5,105	900	18%
Audit Fee	4,000	4,000		0%
Program Expense	11,806	27,292	(15,486)	(57%)
Consulting	830	415	415	100%
Filing Fees	100	100		0%
Insurance	<u>4,680</u>	<u>4,457</u>	<u>223</u>	5%
Total Operating Expenses	<u>27,421</u>	<u>41,369</u>	<u>(13,948)</u>	(34%)
Operating Income (Loss)	(27,421)	(41,369)	13,948	n/a
Non operating Revenues(Expenses):				
Settlement	0	75	(75)	0%
Investment Fees	(150)	(150)	0	0%
Income on Investments	116	1,754	(1,638)	(93%)
Unrealized Gain(Loss)on Investments	<u>(38)</u>	<u>(185)</u>	<u>147</u>	(79%)
Total Non operating Revenues (Expenses):	<u>(72)</u>	<u>1,494</u>	<u>(1,491)</u>	100%
Increase(Decrease) in Net Position	(27,493)	(39,875)	12,457	(31%)
BEGINNING NET POSITION	<u>300,984</u>	<u>340,859</u>	<u>(39,875)</u>	(12%)
ENDING NET POSITION	<u>\$ 273,491</u>	<u>\$ 300,984</u>	<u>\$ (27,493)</u>	(9%)

Economic Factors and Next Year's Estimates

At the January 14, 2022 meeting of the Trustees of Grady County Home Finance Authority, the Trustees voted unanimously to terminate the Trust Indenture and transfer trust property to the beneficiary, Board of County Commissioners of Grady County, Oklahoma.

Unaudited

GRADY COUNTY HOME FINANCE AUTHORITY

Management and Discussion Analysis Cont'd

Contacting Grady County Home Finance Authority

This financial report is designed to provide our citizens, customers, taxpayers, bondholders, and creditors with a general overview of the Authority's finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact Grady County Home Finance Authority at the Grady County Court House in Chickasha, Oklahoma.

GRADY COUNTY HOME FINANCE AUTHORITY
Statement of Net Position
December 31, 2021

ASSETS:

CURRENT ASSETS:

Cash and Cash Equivalents	\$ <u>273,491</u>
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Total Current Assets	<u>273,491</u>
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Total Assets	<u>\$ 273,491</u>
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LIABILITIES AND NET POSITION:

Liabilities	<u>\$ -</u>
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Net Position:

Unrestricted Net Position	<u>273,491</u>
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Total Net Position	<u>\$ 273,491</u>
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SEE NOTES TO FINANCIAL STATEMENTS.

GRADY COUNTY HOME FINANCE AUTHORITY
Statement of Revenues, Expenses and Changes In Net Position
For The Year Ended December 31, 2021

OPERATING REVENUES	\$ <u>-</u>
OPERATING EXPENSES:	
Attorney Fees	6,005
Consulting	830
Filing Fees	100
Audit Fee	4,000
Program Expense	11,806
Insurance	<u>4,680</u>
Total Operating Expenses	<u>27,421</u>
Operating Income (Loss)	(27,421)
NONOPERATING REVENUES AND EXPENSES:	
Income on Investments	116
Investment Fees	(150)
Unrealized Gain (Loss) on Investments	<u>(38)</u>
Total Non Operating Revenue (Expense)	(72)
Increase (Decrease) in Net Position	(27,493)
Beginning Net Position	<u>300,984</u>
Ending Net Position	<u>\$ 273,491</u>

SEE NOTES TO FINANCIAL STATEMENTS.

GRADY COUNTY HOME FINANCE AUTHORITY
Statement of Cash Flows
For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Attorney Fees	\$ (6,005)
Consulting	(830)
Filing Fees	(100)
Audit Fee	(4,000)
Program Expense	(11,806)
Insurance	<u>(4,680)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(27,421)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Income on Investments	260
Investment Fees	(150)
Purchase of Investments	(198,000)
Sales of Investments	<u>398,000</u>
Net Cash Provided by Investing Activities	<u>200,110</u>
Net Increase in Cash and Cash Equivalents	172,689
Balance - Beginning of Year	<u>100,802</u>
Balance – End of Year	<u><u>\$ 273,491</u></u>

NONCASH ACTIVITIES:

Unrealized Gain (Loss) on Investments	<u><u>\$ (38)</u></u>
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SEE NOTES TO FINANCIAL STATEMENTS.

GRADY COUNTY HOME FINANCE AUTHORITY
Notes to the Financial Statements

Note 1 -- Summary of Significant Accounting Policies

These financial statements of the Authority are required to be presented in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies and practices are described below.

Financial Reporting Entity

The Grady County Home Finance Authority was created as a public trust under Title 60 of the Oklahoma State Statutes on February 5, 1979, with Grady County, Oklahoma named as the beneficiary thereof. The purpose of the Authority is generally providing housing of every type for low to moderate income persons residing in Grady County. Grady County Home Finance Authority is a component unit of Grady County, Oklahoma. Trustees are appointed by the Board of Commissioners of the beneficiary and may be removed without cause by the Board of Commissioners of the beneficiary.

Measurement Focus and Basis of Accounting

The Authority prepares its financial statements on the accrual basis of accounting wherein revenues are recognized when earned and expenses are recognized when the obligation is incurred. The Authority utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in Net Position, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

Budget

Title 60 requires public trusts to have budgets. This budget requirement does not set legal appropriations, therefore, a budget to actual statement is not required.

GRADY COUNTY HOME FINANCE AUTHORITY
Notes to the Financial Statements

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and highly liquid investments and time deposits with original maturities of ninety days or less.

Investments

Investments with an original maturity of one year or less are recorded at cost. Long-term investments are recorded at fair value in accordance with GASB Statement 72.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non capital financing, or investing activities.

Cash and Investment

Type	Fair Value	Maturities in Years				
		On Demand	Less Than One	1-5	6 – 10	More Than 10
Demand deposits	\$ 273,491	\$ 273,491	-	-	-	-
Certificates of Deposit		-	\$			
Total	\$ 273,491	\$ 273,491	\$	\$ -	\$ -	\$ -
Reconciliation to Statement Of Net Position,						
Cash and cash equivalents	\$ 273,491					
Total	\$ 273,491					

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Deposits

GRADY COUNTY HOME FINANCE AUTHORITY
Notes to the Financial Statements

in financial institutions, reported as components of cash, cash equivalents, and investments were fully insured by depository insurance or secured with collateral held by the Authority's Agent in its name. Investments in U.S. Agency obligations and trust money market accounts were either 1) insured or registered and held by the Authority or by the Authority's agent in the Authority's name or 2) uninsured and unregistered and held by counterparty's trust department or agent in the Authority's name.

Investment Credit Risk -- The Authority has no investment policy that limits its investment choices.

Concentration of Credit Risk -- The Authority places no limit on the amount it may invest in any one issuer.

The Authority implemented GASB Statement No. 72, Fair Value Measurement and Application, during the year ended December 31, 2016. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority has no recurring fair value measurements as of December 31, 2021.

Note 2 -- Risk Management

Property & Liability Protection Plan – The Authority is a member of the Association of County Commissioners of Oklahoma Self-Insurance Group (AACO-SIG). The lines of coverage and limits of liability afforded by ACCO-SIG are subject to a \$10,000 deductible and are as follows:

Property- Per Schedule on file with company.

Blanket Bond- \$100,000 each and every loss

Casualty- \$25/125/1,000,000 any one claim; law enforcement liability \$2,000,000 any one claim; public official's errors & omissions \$2,000,000 any one claim, any one member; auto liability & physical damage \$1,000,000 any one claim.

Public Officials Wrongful Acts- \$2,000,000.

GRADY COUNTY HOME FINANCE AUTHORITY
Notes to the Financial Statements

Note 3 – Subsequent Events

At the January 14, 2022 meeting of the Trustees of Grady County Home Finance Authority, the Trustees voted unanimously to terminate the Trust Indenture and transfer trust property to the beneficiary, Board of County Commissioners of Grady County, Oklahoma.

The Authority has evaluated subsequent events through April 5, 2022 which is the audit report date of the financial statements for the year ending December 31, 2021.

ROBERT D. TURNER C.P.A.

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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

The Board of Trustees of
Grady County Home Finance Authority

I 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 statement of net position and the related statements of revenues, expenses and changes in net position and cash flows of Grady County Home Finance Authority as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise Grady County Home Finance Authority's basic financial statement and issued my report thereon dated April 5, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Grady County Home Finance Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Grady County Home Finance Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Grady County Home Finance Authority's internal control over financial reporting.

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 a 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grady County Home Finance Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters 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 my audit, and accordingly, I do not express such an opinion. The results of my test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Robert D. Turner

Robert D. Turner, C.P.A.
April 5, 2022