

**BRYAN COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

March 24, 2008

TO THE CITIZENS OF
BRYAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Bryan County, Oklahoma, for the fiscal year ended June 30, 2006. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the state to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in blue ink that reads "Michelle R. Day".

MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

**BRYAN COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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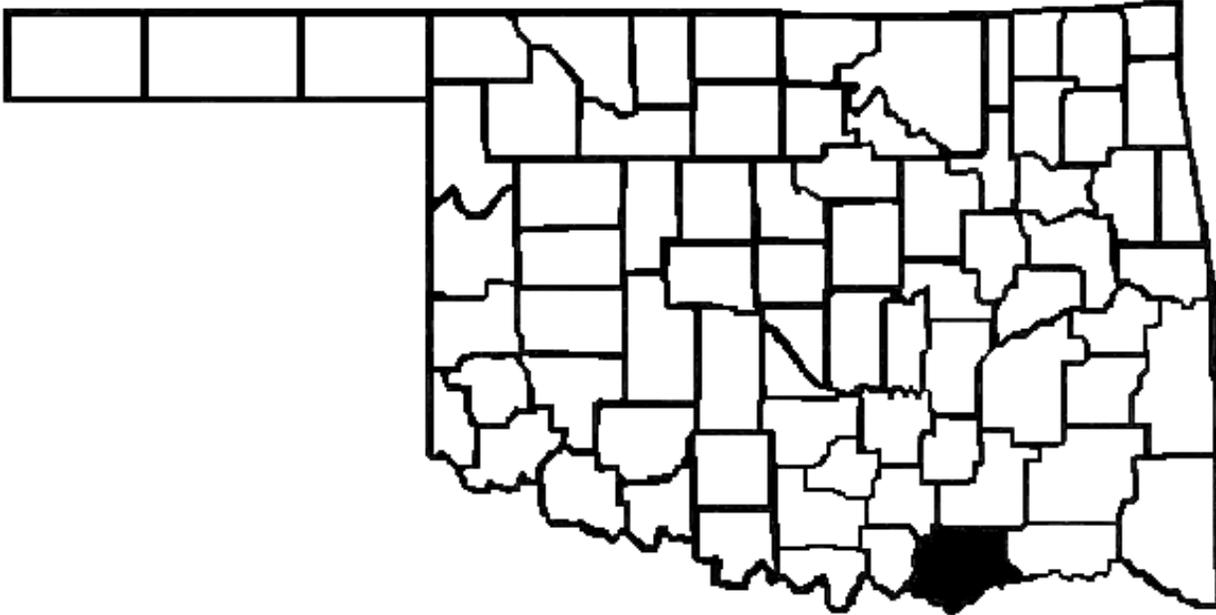
**BRYAN COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**REPORT TO THE CITIZENS
OF
BRYAN COUNTY, OKLAHOMA**



Located in southeastern Oklahoma, Bryan County is named for famous orator William Jennings Bryan. The area was first settled by Choctaw Indians following their removal from Mississippi. The Indians established several schools in the area during the mid-to-late 1800s. One of the schools, the Armstrong Academy for Boys in Durant, later served as the capital of the Choctaw Nation.

Durant, the county seat, is the site of many manufacturers including American Packing, Bryan County Manufacturing, Potter Sausage, and Stahl Metal Products.

Southeastern Oklahoma State University in Durant is the site of the Oklahoma Shakespeare Festival. Held annually during June and July, this popular event has gained national recognition. The historic Bryan Hotel in Durant once served as southeastern Oklahoma's center for social and political activities. Many national politicians such as Robert Kerr, Carl Albert, and William Jennings Bryan included the hotel as a stop on their campaign trails. The hotel has been restored, and tours are available.

Lake Texoma Resort provides a variety of recreational facilities including a golf course, marina, and camping facilities. For information, call the county clerk at (580) 924-2202.

County Seat – Durant

Area – 943.43 Square Miles

County Population – 37,758
(2004 est.)

Farms – 1,673

Land in Farms – 458,275 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor's report.

**BRYAN COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

COUNTY ASSESSOR
Glendel Rushing
(D) Durant

The County Assessor has the responsibility to appraise and assess the real and personal property within the county for the purpose of ad valorem taxation. Also, the County Assessor is required to compute the ad valorem taxes due on all taxable property. The County Assessor appraises all the taxable real and personal property according to its fair cash value for which the property is actually being used as of January 1 of the taxable year at the percentages provided for in Article 10, § 8 of the Oklahoma Constitution.

The County Assessor is required to build and maintain permanent records of the taxable real property and tax exempt real property within the county. Information entered on each record includes the property's legal description, owner's name and address, and the homestead exemption status of the owner.

COUNTY CLERK
Patricia Brady
(D) Durant

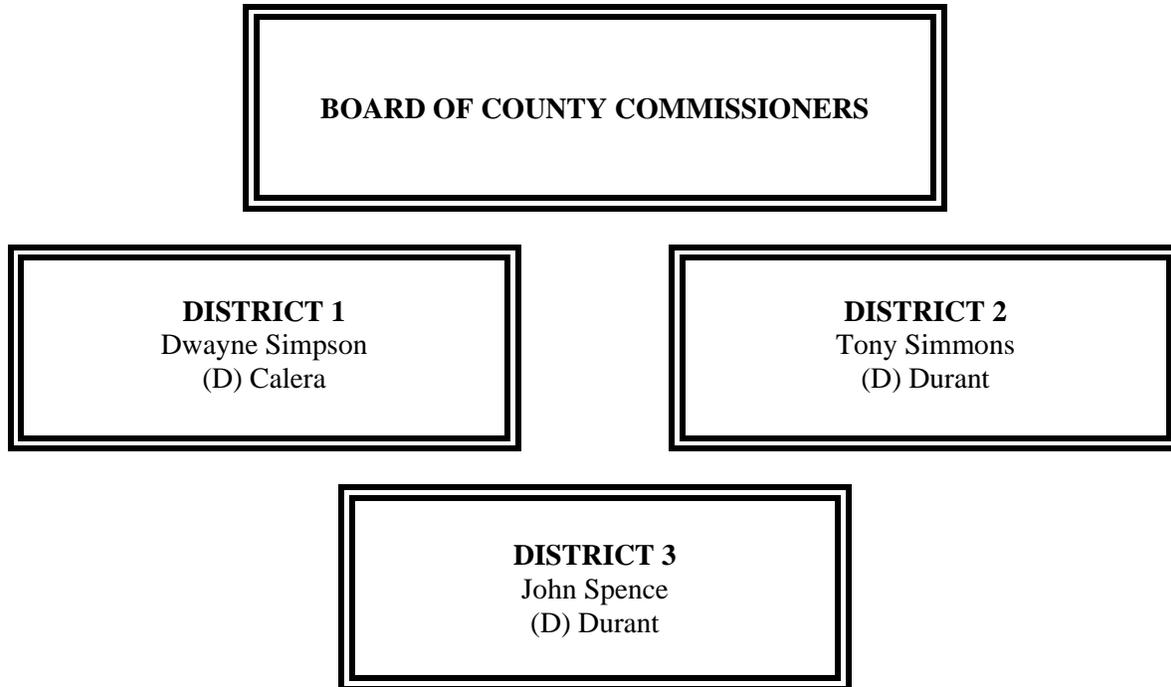
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. This system is a means to ensure the public that tax dollars are being spent appropriately.

Various records within the different county offices are classified as "open records." As such, they can be reviewed and mechanically copied by the public.

See independent auditor's report.

**BRYAN COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**



The Board of County Commissioners is the chief administrative body for the county. County Commissioners are also responsible for maintaining and constructing the county roads and bridges.

The Commissioners must act as a Board when entering into contracts or other agreements affecting the county's welfare. Thus, actions taken by the Board are voted on and approved by a majority of the Commissioners. The Board of County Commissioners' business meetings are open to the public.

As the county's chief administrative body, the three County Commissioners must make major financial decisions and transactions. The Board has the official duty to ensure the fiscal responsibility of the other county officers who handle county funds. The review and approval procedures empowered to the Board of County Commissioners are a means to provide the public with a fiscally efficient system of county government.

See independent auditor's report.

**BRYAN COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

COUNTY SHERIFF

Bill Sturch
(D) Hendrix

The County Sheriff is responsible for preserving the peace and protecting life and property within the county's jurisdiction. As the county's chief law enforcement officer, the Sheriff has the power and authority to suppress all unlawful disturbances, to apprehend and secure persons charged with felony or breach of peace, and to operate the county jail.

The County Sheriff has the responsibility of serving warrants and processing papers ordered by the District Court.

COUNTY TREASURER

Sandra Mazzone
(D) Durant

All collections by county government from ad valorem taxes and other sources are deposited with the County Treasurer. The County Treasurer collects ad valorem taxes for the county and its political subdivisions. The County Treasurer is authorized to issue delinquent personal property tax warrants and to impose tax liens on real property for delinquent taxes.

To account for county collections and disbursements, the County Treasurer is required to maintain an accurate record of all the monies received and disbursed. The State Auditor and Inspector's Office prescribes all the forms used by the County Treasurer, and at least twice a year inspects the County Treasurer's accounts.

See independent auditor's report.

**BRYAN COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

COURT CLERK
Sandy Stroud
(D) Durant

The Court Clerk has the primary responsibility to record, file, and maintain as permanent records the proceedings of the District Court.

Court proceedings are recorded in the appropriate journal or record docket. All the court proceedings are public information except those related to juvenile, guardianship, adoption, and mental health cases.

The Court Clerk issues marriage licenses, passports, notary certificates, beer and pool hall licenses, and private process server licenses.

Monies from the court fund are identified for distribution by the Court Clerk to the appropriate units of county and state government. Court Clerks use forms and follow procedures prescribed by the Court Administrator's Office, the Oklahoma Supreme Court, and the State Auditor and Inspector.

DISTRICT ATTORNEY
Emily Redman
(D) Durant

As the chief attorney for county government, the District Attorney acts as the legal advisor to the county officers on matters related to their duties. The District Attorney represents the county in civil litigation. County officials may call upon the District Attorney to clarify a law or request an official interpretation from the Attorney General.

See independent auditor's report.

**BRYAN COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

<p>ELECTION BOARD SECRETARY Linda Fahrendorf (D) Durant</p>
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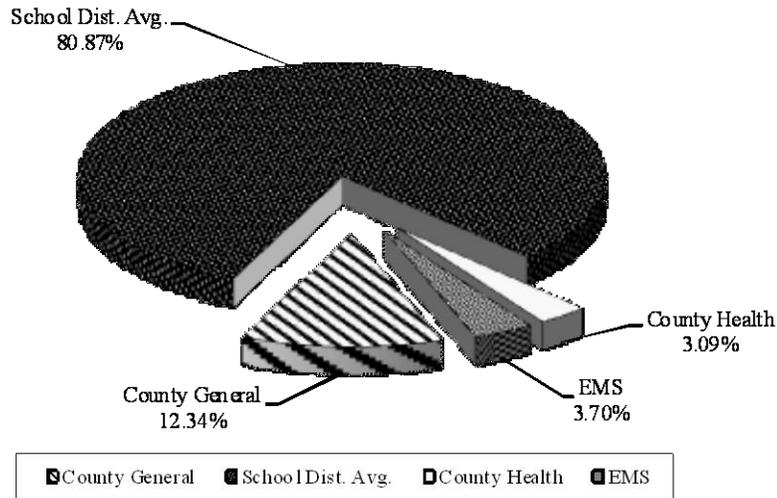
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within the county.

To finance the operation of the County Election Board, the County Excise Board must appropriate sufficient funds annually. The state and counties split the election costs, but counties must pay for any county elections not held concurrently with state elections.

See independent auditor's report.

**BRYAN COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the tax on that property is \$1.00. This chart shows the different entities of the County and their share of the various millages as authorized by the Constitution.



County-Wide Millages		School District Millages							
				Gen.	Bldg.	Skg.	Career Tech	Common	Total
County General	10.00								
County Health	2.50	Silo	I-1	35.00	5.00		12.00	4.00	56.00
EMS	3.00	Rock Creek	I-2	35.00	5.00		12.00	4.00	56.00
		Achille	I-3	35.00	5.00	6.23	12.00	4.00	62.23
		Colbert	I-48	35.00	5.00	18.17	12.00	4.00	74.17
		Caddo	I-5	35.00	5.00		12.00	4.00	56.00
		Bennington	I-40	35.00	5.00	29.31	12.00	4.00	85.31
		Calera	I-48	35.00	5.00	13.26	12.00	4.00	69.26
		Durant	I-72	35.00	5.00	18.63	12.00	4.00	74.63
		Choctaw Co.	I-1	35.00	5.00		12.00	4.00	56.00

See independent auditor's report.

**BRYAN COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)**

Total net assessed value as of January 1, 2005		<u>\$ 166,268,362</u>
Debt limit - 5% of total assessed value		8,313,418
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>1,801</u>	<u>-</u>
Legal debt margin		<u>\$ 8,313,418</u>

See independent auditor's report.

**BRYAN COUNTY, OKLAHOMA
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
 VALUE AND NET BONDED DEBT PER CAPITA
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006
 (UNAUDITED)**

	2006
Estimated population	37,758
Net assessed value as of January 1, 2005	\$ 166,268,362
Gross bonded debt	-
Less available sinking fund cash balance	1,801
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

**BRYAN COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(UNAUDITED)**

<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2005	\$34,837,107	\$13,845,342	\$125,824,542	\$8,238,629	\$166,268,362	\$1,523,493,818

See independent auditor's report.

FINANCIAL SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

Independent Auditor's Report

TO THE OFFICERS OF
BRYAN COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Bryan County, Oklahoma, as of and for the year ended June 30, 2006 listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Bryan County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. Oklahoma Statutes, in addition to audit responsibilities, assign other responsibilities to the State Auditor and Inspector's Office. Those responsibilities include providing various information technology (IT) support for county government.

As described in Note 1, this financial statement was prepared using accounting practices prescribed or permitted by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Bryan County as of June 30, 2006, or changes in its financial position for the year then ended.

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 of Bryan County, for the year ended June 30, 2006, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2008, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.



MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

March 12, 2008

Basic Financial Statement

**BRYAN COUNTY, OKLAHOMA
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	Beginning Cash Balances July 1, 2005	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2006
Combining Information:						
County General Fund	\$ 363,722	\$ 2,731,763	\$ 25,380	\$	\$ 2,803,375	\$ 317,490
T-Highway	850,370	3,231,422			3,296,313	785,479
Resale Property	73,659	118,303			94,790	97,172
County Health	326,451	551,844			693,149	185,146
County Clerk Lien Fee	8,557	19,258			4,448	23,367
Mortgage Tax Certification Fee	36,539	10,810			19,499	27,850
DH S Attendant Care	171	6,175			5,350	996
Sheriff Service Fees	56,488	148,360			152,157	52,691
Sheriff DARE	102					102
Sheriff Training		2,168				2,168
Sheriff City Prisoners	12,644	85,519			87,313	10,850
Sheriff DOC	44,990	221,688			241,044	25,634
Sheriff CORP	654	25,056			23,453	2,257
Visual Inspection	35,804	406			10,753	25,457
Assessor Fee Revolving Fund	32,018	3,507				35,525
Sales Tax Revolving Fund	620	464,400			465,018	2
COPS Fast	25,536	55,485			52,826	28,195
OSU Extension Grant	832					832
Emergency 911	166,108	111,088			175,511	101,685
County Sinking	25,190	1,991		25,380		1,801
County Clerk's RM&P	42,730	53,256			64,789	31,197
County Commissioner's Trash Cops Funds	3,236	5,400			4,605	4,031
Elevator REAP	574				400	174
CDBG Elevator		4,515			4,025	490
JTA Revolving Fund	4,150	22,626			19,240	7,536
Sheriff Revolving Fund	170,040	268,254			289,771	148,523
JTA Commissary	2,300	7,739			8,541	1,498
Town of Kemp-Community Building REAP	8,500				8,500	
Drug Court		46,150			41,164	4,986
Success by Six		2,704			2,704	
JTA Special Funds		2,732			62	2,670
Keep Bryan County Beautiful		1,250				1,250
T-HWY Roads & Bridges Revolving Fund		134,139			7,285	126,854
Combined Total-All County Funds	\$ 2,291,985	\$ 8,338,008	\$ 25,380	\$ 25,380	\$ 8,576,085	\$ 2,053,908

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, 2006**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Counties were created by the Constitution of Oklahoma. One county officer is appointed; however, most county officers are locally elected by their constituents. All county powers are delegated by the state.

The accompanying basic financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of Bryan County, Oklahoma. The funds presented as line items are not a part of the basic financial statement, but have been included as supplementary information within the basic financial statement. These separate funds are established by statute, and their operations are under the control of the County officials. 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. The other funds presented account for financial resources whose use is restricted for specified purposes.

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 funds included as supplementary information within the financial statement:

County General Fund - 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.

Resale Property - accounts for the collection of interest and penalties on delinquent taxes and the disposition of same as restricted by statute.

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

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

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

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

**BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

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

Sheriff City Prisoners – accounts for the monies received for housing city prisoners and dispatching services for cities in Bryan County.

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

Sheriff CORP – accounts for monies received from the Corp. of Engineers for patrolling purposes.

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

Assessor Fee Revolving Fund – accounts for the collection of fees for copies restricted by state statute.

Sales Tax Revolving Fund – accounts for the collections of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

COPS Fast – accounts for grant monies received from the U.S. Department of Justice Community Oriented Policing Service program used for deputies' salaries in the Sheriff's office.

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

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

County Sinking – accounts for the payment of interest and principal on the matured portion of long-term bonded debt and civil judgments. 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.

**BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

County Clerk's RM&P – accounts for fees collected for instruments filed in the Registrar of Deeds as restricted by statute for preservation of records.

County Commissioner's Trash Cops Funds – accounts for the state funds used to pay personal service for the prevention of illegal dumping.

Elevator REAP – accounts for state funds used for the construction and maintenance of the courthouse elevator.

CDBG Elevator – accounts for federal funds to be expended for the installation of an elevator for handicap accessibility.

JTA Revolving Fund – accounts for revenues received by the Jail Trust Authority to be used for the maintenance of the jail.

Sheriff Revolving Fund – accounts for sales tax revenues to be used for the maintenance of the Sheriff's Department.

JTA Commissary – accounts for the collection of fees transferred from the inmate trust money for commissary items and disbursement of funds as restricted by state statutes.

Town of Kemp – Community Building REAP – accounts for state grant funds received to be used for the construction of a community building in Kemp.

Drug Court – account is from state monies and fees to defray the cost of the drug court program.

Success by Six – accounts for state funds from the Oklahoma Department of Human Services and is used to support community mobilization demonstration projects in 14 Success by Six Communities.

JTA Special Funds – accounts for donations to help fund the Bryan County Jail.

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

T-Highway Roads & Bridges Revolving Fund – accounts for sales tax revenues to be used for the maintenance of county highways and bridges.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, school

**BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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.

C. Basis of Accounting

The basic 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 cash basis financial presentation is not a comprehensive measure of economic condition or changes therein.

D. Budget

Under current Oklahoma Statutes, the general fund and the 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 by fund, 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.

For the highway funds and other funds, which are not required to adopt a formal budget, appropriations are made on a monthly basis, according to the funds then available.

E. Cash

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).

F. Investments

The County Treasurer has been authorized by the County's governing board to make investments. By statute (62 O.S. § 348.1 and § 348.3), the following types of investments are allowed:

- U.S. Government obligations
- Certificates of deposit

**BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district
- Negotiable certificates of deposit
- Prime bankers acceptance which are eligible for purchase by the Federal Reserve System
- Prime commercial paper with a maturity of 180 days or less
- Repurchase agreements
- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments

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.

G. Compensated Absences

Vacation benefits are earned by the employee during the year and may not be accumulated. Employees with service years up to 10 years earn 10 days per year. Employees with service years exceeding 10 years earn 15 days per year. Vacation leave is accrued monthly. Upon separation, an employee is paid the balance of accrued annual leave up to the accumulation limit.

Sick leave benefits are accrued at the rate of 8 hours per month and employees may accumulate up to 72 days. Sick leave is not paid upon termination.

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."

The assessed property value as of January 1, 2005, was approximately \$166,268,362.

The County levied 10.00 mills (the legal maximum) for general fund operations, 2.50 mills for county health department, and 3.00 mills for emergency medical service. In addition, the County collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

**BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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. Unpaid real property taxes become a lien upon said property on October 1 of each year.

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

Current year tax collections for the year ended June 30, 2006, were approximately 82.38 percent of the tax levy.

3. Fuel Tax

The County receives major funding for roads and highways from a state imposed fuel tax. Taxes are collected by the Oklahoma Tax Commission. Taxes are imposed on all gasoline, diesel, and special fuel sales statewide. The County's share is determined on formulas based on the County population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the county highway fund.

4. Risk Management

The County is exposed to the various risks of loss shown in the following table:

Types of Loss	Method of Management	Risk of Loss Retained
General Liability <ul style="list-style-type: none"> • Torts • Errors and Omissions • Law Enforcement Officers Liability • Vehicle 	The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
Physical Plant <ul style="list-style-type: none"> • Theft • Damage to Assets • Natural Disasters 		

**BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Types of Loss	Method of Management	Risk of Loss Retained
Workers' Compensation <ul style="list-style-type: none"> • Employees' Injuries 	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee <ul style="list-style-type: none"> • Medical • Disability • Dental • Life 	The County participates in the Oklahoma Public Employees Health and Welfare Plan. (See OPEH&WP.)	If claims exceed pool assets, the members would have surcharges assessed to pay the excess claims.

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$10,000 deductible for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amount for replacement value up to \$100,000 for property, and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool's risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

Commercial Insurance - The County obtains commercial insurance coverage to pay legitimate workers' compensation claims. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

OPEH&WP - The County has entered into an interlocal agreement with other governmental entities to participate in a pooled self-insurance fund to provide insurance coverage. The pool provides for surcharges to be assessed for claims in excess of pool assets to offset pool deficits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

5. Long-term Obligations

Capital Leases

The County acquires road machinery and equipment through lease-purchase agreements financed by the Oklahoma Department of Transportation and/or the equipment vendors or their assignees pursuant to the provisions of 69 O.S. § 636.1 through § 636.7. Lease agreements entered into with the Oklahoma Department of Transportation (ODOT) are interest free. However, starting in January 1997, ODOT began charging a one-time fee of 3% on all pieces of machinery subsequently acquired.

**BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

6. 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. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 6.5% and 11.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 11.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2006, 2005, and 2004, were \$308,077, \$260,645, and \$260,633, respectively, equal to the required contributions for each year.

7. 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.

8. 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.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in management's opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

**BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

9. Sales Tax

The voters of Bryan County passed a one-quarter cent sales tax on February 13, 2001. The proceeds of the sales tax are to be used for the purpose of renovating and expanding the Bryan County Jail, Bryan County Courthouse, and other county buildings for the first three years of the seven year term. For the remaining four years, the revenues are to be divided equally between the General Fund, Sheriff's Office, and Highway Fund. The sales tax is to be collected for a period of seven years.

10. Interfund Transactions

Residual equity transfers consist of \$25,380 of excess sinking monies transferred from county sinking to the general fund made in accordance with Title 62 O.S. § 445.

OTHER 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, 2006

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 363,722	\$ 363,722	\$ 363,722	\$ -
Less: Prior Year Outstanding Warrants	(112,691)	(112,691)	(112,691)	
Less: Prior Year Encumbrances	(40,460)	(40,460)	(38,541)	1,919
Beginning Cash Balances, Budgetary Basis	<u>210,571</u>	<u>210,571</u>	<u>212,490</u>	<u>1,919</u>
Residual Equity Transfer In	-	-	25,380	25,380
Beginning Cash Balances, Budgetary Basis	<u>210,571</u>	<u>210,571</u>	<u>237,870</u>	<u>27,299</u>
Receipts:				
Ad Valorem Taxes	1,511,531	1,511,531	1,518,112	6,581
Sales Tax	296,000	296,000	266,568	(29,432)
Charges for Services	167,750	167,750	200,073	32,323
Intergovernmental Revenues	339,900	666,557	653,725	(12,832)
Miscellaneous Revenues	29,900	114,900	93,285	(21,615)
Total Receipts, Budgetary Basis	<u>2,345,081</u>	<u>2,756,738</u>	<u>2,731,763</u>	<u>(24,975)</u>
Expenditures:				
District Attorney	40,000	40,000	20,237	19,763
Total District Attorney	<u>40,000</u>	<u>40,000</u>	<u>20,237</u>	<u>19,763</u>
County Sheriff	203,419	203,419	203,328	91
Capital Outlay	21,000	21,000	21,000	
Total County Sheriff	<u>224,419</u>	<u>224,419</u>	<u>224,328</u>	<u>91</u>
County Treasurer	139,072	139,072	138,957	115
Capital Outlay	1	1		1
Total County Treasurer	<u>139,073</u>	<u>139,073</u>	<u>138,957</u>	<u>116</u>
County Commissioners	3,500	3,500	2,796	704
Capital Outlay	1,300	1,300		1,300
Total County Commissioners	<u>4,800</u>	<u>4,800</u>	<u>2,796</u>	<u>2,004</u>
OSU Extension	89,491	89,491	89,096	395
Capital Outlay	1	1		1
Total OSU Extension	<u>89,492</u>	<u>89,492</u>	<u>89,096</u>	<u>396</u>

continued on next page

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**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, 2006**

continued from previous page

	General Fund			
	Original Budget	Final Budget	Actual	Variance
County Clerk	139,393	139,393	136,024	3,369
Capital Outlay	1	1		1
Total County Clerk	139,394	139,394	136,024	3,370
 Court Clerk	 123,348	 358,259	 356,798	 1,461
Total Court Clerk	123,348	358,259	356,798	1,461
 County Assessor	 84,087	 84,087	 83,522	 565
Capital Outlay	1	1		1
Total County Assessor	84,088	84,088	83,522	566
 Revaluation of Real Property	 234,762	 234,762	 213,077	 21,685
Total Revaluation of Real Property	234,762	234,762	213,077	21,685
 General Government	 770,483	 951,988	 872,439	 79,549
Capital Outlay	376,000	310,000	310,000	
Total General Government	1,146,483	1,261,988	1,182,439	79,549
 Excise-Equalization Board	 10,000	 7,351	 6,157	 1,194
Capital Outlay	23,400			
Total Excise-Equalization Board	33,400	7,351	6,157	1,194
 County Election Board	 92,225	 103,934	 94,230	 9,704
Capital Outlay	1	1		1
Total County Election Board	92,226	103,935	94,230	9,705

continued on next page

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**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, 2006**

continued from previous page

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Charity	1,000	1,000	375	625
Total Charity	1,000	1,000	375	625
Jail Trust	140,440	217,533	216,445	1,088
Capital Outlay	9,800	391	390	1
Total Jail Trust	150,240	217,924	216,835	1,089
County Audit Budget	17,927	17,927	16,627	1,300
Total County Audit Budget	17,927	17,927	16,627	1,300
County Free Fair Account	35,000	42,897	34,999	7,898
Total County Free Fair Account	35,000	42,897	34,999	7,898
Total Expenditures, Budgetary Basis	2,555,652	2,967,309	2,816,497	150,812
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$	\$	153,136	\$ 153,136
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			33,907	
Add: Current Year Outstanding Warrants			130,447	
Ending Cash Balance			\$317,490	

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**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, 2006**

	County Health Department Fund			
	Original	Final		Variance
	Budget	Budget	Actual	
Beginning Cash Balances	\$ 326,451	\$ 326,451	\$ 326,451	\$ -
Less: Prior Year Outstanding Warrants	(304)	(304)	(304)	
Less: Prior Year Encumbrances	(118,062)	(118,062)	(122,020)	(3,958)
Beginning Cash Balances, Budgetary Basis	<u>208,085</u>	<u>208,085</u>	<u>204,127</u>	<u>(3,958)</u>
Receipts:				
Ad Valorem Taxes	377,882	377,882	374,336	(3,546)
Miscellaneous Revenues		222,816	177,508	(45,308)
Total Receipts, Budgetary Basis	<u>377,882</u>	<u>600,698</u>	<u>551,844</u>	<u>(48,854)</u>
Expenditures:				
Health and Welfare	585,967	708,783	587,399	121,384
Capital Outlay		100,000	23,584	76,416
Total Expenditures, Budgetary Basis	<u>585,967</u>	<u>808,783</u>	<u>610,983</u>	<u>197,800</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	144,988	<u>\$ 144,988</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			39,805	
Add: Current Year Outstanding Warrants			353	
Ending Cash Balance			<u>\$ 185,146</u>	

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**BRYAN COUNTY, OKLAHOMA
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES—SINKING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Beginning Cash Balance	<u>\$ 25,190</u>
Receipts:	<u>1,991</u>
Total Receipts	<u>1,991</u>
Disbursed to General Fund	<u>25,380</u>
Total Disbursements	<u>25,380</u>
Ending Cash Balance	<u><u>\$ 1,801</u></u>

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**BRYAN COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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 Combined 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.

2. Sinking Fund Schedule

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.

INTERNAL CONTROL AND COMPLIANCE SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

**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 the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Bryan County, Oklahoma, as of and for the year ended June 30, 2006, which 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 March 12, 2008. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bryan County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Bryan County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. The reportable condition is described in the accompanying schedule of findings and responses as item 2006-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition listed above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bryan County's financial statement is free of 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*.

We noted a certain matter that we reported to the management of Bryan County, which is included in Section 2 of the schedule of findings and responses contained in this report.

This report is intended solely for the information and use of the management of the County and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.



MICHELLE R. DAY, Esq.
Deputy State Auditor and Inspector

March 12, 2008

**BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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 2006-1—Segregation of Duties (Repeat Finding)

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping and reconciliation is an important element of effective internal control over government assets and resources.

Condition: The limited number of office personnel within several County offices prevents a proper segregation of accounting functions, which is necessary to assure adequate internal control structure.

Effect: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of assets.

Recommendation: We recommend management be aware of this condition and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's knowledge of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions: We concur with the State Auditor's findings. Management does have knowledge of office operations and will perform a periodic review of these operations.

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

Finding 2006-2—Fixed Assets Inventory (Repeat Finding)

Criteria: Statutory requirements have been established for inventory control in county government. Title 19 O.S. § 178.1 states, "The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than Five Hundred Dollars (\$500.00), and therefore maintain or cause to be maintained a continuous inventory record thereof and of like tools, apparatus, machinery and equipment purchased, leased, or otherwise coming into custody of the county or of any office, board, department, commission or any or either thereof, and the disposition thereof whether sold, exchanged, leased, or let where authorized by

**BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

statute, junked, strayed or stolen, and biennially thereafter ... to verify or cause to be verified by count and report of the same...”

Condition: All courthouse offices, except District 1, do not perform a biennial verification of the fixed assets inventory.

Effect: This condition could result in unrecorded transactions and misappropriation of assets.

Recommendation: We recommend that the Board of County Commissioners cause a biennial inventory to be taken of all working tools, apparatus, machinery, and equipment belonging to the County. We also recommend that these inventories be documented on form #3512.

Views of responsible officials and planned corrective actions: All Officers will work to compile a complete listing of County inventory. We will also try to conduct a physical inventory of all items once every two years.



**OFFICE OF THE STATE AUDITOR AND INSPECTOR
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