

COUNTY AUDIT

# BRYAN COUNTY

For the fiscal year ended June 30, 2007



*Independently serving the citizens of  
Oklahoma by promoting the  
accountability and fiscal integrity of  
governmental funds.*



Oklahoma State  
Auditor & Inspector  
Gary A. Jones, CPA, CFE

**BRYAN COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

March 21, 2011

TO THE CITIZENS OF  
BRYAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Bryan County, Oklahoma for the fiscal year ended June 30, 2007. 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 "Gary A. Jones".

GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

**BRYAN COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**BRYAN COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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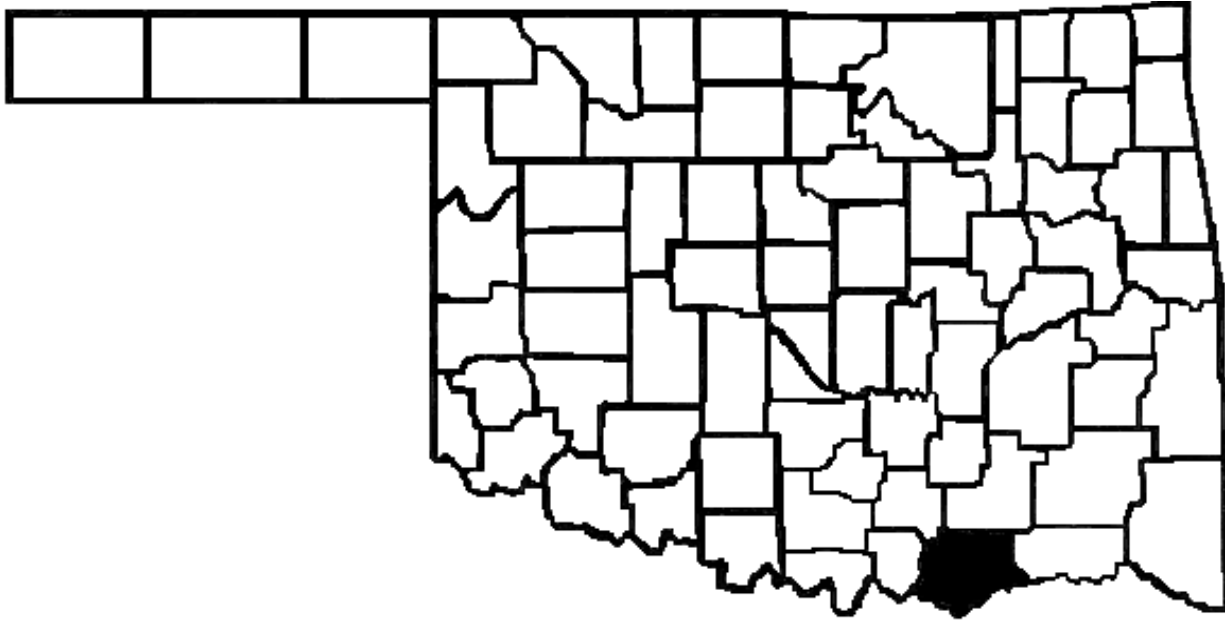
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**REPORT TO THE CITIZENS  
OF  
BRYAN COUNTY, OKLAHOMA**

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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 – 37,815  
(2005 est.)

Farms – 1,673

Land in Farms – 458,275 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor's report.

**BRYAN COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**COUNTY ASSESSOR**  
Glendel Rushing

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

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, 2007**

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**BOARD OF COUNTY COMMISSIONERS**

**DISTRICT 1**

Dwayne Simpson (through 1/2/2007)  
Monty Montgomery (1/2/2007 to  
present)

**DISTRICT 2**

Tony Simmons

**DISTRICT 3**

John Spence (through 12/1/2006)  
Ivan Kelly (12/1/2006 to present)

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, 2007**

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**COUNTY SHERIFF**  
Bill Sturch

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

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.

See independent auditor's report.

**BRYAN COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**COURT CLERK**  
Sandy Stroud

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.

**DISTRICT ATTORNEY**  
Emily Redman

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, 2007**

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**ELECTION BOARD SECRETARY**  
Linda Fahrendorf

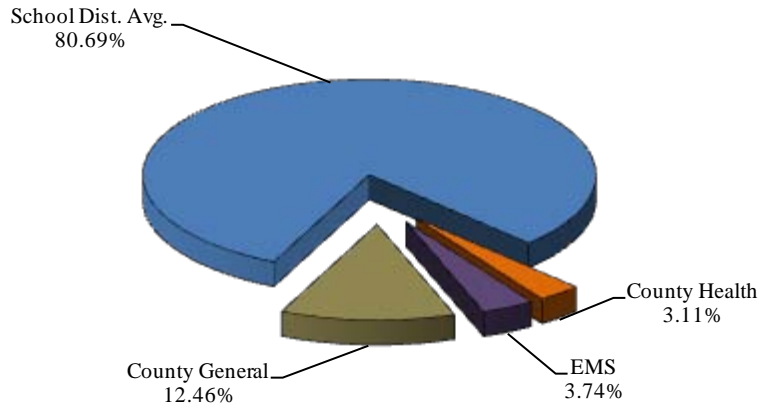
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within 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, 2007**

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	6.34	12.00	4.00	62.34
		Colbert	I-48	35.00	5.00	17.86	12.00	4.00	73.86
		Caddo	I-5	35.00	5.00		12.00	4.00	56.00
		Bennington	I-40	35.00	5.00	23.01	12.00	4.00	79.01
		Calera	I-48	35.00	5.00	11.45	12.00	4.00	67.45
		Durant	I-72	35.00	5.00	20.08	12.00	4.00	76.08
		Choctaw County	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, 2007  
(UNAUDITED)**

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Total net assessed value as of January 1, 2006		<u>\$ 176,132,026</u>
Debt limit - 5% of total assessed value		8,806,601
Total bonds outstanding	-	
Total judgments outstanding	15,877	
Less cash in sinking fund	<u>10,841</u>	<u>5,036</u>
Legal debt margin		<u>\$ 8,801,565</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, 2007  
(UNAUDITED)**

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	2007
Estimated population	37,815
Net assessed value as of January 1, 2006	\$ 176,132,026
Gross bonded debt	-
Less available sinking fund cash balance	10,841
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, 2007  
 (UNAUDITED)**

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Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2006	\$25,816,373	\$27,122,350	\$131,141,512	\$7,948,209	\$176,132,026	\$1,550,173,273

See independent auditor's report.

**FINANCIAL SECTION**





# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

## 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, 2007, 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.

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, 2007, 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, 2007, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2011, 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.



GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

March 17, 2011

## **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, 2007**

	Beginning Cash Balances July 1, 2006	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2007
Combining Information:						
County General Fund	\$ 317,490	\$ 2,788,218	\$ 2,084		\$ 2,399,396	\$ 708,396
T-Highway	785,479	3,251,136			3,191,992	844,623
Resale Property	97,172	153,160			125,921	124,411
County Health	185,146	528,503			424,630	289,019
County Clerk Lien Fee	23,367	69,858			35,167	58,058
Mortgage Tax Certification Fee	27,850	10,385			7,413	30,822
DHS Attendant Care	996	4,220			5,046	170
Sheriff Service Fees	52,691	203,632			147,803	108,520
Sheriff DARE	102					102
Sheriff Training	2,168				988	1,180
Sheriff City Prisoners	10,850	73,881			67,477	17,254
Sheriff DOC	25,634	203,463			194,259	34,838
Sheriff CORP	2,257	15,257			17,514	
Visual Inspection	25,457	422			9,919	15,960
Assessor Fee Revolving Fund	35,525	12,419			5,297	42,647
COPS Fast	28,195	10,740			33,513	5,422
OSU Extension Grant	832					832
Emergency 911	101,685	128,404			144,984	85,105
County Sinking	1,801	11,124		2,084		10,841
County Clerk's RM&P	31,197	70,536			54,430	47,303
County Commissioner's Trash Cops Funds	4,031	5,230			4,675	4,586
Elevator REAP	174					174
CDBG Elevator	490					490
JTA Revolving Fund	7,536	37,689			23,125	22,100
Sheriff Revolving Fund	148,523	283,657			317,089	115,091
JTA Commissary	1,498	7,913			7,890	1,521
Drug Court	4,986	54,241			51,597	7,630
JTA Special Funds	2,670	120			766	2,024
Keep Bryan County Beautiful	1,250					1,250
T-Highway Roads and Bridges Revolving Fund	126,854	283,657			235,573	174,938
CDBG Rural Water District #5		124,999			124,999	
County General Revolving		283,657			170,124	113,533
Courthouse Security - SSF		21,419			12,865	8,554
County Health Petty Cash		300				300
JTA Social Security Administration		600				600
Sheriff Helicopter		2,200				2,200
<b>Combined Total - All County Funds</b>	<u>\$ 2,053,906</u>	<u>\$ 8,641,040</u>	<u>\$ 2,084</u>	<u>\$ 2,084</u>	<u>\$ 7,814,452</u>	<u>\$ 2,880,494</u>

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, 2007**

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**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 financial statement referred to includes only the primary government of Bryan County, Oklahoma, and does not include financial information for any of the primary government's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the primary government. 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.

**BRYAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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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.

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.

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, 2007**

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County Clerk's RM&P – accounts for fees collected for instruments filed in the County Clerk's office 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.

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

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.

CDBG Rural Water District #5 – accounts for federal funds to be used for the construction of rural water lines in District #5.

County General Revolving – accounts for the collections of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution to be used for general county uses by deposit into the Bryan County General Fund.

Courthouse Security – SSF – accounts for the collection and disbursement of sheriff service fees as restricted by statute to be used for courthouse security.

County Health Petty Cash – accounts for the cash set aside to maintain the collection boxes used for the Health Department collections program.

**BRYAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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JTA Social Security Administration – accounts for the collection and deposit of Social Security funds to be used for restricted purposes.

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

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

**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, 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.

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



**BRYAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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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
- 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

**BRYAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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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, 2006, was approximately \$176,132,026.

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 school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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, 2007, were approximately 84.74 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:

**BRYAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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<b>Types of Loss</b>	<b>Method of Management</b>	<b>Risk of Loss Retained</b>
General Liability <ul style="list-style-type: none"> <li>• Torts</li> <li>• Errors and Omissions</li> <li>• Law Enforcement Officers' Liability</li> <li>• Vehicle</li> </ul>	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"> <li>• Theft</li> <li>• Damage to Assets</li> <li>• Natural Disasters</li> </ul>		
Employee <ul style="list-style-type: none"> <li>• Medical</li> <li>• Disability</li> <li>• Dental</li> <li>• Life</li> </ul>	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.

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

**BRYAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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with the Oklahoma Department of Transportation (ODOT) are interest free, but have a one-time fee of 3% on all pieces of machinery acquired.

**Judgment**

The County has one judgment which will be retired by a tax levy. The County is obligated to pay the judgment over a three-year period.

<u>Case Number</u>	<u>Original Judgment</u>	<u>Date of Judgment</u>
CY-06-657	\$14,727	09/20/2006

Future principal and interest payments that will become due on the existing judgment are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$4,909	\$2,147	\$7,056
2009	\$4,909	\$1,135	\$6,044
2010	\$4,909	\$ 449	\$5,358
Totals	\$14,727	\$3,731	\$18,458

**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 7.5% and 12.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 12.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2007, 2006, and 2005, were \$329,829, \$308,077, and \$260,645, respectively, equal to the required contributions for each year.

2.5% Step-Up. Members have the option to increase the benefit computation factor for all future service from 2.0% to 2.5%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service.

**BRYAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**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.

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.

**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 \$2,084 of excess sinking monies transferred from county sinking to the general fund made in accordance with 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, 2007**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 317,490	\$ 317,490	\$ 317,490	\$ -
Less: Prior Year Outstanding Warrants	(131,673)	(131,673)	(130,398)	1,275
Less: Prior Year Encumbrances	(33,908)	(33,908)	(33,533)	375
Beginning Cash Balances, Budgetary Basis	<u>151,909</u>	<u>151,909</u>	<u>153,559</u>	<u>1,650</u>
Residual Equity Transfer In	<u>-</u>	<u>-</u>	<u>2,084</u>	<u>2,084</u>
Receipts:				
Ad Valorem Taxes	1,601,200	1,601,200	1,800,400	199,200
Charges for Services	171,267	171,267	245,805	74,538
Intergovernmental Revenues	337,091	604,579	666,895	62,316
Miscellaneous Revenues	35,000	35,000	75,118	40,118
Total Receipts, Budgetary Basis	<u>2,144,558</u>	<u>2,412,046</u>	<u>2,788,218</u>	<u>376,172</u>
Expenditures:				
County Sheriff	203,420	203,420	203,420	
Capital Outlay	21,000	26,000	25,962	38
Total County Sheriff	<u>224,420</u>	<u>229,420</u>	<u>229,382</u>	<u>38</u>
County Treasurer	139,872	140,152	136,585	3,567
Capital Outlay	1	1		1
Total County Treasurer	<u>139,873</u>	<u>140,153</u>	<u>136,585</u>	<u>3,568</u>
County Commissioners	3,500	3,500	2,942	558
Capital Outlay	1,300	1,300		1,300
Total County Commissioners	<u>4,800</u>	<u>4,800</u>	<u>2,942</u>	<u>1,858</u>
OSU Extension	97,691	97,691	85,256	12,435
Capital Outlay	1	1		1
Total OSU Extension	<u>97,692</u>	<u>97,692</u>	<u>85,256</u>	<u>12,436</u>
County Clerk	149,393	149,393	148,767	626
Capital Outlay	1	1		1
Total County Clerk	<u>149,394</u>	<u>149,394</u>	<u>148,767</u>	<u>627</u>
Court Clerk	<u>122,948</u>	<u>355,522</u>	<u>355,238</u>	<u>284</u>
Total Court Clerk	<u>122,948</u>	<u>355,522</u>	<u>355,238</u>	<u>284</u>
County Assessor	84,886	84,886	84,858	28
Capital Outlay	1	1		1
Total County Assessor	<u>84,887</u>	<u>84,887</u>	<u>84,858</u>	<u>29</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, 2007**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Revaluation of Real Property	234,762	234,762	215,610	19,152
Total Revaluation of Real Property	234,762	234,762	215,610	19,152
General Government	799,196	765,720	726,202	39,518
Capital Outlay	59,583	30,452	30,452	
Total General Government	858,779	796,172	756,654	39,518
Excise-Equalization Board	8,000	8,000	6,898	1,102
Capital Outlay	1	1		1
Total Excise-Equalization Board	8,001	8,001	6,898	1,103
County Election Board	92,224	99,882	93,960	5,922
Capital Outlay	1	1		1
Total County Election Board	92,225	99,883	93,960	5,923
Charity	1,000	1,000	125	875
Total Charity	1,000	1,000	125	875
Jail Trust	213,973	292,994	288,441	4,553
Capital Outlay	9,800	6,779	6,779	
Total Jail Trust	223,773	299,773	295,220	4,553
County Audit Budget Account	18,913	18,913	12,264	6,649
Total County Audit Budget Account	18,913	18,913	12,264	6,649
Free Fair Budget	35,000	43,583	29,382	14,201
Total Free Fair Budget	35,000	43,583	29,382	14,201
 Total Expenditures, Budgetary Basis	 2,296,467	 2,563,955	 2,453,141	 110,814
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	 \$ -	 \$ -	 490,720	 \$ 490,720
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			31,671	
Add: Current Year Outstanding Warrants			186,005	
Ending Cash Balance			<u>\$ 708,396</u>	

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, 2007**

	County Health Department Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 185,146	\$ 185,146	\$ 185,146	\$ -
Less: Prior Year Outstanding Warrants	(630)	(630)	(630)	
Less: Prior Year Encumbrances	<u>(39,805)</u>	<u>(39,805)</u>	<u>(36,259)</u>	<u>3,546</u>
Beginning Cash Balances, Budgetary Basis	<u>144,711</u>	<u>144,711</u>	<u>148,257</u>	<u>3,546</u>
Receipts:				
Ad Valorem Taxes	400,300	400,300	459,187	58,887
Charges for Services			55,750	55,750
Intergovernmental			366	366
Miscellaneous Revenues		88,372	13,200	(75,172)
Total Receipts, Budgetary Basis	<u>400,300</u>	<u>488,672</u>	<u>528,503</u>	<u>39,831</u>
Expenditures:				
Health and Welfare	545,011	598,383	454,965	143,418
Capital Outlay	-	35,000	10,989	24,011
Total Expenditures, Budgetary Basis	<u>545,011</u>	<u>633,383</u>	<u>465,954</u>	<u>167,429</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	210,806	<u>\$ 210,806</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			54,262	
Add: Current Year Outstanding Warrants			23,951	
Ending Cash Balance			<u>\$ 289,019</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, 2007**

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Beginning Cash Balance	\$ 1,801
Receipts	11,124
Total Receipts	<u>11,124</u>
Residual Equity Transfer Out	2,084
Total Residual Equity Transfer Out	<u>2,084</u>
Ending Cash Balance	<u>\$ 10,841</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, 2007**

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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 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.

See independent auditor's report.

**INTERNAL CONTROL AND COMPLIANCE SECTION**



# Oklahoma State Auditor & Inspector

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## **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, 2007, 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 17, 2011. 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. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. 2007-1, 2007-3, 2007-5, 2007-6, 2007-7, 2007-8, and 2007-9

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2007-1 and 2007-9 to be material weaknesses.

#### 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 certain matters that we reported to the management of Bryan County, which are included in Section 2 of the schedule of findings and responses contained in this report.

Bryan County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Bryan County's response and, accordingly, we express no opinion on it.

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. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

March 17, 2011

**BRYAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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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 2007-1 - Segregation of Duties**

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

Condition: The County Treasurer's office has five full-time employees. The first deputy performs most duties of maintaining the official depository. This deputy receipts and enters collections, prepares the deposit, registers vouchers, and in the absence of the Treasurer, delivers the deposit to the bank. This deputy also registers warrants, prepares the General Fund deposit and completes the daily report.

The County Clerk's office has five full-time employees. The first deputy/purchasing agent performs most duties in regards to purchasing. The purchasing agent takes requisitions, inputs and prints purchase orders, certifies amount for encumbrance, and reviews for accuracy. The purchasing agent also prints the warrants and takes the warrants to the Treasurer to be registered. The purchasing agent also prints the warrant register and the appropriation ledger, issues cash vouchers, enters the appropriations into the appropriation ledger, and balances the appropriated accounts to the general ledger.

The payroll clerk receives payroll claims, calculates and enters deductions, enters payroll information, prints payroll verification report. The payroll clerk then reviews for errors and prints the payroll warrants. The payroll clerk also maintains state and federal tax reports, OPERS reports, enrolls new employees, and maintains personnel files.

One other employee is responsible for balancing daily collections, compiling the official depository deposit, reconciling the official depository to the general ledger and maintaining the official depository records.

Effect: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends management be aware of these conditions 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 overseeing of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one person is able to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to

**BRYAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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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 approve accounting functions.

Views of responsible officials and planned corrective actions:

**County Treasurer –**

As the new Treasurer, I have rearranged duties and implemented cross-training to be able to spread responsibilities among employees. It is my goal to have an office where at least 2 different people are involved in critical accounting functions. I am currently training with regards to splitting duties for month end reports, etc.

**County Clerk –**

At this time this office does not have the staff to segregate the duties as the State Auditor has recommended. As the County Clerk, I will watch and oversee all duties for my employees and try to catch any errors that may come about.

**Finding 2007—3 – Apportionment of Taxes Ordered Held in Protest**

Criteria: Title 68 O.S. § 2884.C states:

It shall be the duty of the county treasurer to hold taxes paid under protest separate and apart from other taxes collected. Any portion of such taxes not paid under protest shall be apportioned as provided by law. Except as otherwise provided for in this subsection, the treasurer shall invest the protested taxes in the same manner as the treasurer invests surplus tax funds not paid under protest, but shall select an interest-bearing investment medium which will permit prompt refund or apportionment of the protested taxes upon final determination of the appeal. In cases where the amount of the protested ad valorem taxes by a taxpayer is in excess of Fifteen Thousand Dollars (\$15,000.00), the taxpayer may elect to choose the type of investment and where the investment of the protested funds will be deposited as long as the investment is of a type authorized for the county, the depository institution qualifies as a county depository, and the depository institution is located in the applicable county.

Condition: The County Treasurer failed to hold and account for protest taxes separately from ad valorem tax collections. The taxes paid under protest were incorrectly apportioned and remitted to the taxing entities. The Treasurer contacted the taxing entities to return the protested amounts, however, at June 30 not all funds were returned.

Effect: This condition could result in misstated financial statements.

Recommendation: OSAI recommends the County Treasurer invest protested tax collections in accordance with 68 O.S. § 2884.C.



**BRYAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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Views of responsible officials and planned corrective actions:

**County Treasurer –**

All monies were returned and placed back in protest. I have implemented education of all employees as to handling of protested taxes, and we have discussions every year when collections start as to what to watch for. I have also made it clear that I am accessible in case of questions. I spend time looking through mail, etc. The 1<sup>st</sup> and 2<sup>nd</sup> deputies also usually know who is likely to protest and watch the mail, etc.

**Finding 2007 – 5 – County Clerk IT Controls**

Criteria: According to the standards of the Information Systems Audit and Control Association (CobiT, Delivery and Support DS5), the need to maintain the integrity of information and protect IT assets requires a security management process. This process includes establishing and maintaining IT security roles and responsibilities, policies, standards, and procedures. Security management also includes performing security monitoring and periodic testing and implementing corrective actions for identified security weaknesses or incidents. Effective security management protects all IT assets to minimize the business impact of security vulnerabilities and incidents.

Condition: After interviewing the County Clerk, it was noted that there doesn't appear to be adequate controls in place to safeguard the County Clerk's data from unauthorized modification, loss or disclosure. The computers in the County Clerk's office do not automatically log off computers or applications after periods of inactivity and employees do not log off or lock their systems when they are away from their desk.

Effect: Security for the computer, computer programs, and data could be compromised.

Recommendation: OSAI recommends the County work with their IT personnel or in conjunction with software vendors to put controls in place that will log off or lock computers after periods of inactivity or when the user is away from their computer.

Views of responsible officials and planned corrective actions:

**County Clerk –**

I will get with Kellpro (software vendor) and let them know so they can come visit with my staff and set up lock up for the system.

**Finding 2007 – 6 – County Treasurer IT Controls**

Criteria: According to the standards of the Information Systems Audit and Control Association (CobiT, Delivery and Support DS5), the need to maintain the integrity of information and protect IT assets requires a security management process. This process includes establishing and maintaining IT security roles and responsibilities, policies, standards, and procedures. Security management also includes

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performing security monitoring and periodic testing and implementing corrective actions for identified security weaknesses or incidents. Effective security management protects all IT assets to minimize the business impact of security vulnerabilities and incidents.

Condition: After interviewing the Treasurer, it was noted that there doesn't appear to be adequate controls in place to safeguard the County Treasurer's data from unauthorized modification, loss or disclosure. The computers in the Treasurer's office do not automatically log off after periods of inactivity and employees do not log off or lock their systems when they are away from their desk.

Effect: Security for the computer, computer programs, and data could be compromised.

Recommendation: OSAI recommends the County work with their IT personnel or in conjunction with software vendors to put controls in place that will log off or lock computers after periods of inactivity or when the user is away from their computer.

Views of responsible officials and planned corrective actions:

**County Treasurer –**

Automatic offsite backups have been instituted. We have started digitizing older records so they would be available on disc. I will institute auto lockouts on computers. Passwords are personal and not written down anywhere. As my understanding of what is possible increases, I will continue to stay on top of it.

**Finding 2007 – 7 – County Clerk Disaster Recovery Plan**

Criteria: CobiT 4.1 DS4.1 states:

Develop a framework for IT continuity to support enterprise-wide business continuity management using a consistent process. The objective of the framework should be to assist in determining the required resilience of the infrastructure and to drive the development of disaster recovery and IT contingency plans. The framework should address the organizational structure for continuity management, covering the roles, tasks, and responsibilities of internal and external service providers, their management and their customers, and the planning processes that create the rules and structures to document, test and execute the disaster recovery and IT contingency plans. The plan should also address items such as the identification of critical resources, noting key dependencies, the monitoring and reporting of the availability of critical resources, alternative processing, and the principles of backup and recovery.

CobiT 4.1 DS4.2 states:

Develop IT continuity plans based on the framework and designed to reduce the impact of a major disruption on key business functions and processes. The plans should be based on risk understanding of potential business impacts and address requirements for resilience, alternative processing and recovery capability of all critical IT services. They should also cover usage guidelines, roles and responsibilities, procedures, communication processes, and the testing approach.

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Condition: The County Clerk does not have a Disaster Recovery Plan that addresses how critical information and systems would be restored in the event of a disaster.

Effect: The failure to have a current Disaster Recovery Plan could result in the County being unable to function in the event of a disaster. The lack of a procedure addressing how critical information and/or systems would be restored could cause significant problems in ensuring that County business could continue without interruption.

Recommendation: OSAI recommends the County develop a Disaster Recovery Plan addressing how critical information and/or systems would be restored in the event of a disaster.

Views of responsible officials and planned corrective actions:

**County Clerk –**

I attended the ACCO meetings, received the templates and have started preparing the disaster recovery plan.

**Finding 2007 – 8 – County Treasurer Disaster Recovery Plan**

Criteria: CobiT 4.1 DS4.1 states:

Develop a framework for IT continuity to support enterprise-wide business continuity management using a consistent process. The objective of the framework should be to assist in determining the required resilience of the infrastructure and to drive the development of disaster recovery and IT contingency plans. The framework should address the organizational structure for continuity management, covering the roles, tasks, and responsibilities of internal and external service providers, their management and their customers, and the planning processes that create the rules and structures to document, test and execute the disaster recovery and IT contingency plans. The plan should also address items such as the identification of critical resources, noting key dependencies, the monitoring and reporting of the availability of critical resources, alternative processing, and the principles of backup and recovery.

CobiT 4.1 DS4.2 states:

Develop IT continuity plans based on the framework and designed to reduce the impact of a major disruption on key business functions and processes. The plans should be based on risk understanding of potential business impacts and address requirements for resilience, alternative processing and recovery capability of all critical IT services. They should also cover usage guidelines, roles and responsibilities, procedures, communication processes, and the testing approach.

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Condition: The County Treasurer does not have a Disaster Recovery Plan that addresses how critical information and systems would be restored in the event of a disaster. In addition, the snapshot server, that back-ups the main server for the Treasurer's office, is located in the Treasurer's office, next to the main server.

Effect: The failure to have a current Disaster Recovery Plan could result in the County being unable to function in the event of a disaster. The lack of a procedure addressing how critical information and or systems would be restored could cause significant problems in ensuring that County business could continue uninterrupted.

Recommendation: OSAI recommends the County develop a Disaster Recovery Plan addressing how critical information and/or systems would be restored in the event of a disaster. OSAI recommends that backups (tapes or snapshot servers) of the server be locked in a secure, fire-safe, location.

Views of responsible officials and planned corrective actions:

**County Treasurer –**

I have worked on instituting additional plans. I will develop a written plan within the next few months.

**Finding 2007 – 9 – County-wide Controls**

Criteria: Internal control is an integral component of an organization's management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being made. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Control Environment, Risk assessment, Information and Communication, and Monitoring for the achievement of these goals.

Risk assessment is a component of internal control which should provide for an assessment of the risks the county faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then has to formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives.

Monitoring is a component of internal control which should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. It includes ensuring that management know their responsibilities for internal control and the need to make control and control monitoring part of their regular operating processes.

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Condition: County-wide controls regarding Risk Management and Monitoring have not been designed.

Effect: This condition could result in unrecorded transactions, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends that the County implement a system of internal controls to provide reasonable assurance regarding the achievement of goals and objectives.

Views of responsible officials and planned corrective actions: The current Board of County Commissioners has implemented procedures to strengthen controls regarding risk assessment and monitoring.

**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.**

**Finding 2007-2 – Fixed Assets Inventory**

Criteria: Statutory requirements have been established for inventory control in county government.

Title 19 O.S. § 178.1 states in part:

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 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 thereafter maintain or cause to be maintained a continuous inventory record...biennially thereafter, or oftener...

Condition: The Election Board, County Treasurer, and Health Department do not perform a biennial verification of the fixed assets inventory. The Sheriff, OSU Extension, and County Assessor’s office keep a fixed assets inventory, but form 3512 is not used.

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

Recommendation: OSAI recommends equipment inventory information be periodically reviewed, reconciled, and updated to detect errors and to maintain an accurate inventory record. OSAI further recommends that these inventories be documented on form 3512.

Views of responsible officials and planned corrective actions: An annual fixed asset inventory has been instituted and will be continued.

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**Finding 2007 – 4 – Consumable Records**

Criteria: Title 19 O.S. § 1502 B states:

B. The board of county commissioners shall:

1. Prescribe a uniform identification system for all supplies, materials and equipment of a county not used in the construction and maintenance of roads and bridges; and

2. Create and administer an inventory system for all:

a. equipment of a county having an original cost of Five Hundred Dollars (\$500.00) or more and not used in the construction and maintenance of roads and bridges, and

b. supplies and materials of a county purchased in lots of Five Hundred Dollars (\$500.00) or more and not used in the construction and maintenance of roads and bridges.

The board of county commissioners may designate an employee of that office to administer such inventory system.

Condition: Discrepancies were noted when comparing the District barn's consumable records to the physical counts. Also, District 3 did not have up-to-date fuel reconciliations on hand for unleaded gas.

<b>District</b>	<b>Item</b>	<b>Long (Short)</b>
1	Unleaded fuel	(-157 gallons)
1	Diesel fuel	(-726.90 gallons)
2	Unleaded fuel	(-64.30 gallons)
2	Diesel fuel	56 gallons
3	18x22 tin horns	(-1)
3	12.24 tin horns	1
3	grader blades	4
3	fuel	(-467.30 gallons)
3	fuel	534.80 gallons

Effect: This condition could result in inaccurate records, incomplete information, or misappropriation of county assets.

Recommendation: OSAI recommends that the County Commissioners investigate the discrepancies between the consumable records and the physical inventory of the consumable items and make appropriate adjustments. OSAI also recommends that a physical inventory of consumable inventory items be periodically conducted to ensure the necessary accountability of inventories.

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Views of responsible officials and planned corrective actions:

**District 1 County Commissioner, Monty Montgomery –**

These fuel discrepancies were noted during a previous administration and I am unaware of what internal controls were in place at that time or how those internal controls were monitored or enforced.

**District 2 County Commissioner, Tony Simmons –**

We have since corrected and implemented a new system of tracking consumable inventory items.

**District 3 County Commissioner, Jay Perry –**

We plan to implement all recommendations and comply with directions from these officers that we met with today. We further intend to review these findings and seek to comply as our understanding gets clearer.



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