



# BRYAN COUNTY

## Financial Report

For the fiscal year ended June 30, 2019

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

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

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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.



Cindy Byrd, CPA | State Auditor & Inspector

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December 2, 2020

TO THE CITIZENS OF  
BRYAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Bryan 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



**BRYAN COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Board of County Commissioners**

District 1 – Ron Boyer  
District 2 – Tony Simmons  
District 3 – Jay Perry

**County Assessor**

Mike Hull

**County Clerk**

Tammy Reynolds

**County Sheriff**

Johnny Christian

**County Treasurer**

Prudy Sullivan-Holt

**Court Clerk**

Donna Alexander

**District Attorney**

Emily Redman

**BRYAN COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**FINANCIAL SECTION**

## Independent Auditor's Report

TO THE OFFICERS OF  
BRYAN 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 Bryan 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 Bryan 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 Bryan 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 Bryan 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 9, 2020, on our consideration of Bryan 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 Bryan County's internal control over financial reporting and compliance.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

November 9, 2020

**REGULATORY BASIS FINANCIAL STATEMENT**

**BRYAN 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 Cash Balances July 1, 2018	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2019
Combining Information:						
County General	\$ 2,105,706	\$ 5,025,239	\$ 95	\$ -	\$ 4,953,971	\$ 2,177,069
T-Highway	2,017,906	3,054,245	5	-	3,351,912	1,720,244
T-Highway Roads and Bridges Revolving	522,567	416,106	-	-	444,271	494,402
County Health Department	1,380,408	1,108,559	-	-	971,787	1,517,180
County Health Department Petty Cash	300	-	-	200	-	100
County Sinking	3,335	4	-	-	-	3,339
COPS Fast	1	-	-	-	-	1
County Assessor Fee Revolving	38,790	5,170	-	-	7,761	36,199
County Assessor Visual Inspection Reimbursement	8,583	9	-	-	5,265	3,327
County Assessor Cash Drawer Increase	25	-	-	-	-	25
County Clerk Lien Fee	63,339	18,433	-	-	13,863	67,909
County Clerk Record Management and Preservation	91,804	43,675	-	-	13,225	122,254
County Clerk Cash Drawer Increase	100	-	-	-	-	100
County Commissioner Trash Cop	1,391	195	1,638	-	-	3,224
County Treasurer Resale Cash Drawer Increase	700	-	-	-	-	700
County Treasurer Resale Property	458,135	363,550	-	-	246,520	575,165
Courthouse Security-SSF	43,183	110,600	-	-	105,820	47,963
DHS Attendant Care	95	-	-	95	-	-
County Commissioners Bond	450	500	-	-	950	-
Emergency 911	10,743	55,632	-	-	48,468	17,907
Keep Bryan County Beautiful	1,638	-	-	1,638	-	-
Mortgage Tax Certification Fee	14,344	8,085	-	-	1,757	20,672
OSU Extension Grant	832	-	-	832	-	-
Jail Revolving	12,234	6,873	5	-	10,498	8,614
Jail Special	5	-	-	5	-	-
Sheriff City Prisoners	64,338	60,620	-	-	122,965	1,993
Sheriff Commissary	70,893	75,026	-	-	96,554	49,365
Sheriff Commissary Profit	71,300	91,810	-	-	43,308	119,802
Sheriff Department of Corrections	159,554	80,409	-	-	222,160	17,803
Sheriff Social Security Administration	1,401	2,800	-	-	-	4,201
Sheriff Service Fees	72,313	411,547	-	-	185,356	298,504
Sheriff Corps	10,081	68,861	-	-	48,694	30,248
Sheriff DARE	102	-	-	102	-	-
Sheriff Helicopter	26,418	1,138	-	-	4,503	23,053
Sheriff Revolving	125,306	460,779	-	-	420,994	165,091

Continued on next page

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

**BRYAN 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 Cash Balances July 1, 2018	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2019
Continued from previous page:						
Sheriff Training	143	-	-	-	91	52
Court Clerk Payroll	36,240	297,388	-	-	300,587	33,041
Sheriff Forfeited Revolving	7,386	-	102	-	2,640	4,848
T-Highway Orchard Road BIA II	67,167	-	-	-	-	67,167
Bryan County Building	4,531	123	-	-	-	4,654
CBRI 105	864,128	534,055	-	-	617,098	781,085
Jail Renovation Note	78,777	406,483	-	-	412,033	73,227
Sheriff Combating Rural Crime	1	-	-	-	-	1
Circuit Engineering	5	-	-	5	-	-
State Criminal Alien Assistance Program	2,078	-	-	-	2,078	-
Achille Fire Department Sales Tax	60,665	61,036	-	8,565	67,695	45,441
Albany Fire Department Sales Tax	186,209	61,246	-	-	2,825	244,630
Bennington Fire Department Sales Tax	132,607	111,026	-	-	208,937	34,696
Bokchito Fire Department Sales Tax	100,311	61,371	-	8,136	103,042	50,504
Bryan County Fire Department Sales Tax	215,503	88,207	48,206	-	20,133	331,783
Bryan County Communication Sales Tax	32,115	61,027	-	-	47,394	45,748
Caddo Fire Department Sales Tax	89,642	78,335	-	-	62,562	105,415
Calera Fire Department Sales Tax	88,633	61,089	-	6,233	63,152	80,337
Cartwright Fire Department Sales Tax	108,076	61,110	-	-	50,238	118,948
Colbert Fire Department Sales Tax	223,028	61,296	-	-	-	284,324
Durant Fire Department Sales Tax	44,117	61,024	-	-	50,322	54,819
Freeny Valley Fire Department Sales Tax	40,276	60,999	-	-	57,635	43,640
Kemp Fire Department Sales Tax	183,208	61,217	-	3,993	49,836	190,596
Lakewood Fire Department Sales Tax	20,526	69,794	-	7,092	43,789	39,439
Philadelphia Fire Department Sales Tax	77,141	61,072	-	7,118	43,948	87,147
Roberta Fire Department Sales Tax	183,705	61,239	-	-	11,933	233,011
Silo Fire Department Sales Tax	51,694	61,054	-	2,128	15,801	94,819
Wade Fire Department Sales Tax	50,544	61,027	-	-	48,163	63,408
West Bryan County Fire Department Sales Tax	14,272	60,983	-	-	51,700	23,555
Yuba Fire Department Sales Tax	11,939	60,975	-	4,941	53,510	14,463
Safe Oklahoma Grant Program	1	-	-	-	-	1
Drug Court	54,041	87,642	-	-	71,691	69,992
Drug Court Donation	30,141	10,000	-	-	349	39,792
Sheriff Donation Revolving	22,547	-	-	-	11,463	11,084
Bryan County Flood Plain	2,184	6,300	-	-	3,689	4,795
Statue Restoration Revolving	2,125	-	-	-	-	2,125
Tombstone Bridge FEMA Advance	100,000	-	-	-	75,064	24,936
Donations	-	12,600	-	-	-	12,600
CDBG RW#6	-	70,090	-	-	-	70,090
<b>Combined Total - All County Funds</b>	<b>\$ 10,564,026</b>	<b>\$ 14,219,674</b>	<b>\$ 50,051</b>	<b>\$ 51,083</b>	<b>\$ 13,870,000</b>	<b>\$ 10,912,668</b>

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

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

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Bryan 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 as combining information within the financial statement:

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

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

T-Highway Roads and Bridges Revolving – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution to be used for the maintenance of county highways and bridges.

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

County Health Department Petty Cash – accounts for cash set aside to maintain the change fund used for the health department's collections.

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

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County Sinking – accounts for debt service receipts derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

COPS Fast – remnant of federal funds to be expended for deputies' salaries in the Sheriff's office.

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

County Assessor Visual Inspection Reimbursement – accounts for the remainder of the funds given to the Assessor for the startup and operation of the Computer Assisted Mass Appraisal and computer mapping of the County and related expenditures.

County Assessor Cash Drawer Increase – accounts for cash set aside to maintain the change fund used for the County and related expenditures.

County Clerk Lien Fee – accounts for lien collections and disbursements as restricted by state statute.

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

County Clerk Cash Drawer Increase – accounts for cash set aside to maintain the change fund used for the County Clerk's collections.

County Commissioner Trash Cop – accounts for state funds used to pay personal service fees for the prevention of illegal dumping as restricted by state statute.

County Treasurer Resale Cash Drawer Increase – accounts for cash set aside to maintain the change fund used for the County Treasurer's collections.

County Treasurer Resale Property – accounts for the collection of interest, penalties, and fees on delinquent taxes, and the disposition of same as restricted by state statute.

Courthouse Security-SSF – accounts for collections and disbursement of fees as collected by the Court Clerk's office as restricted by state statute to be used for courthouse security.

DHS Attendant Care – accounts for the state contract funds for juvenile care.

County Commissioners Bond – accounts for monies received to defray the cost related to submitting a proposition to be placed on the ballot.

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

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Emergency 911 – accounts for monies received from the telephone companies for operation of the emergency 911 services.

Keep Bryan County Beautiful – accounts for donations to be used for the beautification of Bryan County.

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

OSU Extension Grant – accounts for the remaining match funds for a federal grant used to renovate the Expo Building.

Jail Revolving – accounts for sales tax revenues received to be used for the maintenance of the jail.

Jail Special – accounts for donations to help fund the county jail.

Sheriff City Prisoners – accounts for monies received for housing city prisoners to be used for jail operating expenses.

Sheriff Commissary – accounts for monies received from the commissary sales and disbursement of funds for commissary expenses and jail operating expenses.

Sheriff Commissary Profit – accounts for monies received as profit from the commissary sales and disbursement of funds for commissary expenses and jail operating expenses.

Sheriff Department of Corrections – accounts for monies received from the State of Oklahoma for the boarding and feeding of Department of Corrections’ prisoners.

Sheriff Social Security Administration – accounts for the collection and deposit of Social Security funds to be used for jail operating expenses.

Sheriff Service Fees – accounts for the collection and disbursement of sheriff process service fees as restricted by state statute.

Sheriff Corps – accounts for monies received from the Corps of Engineers for patrolling the lake area.

Sheriff DARE – accounts for the excess match remaining from the Drug Awareness Resistance Education grant.

Sheriff Helicopter – accounts for donations received for the purpose of advancing utilization of the Sheriff Department helicopter.

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

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Sheriff Revolving – accounts for sales tax revenues received for the maintenance and operation of the Sheriff's office.

Sheriff Training – accounts for funds collected from the disposition of unclaimed property for the purposes of purchasing equipment, material, or supplies that may be used in crime prevention.

Court Clerk Payroll – accounts for funds deposited by the Court Clerk to be used for payroll expense for that office.

Sheriff Forfeited Revolving – accounts for funds collected from forfeitures to be used for the intervention and prevention of narcotic use.

T-Highway Orchard Road BIA II – accounts for grant funds to be expended for the repair of Orchard Road.

Bryan County Building – accounts for funds received from the sale of county-owned property, to be used for the repair of existing county properties.

CBRI 105 – accounts for funds received from the Oklahoma Department of Transportation, and disbursements are restricted by state statutes for the purpose of reimbursement for constructing and maintaining county roads and bridges.

Jail Renovation Note – accounts for sales tax revenues to be used for the repayment of debt incurred for the remodeling to the existing jail and the construction of a new expansion for the jail.

Sheriff Combating Rural Crime – accounts for grant funds received to be expended for the prevention and detection of rural crime.

Circuit Engineering – accounts for monies made available for reimbursement of constructing and maintaining county roads and bridges.

State Criminal Alien Assistance Program – accounts for grant funds received from the Department of Justice to be used for reimbursement of expenses related to the identification of unknown inmates in the jail.

Achille Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Albany Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

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

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Bennington Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Bokchito Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Bryan County Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Bryan County Communication Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Caddo Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Calera Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Cartwright Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Colbert Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Durant Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Freeny Valley Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Kemp Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Lakewood Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Philadelphia Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Roberta Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Silo Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

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

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Wade Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

West Bryan County Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Yuba Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

Safe Oklahoma Grant Program – accounts for grant funds received from the Oklahoma Attorney General’s office to provide additional resources to reduced violent crimes.

Drug Court – accounts for monies received from the Oklahoma Department of Mental Health and Substance Abuse Services to be expended for the maintenance and operation of the Drug Court.

Drug Court Donation – accounts for donations to be used for the emergency operations of the Drug Court.

Sheriff Donation Revolving – accounts for donations to be used for the operations of the Sheriff’s office.

Bryan County Flood Plain – accounts for permit fees issued for construction in flood plain areas.

Statue Restoration Revolving – accounts for donations to be used for the restoration of the statue located on the Courthouse property.

Tombstone Bridge FEMA Advance – accounts for federal funds to be used for expenses on highway bridge project.

Donations – accounts for revenue from private donors to be disbursed for specific purposes.

CDBG RW#6 – accounts for Community Development Block Grant funds received by Bryan County Rural Water District 6 for improvements.

**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.

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

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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 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.

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

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**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.

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

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

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. Long Term Obligations**

**1. Sales Tax Reallocation for Payment of Promissory Note**

The Board of County Commissioners by resolution on August 26, 2010, authorizes a County Sales Tax Reallocation Question to be placed on the November 2, 2010, General Election Ballot for consideration by the voter of Bryan County. The voters of Bryan County approved the County Sales Tax Reallocation of one-third of an existing one quarter of one percent sales tax to be reallocated for the repayment of an indebtedness of \$3,000,000 to be used for improvements, including construction and remodeling of the Bryan County Jail, the acquisition of land for courthouse parking, the installation of a security fence, and electronic gate.

Purpose	Interest Rate	Original Amount
Bryan County, Oklahoma Improvements	4.75%	\$3,006,943

During fiscal year 2019, payments included \$401,656 for principal, \$48,392 interest.

Payments for the repayment of the debt incurred are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 206,665	\$ 74,003	\$ 280,668
2021	216,698	63,970	280,668
2022	227,219	53,449	280,668
2023	238,250	42,418	280,668
2024	249,816	30,852	280,668
2025	4,116	16	4,132
Total	\$ 1,142,764	\$264,708	\$ 1,407,472

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

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**E. Sales Tax**

On November 2, 2010, the voters of Bryan County approved a reallocation of the permanent one-fourth percent (1/4%) sales tax. This sales tax was reallocated to provide revenue for the operation of the Bryan County Sheriff's Office for law enforcement purposes, to provide revenue for the construction and maintenance of county roads and bridges, and to provide revenue for the retirement of the proposed indebtedness for the remodeling of the Bryan County Jail. These funds are accounted for in Sheriff Revolving, T-Highway Roads and Bridges Revolving, and Jail Renovation Note funds.

On June 26, 2012, the voters of Bryan County approved an additional one-fourth percent (1/4%) sales tax. This sales tax was allocated to provide revenue for the purpose of fire protection, prevention, communications, training related expenses (not to include salaries), and Fire/EMS/Rescue Operations. This includes maintenance and construction of buildings and facilities both current and future, the purchase and maintenance of current and future apparatus, vehicles and supplies for all current Bryan County Fire Departments, Bryan County Communications Center, and the Bryan County Fire Chiefs' Association. These funds are accounted for in Achille, Albany, Bennington, Bokchito, Bryan County, Caddo, Calera, Cartwright, Colbert, Durant, Freeny Valley, Kemp, Lakewood, Philadelphia, Roberta, Silo, Wade, West Bryan, and Yuba Fire Department Sales Tax funds and Bryan County Communication Sales Tax fund.

**F. 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 \$513,080 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2019.

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

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

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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.

**G. Interfund Transfers**

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

- \$95 was transferred from DHS Attendant Care fund to County General fund by the Board of County Commissioners' resolution to establish a uniform system of bookkeeping in accordance with Title 74 O.S. § 214.
- \$5 was transferred from Circuit Engineering fund to T-Highway fund by the Board of County Commissioners' resolution to establish a uniform system of bookkeeping in accordance with Title 74 O.S. § 214.
- \$1,638 was transferred from Keep Bryan County Beautiful fund to County Commissioner Trash Cop fund by the Board of County Commissioners' resolution to establish a uniform system of bookkeeping in accordance with Title 74 O.S. § 214.
- \$832 was transferred from OSU Extension Grant fund to OSU Extension Cash Fund (a Trust Agency Fund) by the Board of County Commissioners' resolution to establish a uniform system of bookkeeping in accordance with Title 74 O.S. § 214.
- \$5 was transferred from Jail Special fund to Jail Revolving fund by the Board of County Commissioners' resolution to establish a uniform system of bookkeeping in accordance with Title 74 O.S. § 214.
- \$102 was transferred from Sheriff DARE fund to Sheriff Forfeited Revolving fund by the Board of County Commissioners' resolution to establish a uniform system of bookkeeping in accordance with Title 74 O.S. § 214.
- \$200 was transferred from County Health Department Petty Cash fund to Official Depository (a Trust and Agency Fund) for reduction of petty cash.
- \$48,206 was transferred to Bryan County Fire Department Sales Tax fund from the following Fire Department Sales Tax funds: Achille \$8,565, Bokchito \$8,136, Calera \$6,233, Kemp \$3,993, Lakewood \$7,092, Philadelphia \$7,118, Silo \$2,128, and Yuba \$4,941 for each Fire Department's portion of telecommunication equipment expenditure to be made from the Bryan County Communication Sales Tax fund.

**SUPPLEMENTARY INFORMATION**

**BRYAN 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**

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	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 2,105,706	\$ 2,105,706	\$ -
Less: Prior Year Outstanding Warrants	(495,365)	(495,365)	-
Less: Prior Year Encumbrances	(17,628)	(15,463)	2,165
Beginning Cash Balances, Budgetary Basis	1,592,713	1,594,878	2,165
Residual Transfer	-	95	95
Total Receipts, Budgetary Basis	4,400,717	5,025,239	624,522
Total Expenditures, Budgetary Basis	5,993,430	4,840,028	1,153,402
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	1,780,184	\$ 1,780,089
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cancelled Warrants		36	
Add: Current Year Outstanding Warrants		77,963	
Add: Current Year Encumbrances		318,886	
Ending Cash Balance		\$ 2,177,069	

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

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	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 1,380,408	\$ 1,380,408	\$ -
Less: Prior Year Outstanding Warrants	(298,258)	(129,726)	168,532
Less: Prior Year Encumbrances	(25,562)	(25,562)	-
Beginning Cash Balances, Budgetary Basis	1,056,588	1,225,120	168,532
Total Receipts, Budgetary Basis	876,580	1,108,559	231,979
Total Expenditures, Budgetary Basis	1,933,168	995,273	937,895
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	1,338,406	\$ 1,338,406
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		112,306	
Add: Current Year Outstanding Warrants		66,468	
Ending Cash Balance		\$ 1,517,180	

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

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**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 County Health Department 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  
BRYAN 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 Bryan County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprises Bryan County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated November 9, 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 Bryan 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 Bryan County's internal control. Accordingly, we do not express an opinion on the effectiveness of Bryan 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 and 2019-002.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bryan 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2019-001.

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

Bryan County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. Bryan 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 9, 2020

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

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

**Finding 2019-001 – Segregation of Duties and Noncompliance Over the Purchasing Process (Repeat Finding – 2002-002, 2003-001, 2004-001, 2005-001, 2006-001, 2007-001, 2008-012, 2009-012, 2010-012, 2011-012, 2012-008, 2013-004, 2014-004, 2015-003, 2016-003)**

**Condition:** The duties over the disbursement process in the County Clerk’s office are not properly segregated:

- One deputy prepares purchase orders, encumbers purchase orders, approves/authorizes the encumbrance, reviews the purchase order for accuracy, prepares and distributes warrants, maintains ledgers, and can make changes in the purchasing system.

Additionally, while performing the expenditure testwork, the following was noted:

- A sample of sixty-one (61) purchase orders were selected from county funds and determined:
  - Five (5) disbursements were not timely encumbered.
  - One (1) disbursement was not supported by a timesheet.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure adequate segregation of duties in the County Clerk’s office with regard to the purchasing process. Additionally, policies and procedures have not been designed and implemented to ensure the County is in compliance with state statutes regarding the purchasing process.

**Effect of Condition:** These conditions resulted in noncompliance with state statute and could result in unrecorded transactions, undetected errors, inaccurate records, incomplete information, and misappropriation of funds.

**Recommendation:** OSAI recommends management be aware of this condition and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risk involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office and having management review and approve accounting functions.

OSAI recommends management take steps to adequately segregate the following key accounting functions:

- Preparing purchase orders.
- Encumbering purchase orders.
- Printing warrants.
- Distributing warrants.

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

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Additionally, OSAI recommends that the County implement internal control procedures to ensure compliance with purchasing guidelines. Purchase orders should be encumbered before goods or services are ordered.

**Management Response:**

**County Clerk:** We will work to segregate duties in all aspects of our office and will continue to educate all offices on proper purchasing procedures.

**Chairman of the Board of County Commissioners:** We will work with the County Clerk and staff to ensure proper oversight is implemented in accounting procedures to comply with state standards.

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

*Segregation of duties*

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Additionally, Principle 10 – Segregation of Duties states:

10.12 – Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, design alternative control activities to address the risk.

10.13 – Segregation of duties helps prevent fraud waste and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

10.14 – If segregation of duties is not practical an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste or abuse in the operational process.

Finally, Objective of an Entity – Compliance Objectives – OV2.25 states:

*Safeguarding of Assets*

Management can develop from objectives more specific subobjectives throughout the organizational structure. Management defines subobjectives in specific and measurable terms that can be communicated to the personnel who are assigned responsibility to achieve

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

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these subobjectives. Both management and personnel require an understanding of an objective, its subobjectives and defined levels of performance for accountability in an internal control system.

Effective internal controls require that management properly implement procedures to ensure that purchases comply with 19 O.S. § 1505.

**Finding 2019-002—Segregation of Duties Over the Payroll Process (Repeat Finding – 2002-002, 2003-001, 2004-001, 2005-001, 2006-001, 2007-001, 2008-008, 2009-008, 2010-008, 2011-008, 2012-012, 2013-005, 2014-005, 2015-004, 2016-004)**

**Condition:** The duties over the payroll process in the County Clerk’s office are not properly segregated.

- The Payroll Clerk enrolls new employees, inputs payroll information into the system, prepares the OPERS reports and state and federal tax reports. In addition, the Payroll Clerk processes payroll claims, prints and reviews payroll verification reports for errors, prints payroll warrants and distributes payroll warrants.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure adequate segregation of duties in the County Clerk’s office with regard to the payroll process.

**Effect of Condition:** This condition could result in unrecorded transactions, misstated financial reports, undetected errors and misappropriation of funds.

**Recommendation:** OSAI recommends management be aware of these conditions and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office and having management review and approval of accounting functions.

OSAI recommends management take steps to adequately segregate the following key accounting functions:

- Enrolling new employees and maintaining personnel files.
- Reviewing time records and preparing payroll.
- Distributing payroll warrants to individuals.

**Management Response:**

**County Clerk:** We will work towards implementing mitigating controls and segregating duties over the payroll process.

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

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

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*Segregation of duties*

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Additionally, Principle 10 - Segregation of Duties states:

10.12 – Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

10.13 – Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties, but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

10.14 – If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

**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.

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



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

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