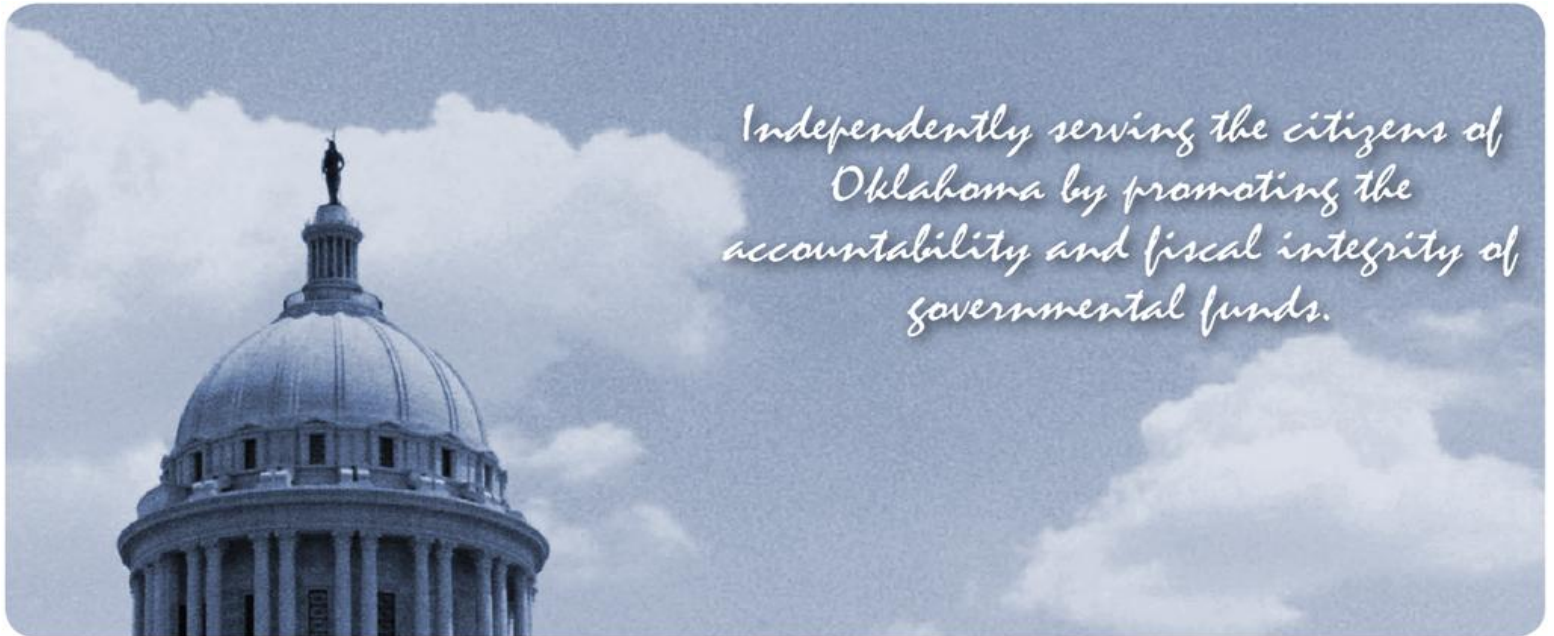


COUNTY AUDIT

# BRYAN COUNTY

For the fiscal year ended June 30, 2016



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, 2016**

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This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website ([www.sai.ok.gov](http://www.sai.ok.gov)) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



# Oklahoma State Auditor & Inspector

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

April 7, 2017

TO THE CITIZENS OF  
BRYAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Bryan County, Oklahoma for the fiscal year ended June 30, 2016. The audit was conducted in accordance with 19 O.S. § 171.

A report of this type can be critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

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

Sincerely,

A handwritten signature in blue ink, reading "Gary A. Jones". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

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

**BRYAN COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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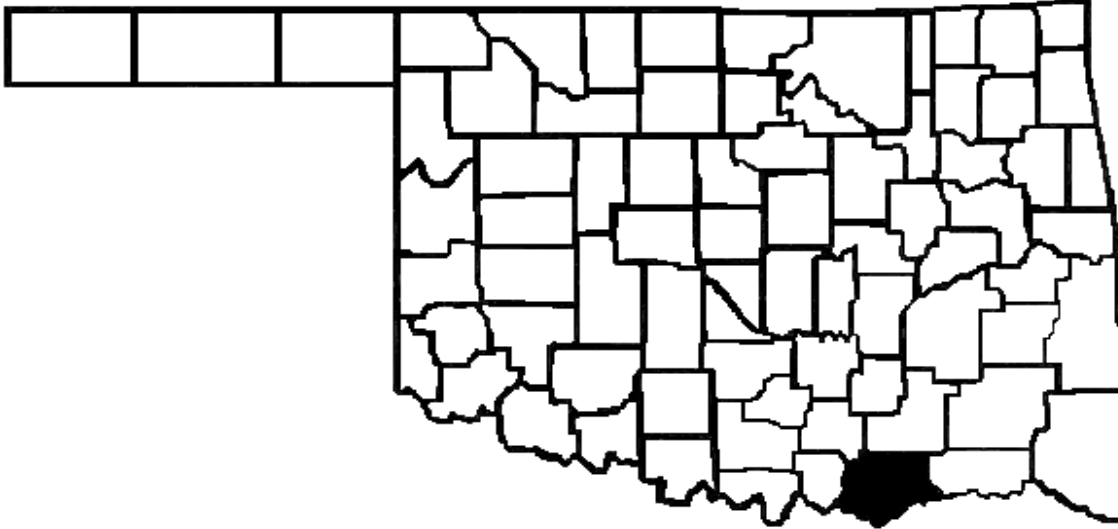
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**PRESENTED FOR INFORMATIONAL PURPOSES ONLY**

**BRYAN COUNTY, OKLAHOMA  
STATISTICAL INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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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 – 44,486  
(2014 est.)

Farms – 1,484

Land in Farms – 441,289 Acres

Primary Source: Oklahoma Almanac 2015-2016

**BRYAN COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**Board of County Commissioners**

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

**County Assessor**

Glendel Rushing

**County Clerk**

Tammy Reynolds

**County Sheriff**

Kenneth Golden

**County Treasurer**

Nancy Conner

**Court Clerk**

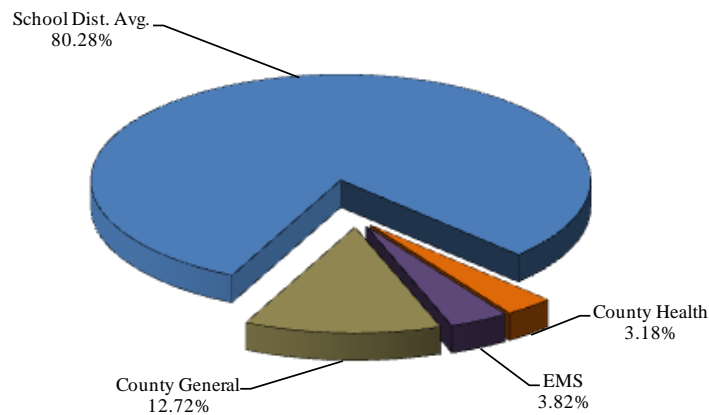
Donna Alexander

**District Attorney**

Emily Redman

**BRYAN COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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.

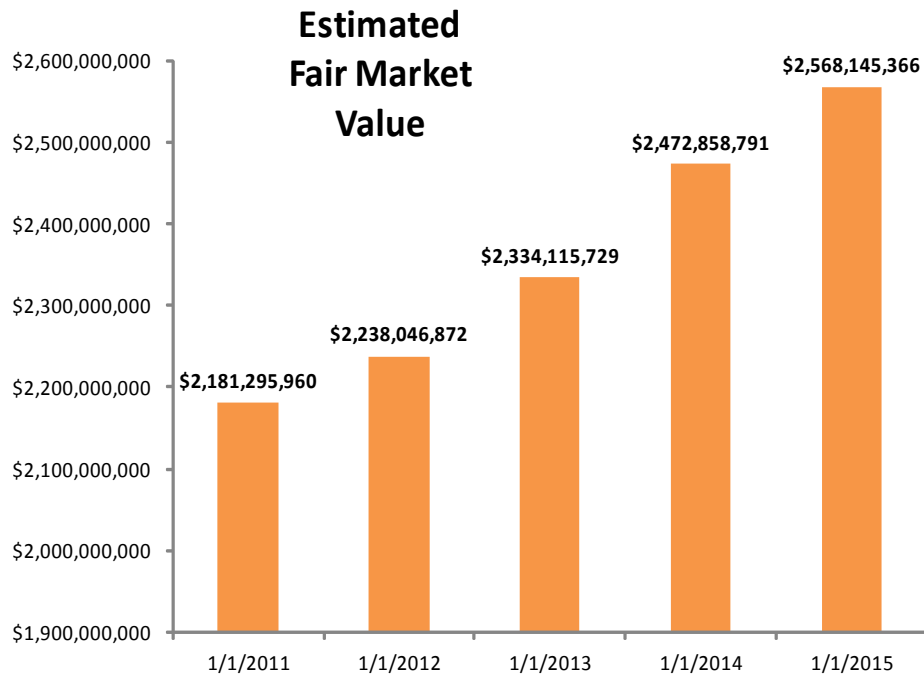


County-Wide Millages				School District Millages					
				Career					
County General	10.22			Gen.	Bldg.	Skg.	Tech	Common	Total
County Health	2.56	Silo	I-1	36.26	5.18	-	12.26	4.09	57.79
EMS	3.07	Rock Creek	I-2	36.33	5.19	5.11	12.26	4.09	62.98
		Achille	I-3	36.33	5.19	7.57	12.26	4.09	65.44
		Colbert	I-4	35.84	5.12	9.22	12.26	4.09	66.53
		Caddo	I-5	36.23	5.18	9.09	12.26	4.09	66.85
		Bennington	I-40	36.02	5.15	4.32	12.26	4.09	61.84
		Calera	I-48	35.70	5.10	8.36	12.26	4.09	65.51
		Durant	I-72	35.49	5.07	17.29	12.26	4.09	74.20
		Boswell (Choctaw)	I-1	37.77	5.40	-	12.26	4.09	59.52



**BRYAN COUNTY, OKLAHOMA  
ASSESSED VALUE OF PROPERTY  
TREND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2015	\$32,519,018	\$82,178,783	\$215,418,996	\$10,070,178	\$320,046,619	\$2,568,145,366
1/1/2014	\$32,648,274	\$75,077,500	\$208,246,663	\$10,103,164	\$305,869,273	\$2,472,858,791
1/1/2013	\$31,134,817	\$57,849,662	\$201,483,054	\$10,090,074	\$280,377,459	\$2,334,115,729
1/1/2012	\$28,981,934	\$59,177,698	\$192,073,132	\$10,075,305	\$270,157,459	\$2,238,046,872
1/1/2011	\$26,853,904	\$60,660,503	\$186,889,770	\$9,949,374	\$264,454,803	\$2,181,295,960

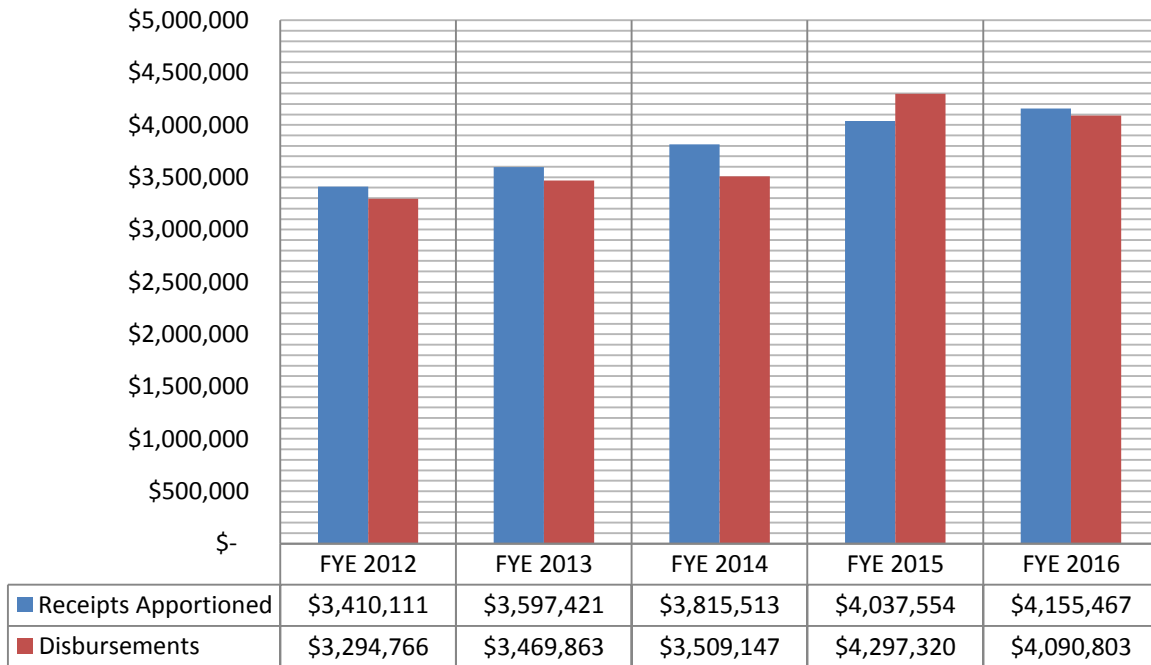


**BRYAN COUNTY, OKLAHOMA  
COUNTY GENERAL FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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## County General Fund

The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also provides revenue for various budget accounts and accounts that support special services and programs. The Board of County Commissioners must review and approve all expenditures made from the County General Fund. The primary revenue source for the County General Fund is usually the county's ad valorem tax collected on real, personal (if applicable), and public service property. Smaller amounts of revenue can come from other sources such as fees, sales tax, use tax, state transfer payments, in-lieu taxes, and reimbursements. The chart below summarizes receipts and disbursements of the County's General Fund for the last five fiscal years.

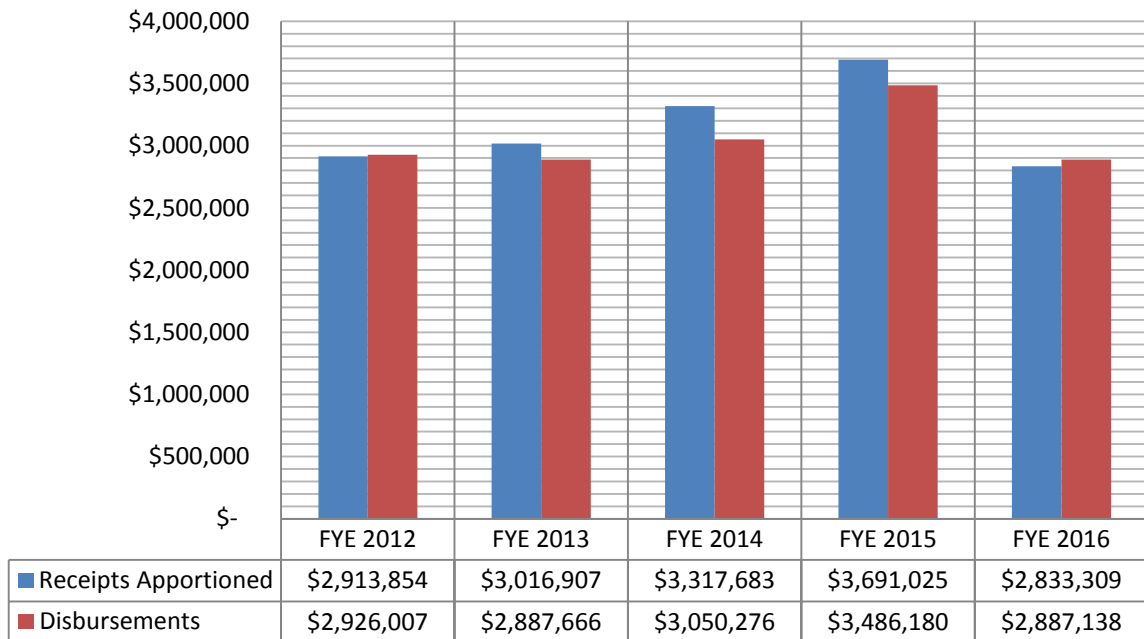


**BRYAN COUNTY, OKLAHOMA  
COUNTY HIGHWAY FUND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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## County Highway Fund

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. The chart below summarizes receipts and disbursements of the County's Highway Fund for the last five fiscal years.



## **FINANCIAL SECTION**



# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 123 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

## Independent Auditor's Report

TO THE OFFICERS OF  
BRYAN COUNTY, OKLAHOMA

### *Report on the Financial Statement*

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Bryan County, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

### *Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting described in Note 1, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1, the financial statement is prepared by Bryan County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Bryan County as of June 30, 2016, or changes in financial position for the year then ended.

### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash balances for all county funds of Bryan County, for the year ended June 30, 2016, in accordance with the basis of accounting described in Note 1.

### ***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. 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 financial statement.

The Other Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the combined total—all county funds.

The information listed in the table of contents under Introductory Section has not been subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2017, 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 in considering Bryan County's internal control over financial reporting and compliance.

A handwritten signature in blue ink, reading "Gary A. Jones". The signature is fluid and cursive, with the first name "Gary" being the most prominent.

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

April 6, 2017

## **REGULATORY BASIS FINANCIAL STATEMENT**



**BRYAN COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**(WITH COMBINING INFORMATION)—MAJOR FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Beginning Cash Balances July 1, 2015	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2016
Combining Information:						
Major Funds:						
County General Fund	\$ 1,250,746	\$ 4,155,467	\$ -	\$ -	\$ 4,090,803	\$ 1,315,410
T-Highway Fund	1,931,964	2,833,309	-	-	2,887,138	1,878,135
T-Highway Roads and Bridges Revolving Fund	276,325	612,724	-	-	385,524	503,525
County Health Department Fund	773,330	1,317,513	-	-	1,111,517	979,326
County Sinking Fund	3,149	13	-	-	-	3,162
COPS Fast Fund	1	-	-	-	-	1
County Treasurer Resale Property Fund	281,061	313,595	-	-	318,202	276,454
Jail Revolving Fund	11,737	18,560	-	-	16,668	13,629
Jail Special Fund	5	-	-	-	-	5
Sheriff Department of Corrections Fund	101,190	138,453	-	-	150,772	88,871
Sheriff Revolving Fund	103,831	419,836	-	-	375,734	147,933
T-Highway Sawmill BIA Fund	76,877	126,415	-	76,914	126,378	-
T-Highway Orchard Road BIA Fund	38,771	12	-	11,552	27,231	-
Bryan County Building Fund	2,068	2,826	-	-	2,066	2,828
CBRI 105 Fund	503,914	500,072	-	-	465,509	538,477
Jail Renovation Note Fund	114,427	366,950	-	-	304,081	177,296
Achille Fire Department Sales Tax Fund	48,349	55,065	-	-	21,282	82,132
Albany Fire Department Sales Tax Fund	124,565	55,092	-	-	37,022	142,635
Bennington Fire Department Sales Tax Fund	115,466	55,101	-	-	-	170,567
Bokchito Fire Department Sales Tax Fund	49,364	67,999	-	-	18,910	98,453
Bryan County Fire Department Sales Tax Fund	98,025	55,091	-	-	10,444	142,672
Bryan County Communication Sales Tax Fund	26,101	55,051	-	-	60,172	20,980
Caddo Fire Department Sales Tax Fund	29,381	55,057	-	-	27,169	57,269
Calera Fire Department Sales Tax Fund	57,377	55,058	-	-	72,048	40,387
Cartwright Fire Department Sales Tax Fund	28,602	55,054	-	-	24,959	58,697
Colbert Fire Department Sales Tax Fund	81,640	55,085	-	-	-	136,725
Durant Fire Department Sales Tax Fund	59,885	55,071	-	-	33,934	81,022
Freeny Valley Fire Department Sales Tax Fund	25,802	55,047	-	-	53,082	27,767
Kemp Fire Department Sales Tax Fund	54,405	55,067	-	-	15,438	94,034
Lakewood Fire Department Sales Tax Fund	24,501	55,048	-	-	48,505	31,044
Philadelphia Fire Department Sales Tax Fund	47,855	55,064	-	-	16,322	86,597
Roberta Fire Department Sales Tax Fund	50,769	55,065	-	-	24,054	81,780
Silo Fire Department Sales Tax Fund	48,893	55,061	-	-	22,670	81,284
Wade Fire Department Sales Tax Fund	24,841	55,052	-	-	21,399	58,494
West Bryan County Fire Department Sales Tax Fund	17,779	55,044	-	-	48,981	23,842
Yuba Fire Department Sales Tax Fund	11,300	55,038	-	-	54,975	11,363
T-Highway Roberts BIA Fund	100	-	-	100	-	-
REAP RW 6 Contract 15-040 Fund	-	45,000	-	-	31,422	13,578
T-Highway Orchard Road BIA II Fund	-	7	88,566	-	-	88,573
T-Highway District 3 Fund	-	5,376	-	-	-	5,376
T-Highway Roads and Bridges Revolving District 2 Fund	-	4,381	-	-	-	4,381
Safe Oklahoma Grant Program Fund	-	50,000	-	-	20,853	29,147
FEMA	-	14,835	-	-	14,835	-
Remaining Aggregate Funds	540,376	1,065,623	-	-	1,052,566	553,433
<b>Combined Total - All County Funds</b>	<b>\$ 7,034,772</b>	<b>\$ 13,105,177</b>	<b>\$ 88,566</b>	<b>\$ 88,566</b>	<b>\$ 11,992,665</b>	<b>\$ 8,147,284</b>

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

**BRYAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Bryan County is a subdivision of the State of Oklahoma created by the Oklahoma Constitution and regulated by Oklahoma Statutes.

The accompanying financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds under the control of the primary government. The general fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund, where its use is restricted for a specified purpose. Other funds established by statute and under the control of the primary government are also presented.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, school districts, and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations. Any trust or agency funds maintained by the County are not included in this presentation.

**B. Fund Accounting**

The County uses funds to report on receipts, disbursements, and changes in cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

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

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

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

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

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

**BRYAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**BRYAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**BRYAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

REAP RW 6 Contract 15-040 Fund – accounts for funds received from the Oklahoma Department of Commerce, and disbursements as restricted by state statute for the purpose of reimbursement for rural infrastructure developments.

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

T-Highway District 3 Fund – accounts for state, local, and miscellaneous receipts and disbursements are for the purpose of constructing and maintaining District 3's county roads and bridges.

T-Highway Roads and Bridges Revolving District 2 Fund – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution to be used for the maintenance of District 2's county highways and bridges.

Safe Oklahoma Grant Program Fund – accounts for Department of Justice grant funds to be used for reimbursement of expenses related to the identification of unknown inmates in the jail.

FEMA – accounts for federal funds to be used for reimbursement of expenses on highway road projects due to a natural disaster.

**C. Basis of Accounting**

The financial statement is prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred. This regulatory basis financial presentation is not a comprehensive measure of economic condition or changes therein.

Title 19 O.S. § 171 specifies the format and presentation for Oklahoma counties to present their financial statement in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171. County

**BRYAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue. All other funds included in the audit shall be presented in the aggregate in a combining statement.

**D. Budget**

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

**E. Cash and Investments**

For the purposes of financial reporting, "Ending Cash Balances, June 30" includes cash and cash equivalents and investments as allowed by statutes. The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

State statutes require financial institutions with which the County maintains funds to deposit collateral securities to secure the County's deposits. The amount of collateral securities to be pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

The County Treasurer has been authorized by the County's governing board to make investments. Allowable investments are outlined in statutes 62 O.S. § 348.1 and § 348.3.

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured. All investments as classified by state statute are nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are not subject to interest rate risk or credit risk.

**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

**BRYAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. The County Treasurer, according to the law, shall give notice of delinquent taxes and special assessments by publication once a week for two consecutive weeks at any time after April 1, but prior to the end of September following the year the taxes were first due and payable. Unpaid real property taxes become a lien upon said property after the treasurer has perfected the lien by public notice.

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

**3. Other Information**

**A. Pension Plan**

Plan Description. The County contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates.

**B. Other Post Employment Benefits (OPEB)**

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group 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.

**BRYAN COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**C. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; although, the County expects such amounts, if any, to be immaterial.

As of the end of the fiscal year, there were no claims or judgments that would have a material adverse effect on the financial condition of the County; however, the outcome of any lawsuit would not be determinable.

**D. Long Term Obligations**

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

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

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

During fiscal year 2016, payments included \$199,561 for principal, \$104,520 interest.

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$195,165	\$85,503	\$280,668
2018	204,640	76,028	280,668
2019	214,575	66,093	280,668
2020	224,992	55,676	280,668
2021	235,915	44,753	280,668
2022-2025	813,445	63,467	876,912
Total	<u>\$1,888,732</u>	<u>\$391,520</u>	<u>\$2,280,252</u>



**BRYAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**E. Sales Tax**

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

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

**F. Interfund Transfers**

During the fiscal year, the County made the following transfers between cash funds. All BIA funds for separate projects were combined into one BIA fund with subaccounts.

- \$76,914 was transferred from the T-Highway Sawmill BIA Fund to the T-Highway Orchard Road BIA II Fund to consolidate the BIA highway funds that are for road projects of Bryan County.
- \$11,552 was transferred from the T-Highway Orchard Road BIA Fund to the T-Highway Orchard Road BIA II Fund to consolidate the BIA highway funds that are for road projects of Bryan County.
- \$100 was transferred from the T-Highway Roberts BIA Fund to the T-Highway Orchard Road BIA II Fund to consolidate the BIA highway funds that are for road projects of Bryan County.

## **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, 2016**

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 1,250,746	\$ 1,250,746	\$ -
Less: Prior Year Outstanding Warrants	(271,383)	(271,383)	-
Less: Prior Year Encumbrances	(46,201)	(43,210)	2,991
Beginning Cash Balances, Budgetary Basis	933,162	936,153	2,991
Receipts:			
Ad Valorem Taxes	2,973,524	3,280,037	306,513
Charges for Services	151,000	182,375	31,375
Intergovernmental Revenues	590,047	665,960	75,913
Miscellaneous Revenues	5,000	27,095	22,095
Total Receipts, Budgetary Basis	3,719,571	4,155,467	435,896
Expenditures:			
County Sheriff	428,081	427,306	775
County Treasurer	128,702	123,946	4,756
County Commissioners	137,901	137,494	407
OSU Extension	98,384	94,734	3,650
County Clerk	205,781	204,440	1,341
Court Clerk	191,781	191,637	144
County Assessor	93,761	93,649	112
Revaluation of Real Property	371,328	306,373	64,955
General Government	1,867,721	1,439,772	427,949
Excise-Equalization Board	7,001	3,814	3,187
County Election Board	100,789	98,963	1,826
Charity	2,100	300	1,800
County Jail	949,898	927,133	22,765
Emergency Management	25,000	25,000	-
County Audit Budget Account	32,005	1,863	30,142
Free Fair Budget Account	12,500	12,498	2
Total Expenditures, Budgetary Basis	4,652,733	4,088,922	563,811
Excess of Receipts and Beginning Cash			
Balances Over Expenditures, Budgetary Basis	\$ -	1,002,698	\$ 1,002,698
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cancelled Warrants		1,022	
Add: Current Year Outstanding Warrants		269,765	
Add: Current Year Encumbrances		41,925	
Ending Cash Balance		\$ 1,315,410	

**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, 2016**

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 773,330	\$ 773,330	\$ -
Less: Prior Year Outstanding Warrants	(13,532)	(13,532)	-
Less: Prior Year Encumbrances	(99,434)	(96,396)	3,038
Beginning Cash Balances, Budgetary Basis	660,364	663,402	3,038
Receipts:			
Ad Valorem Taxes	744,836	788,192	43,356
Charges for Services	-	445,438	445,438
Intergovernmental Revenues	-	462	462
Miscellaneous Revenues	-	83,421	83,421
Total Receipts, Budgetary Basis	744,836	1,317,513	572,677
Expenditures:			
Health and Welfare	1,405,200	1,170,333	234,867
Total Expenditures, Budgetary Basis	1,405,200	1,170,333	234,867
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	810,582	\$ 810,582
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Cancelled Warrants		1,819	
Add: Current Year Encumbrances		101,248	
Add: Current Year Outstanding Warrants		65,677	
Ending Cash Balance		\$ 979,326	

**BRYAN COUNTY, OKLAHOMA**  
**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS—**  
**REMAINING AGGREGATE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Beginning Cash Balances July 1, 2015	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2016
Remaining Aggregate Funds:				
County Health Department Petty Cash Fund	\$ 300	\$ -	\$ -	\$ 300
County Assessor Fee Revolving Fund	44,282	3,875	11,136	37,021
County Assessor Visual Inspection Reimbursement Fund	8,627	4	39	8,592
County Assessor Cash Drawer Increase Fund	25	-	-	25
County Clerk Lien Fee Fund	37,756	13,925	10,901	40,780
County Clerk Record Management and Preservation Fund	72,930	41,267	21,477	92,720
County Clerk Cash Drawer Increase Fund	100	-	-	100
County Commissioner Trash Cop Fund	396	400	-	796
County Treasurer Resale Cash Drawer Increase Fund	700	-	-	700
Courthouse Security-SSF Fund	33,143	30,343	4,563	58,923
DHS Attendant Care Fund	95	-	-	95
County Commissioners Bond Fund	250	-	250	-
Emergency 911 Fund	15,243	87,272	89,197	13,318
Keep Bryan County Beautiful Fund	1,638	-	-	1,638
Mortgage Tax Certification Fee Fund	5,690	7,045	6,296	6,439
OSU Extension Grant Fund	832	-	-	832
Sheriff City Prisoners Fund	91,444	102,344	166,490	27,298
Sheriff Commissary Fund	26,059	37,289	39,810	23,538
Sheriff Commissary Profit Fund	5,338	121,676	53,462	73,552
Sheriff Social Security Administration Fund	12,935	11,800	2,591	22,144
Sheriff Service Fees Fund	79,078	170,419	206,220	43,277
Sheriff Corps Fund	8,854	20,000	20,294	8,560
Sheriff DARE Fund	102	-	-	102
Sheriff Helicopter Fund	8,347	15,450	9,524	14,273
Sheriff Training Fund	395	-	-	395
Court Clerk Payroll Fund	35,390	279,993	286,557	28,826
Sheriff Forfeited Revolving Fund	2,655	11,148	9,999	3,804
Sheriff Combating Rural Crime Fund	1	-	-	1
Circuit Engineering Fund	2	-	-	2
State Criminal Alien Assistance Program Fund	2,078	-	-	2,078
Drug Court Fund	33,758	100,836	106,841	27,753
Drug Court Donation Fund	11,933	10,537	6,919	15,551
<b>Combined Total - Remaining Aggregate Funds</b>	<b>\$ 540,376</b>	<b>\$ 1,065,623</b>	<b>\$ 1,052,566</b>	<b>\$ 553,433</b>

**BRYAN COUNTY, OKLAHOMA**  
**NOTES TO OTHER SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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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. Remaining County Funds**

Remaining aggregate funds as presented on the financial statement are as follows:

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

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

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

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

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

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

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

**BRYAN COUNTY, OKLAHOMA**  
**NOTES TO OTHER SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**BRYAN COUNTY, OKLAHOMA**  
**NOTES TO OTHER SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

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

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

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

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

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

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

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

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



## **INTERNAL CONTROL AND COMPLIANCE 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 on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

TO THE OFFICERS OF  
BRYAN COUNTY, OKLAHOMA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined total—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Bryan County, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statement, which collectively comprises Bryan County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated April 6, 2017.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2016, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered Bryan County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Bryan County's internal control. Accordingly, we do not express an opinion on the effectiveness of Bryan County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2016-1, 2016-3, and 2016-4.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bryan County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters regarding statutory compliance 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.

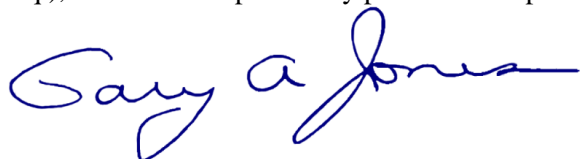
### **Bryan County's Responses to Findings**

Bryan County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Bryan County's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



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

April 6, 2017

**BRYAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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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 2016-1 – Inadequate County-Wide Internal Controls (Repeat Finding)**

**Condition:** County-wide internal controls regarding Risk Assessment and Monitoring have not been designed.

**Cause of Condition:** Policies and procedures have not been designed and implemented to address risks of the County.

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

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the County design procedures to identify and address risks. OSAI also recommends that the County design monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County's policies and procedures handbook.

**Management Response:**

**County Commissioner District 1:** We have acquired a template that addresses and outlines some of the suggested guidelines associated with risk assessment. We will review these guidelines in an Elected Official's meeting and create a written document consisting of the processes and procedures needed to minimize risk to the County. Within this exercise, a matrix will also be created that will enable the County to assess whether the goals are being met.

**County Commissioner District 2:** We will apply the recommendations made by the Oklahoma State Auditor and Inspector's Office in the subsequent years.

**County Commissioner District 3:** We will review the Oklahoma State Auditor and Inspector's recommendations for future implementation.

**County Treasurer:** I concur with the finding. This office will cooperate with development and institution of any and all procedures with County Commissioners and Elected Officials to increase county-wide internal controls.

**County Clerk:** We have currently implemented these policies in our 2017 Bryan County Employee Personnel Handbook.

**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 met. Internal control comprises

**BRYAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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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 Risk Assessment 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 monitoring part of their regular operating process.

**Finding 2016-3 – Inadequate Segregation of Duties Over the Purchasing Process (Repeat Finding)**

**Condition:** Upon inquiry and observation of the County's purchasing process, it was noted that the Purchasing Deputy prepares purchases orders, encumbers purchase orders, approves/authorizes the encumbrance, prepares the warrants, distributes warrants, maintains ledgers, and has access to make changes in the purchasing system software.

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

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

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

Further, the duties of encumbering funds and posting to the ledgers should be separated from the printing and distribution of payments.

**Management Response:**

**County Clerk:** There is an additional employee who verifies the purchasing reports to make sure the amount on the purchase order agrees. All employees in my office can prepare and encumber a purchase

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order, and only three (3) can look at the warrants. I will continue to make changes to correct these conditions.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of disbursements and/or transactions. To help ensure proper accounting of funds, the duties processing, authorizing, and distribution should be segregated.

**Finding 2016-4 – Inadequate Segregation of Duties Over the Payroll Process (Repeat Finding)**

**Condition:** Upon inquiry and observation of the County's payroll process, it was noted that the Payroll Clerk enrolls new employees, inputs payroll information into the system, makes payroll changes, maintains personnel files, prints payroll warrants, and distributes payroll warrants.

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

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

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

**Management Response:**

**County Clerk:** We are currently implementing auditor's recommendation and separating the key functions within the payroll process and will continue to correct this issue.

**Criteria:** Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of payroll calculations and/or transactions to allow for prevention and detection of errors and abuse. To help ensure a proper accounting of funds, key functions within the payroll process such as the duties of processing, authorizing, and payroll distribution should be adequately segregated.

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**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 2016-8 – Inadequate Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)**

**Condition:** We noted the following weaknesses regarding the Inmate Trust Fund Checking Account and Sheriff Commissary Fund:

- One employee receipts monies, prepares deposits, posts deposits, receives deposit slips, controls bank statements, prepares disbursements, prints checks, authorizes checks, disburses checks, has administrative rights to software program, and performs the reconciliation for the Inmate Trust Fund Checking Account.
- There was \$13,816 more in the Inmate Trust Fund Checking Account than reflected on the inmate ledger balance.
- Collections were not deposited into the Inmate Trust Fund Checking Account on a daily basis.
- Disbursements were issued with only one authorized signature.
- Disbursements issued by debit cards are not monitored, able to be authorized by only one employee, all employees have authority to issue, and debit card transactions are not reviewed or reconciled to the inmate trust ledgers. Additionally, the inmates are not required to sign an acknowledgement for the receipt of funds on debit cards.
- The County Sheriff's office does not file an annual report for the Sheriff Commissary Fund with the Board of County Commissioners by January 15th, of each year.

**Cause of Condition:** Policies and procedures have not been designed and implemented for proper administration regarding the Inmate Trust Fund Checking Account and Sheriff Commissary Fund.

**Effect of Condition:** This condition resulted in noncompliance with state statutes, laws, and regulations. In addition, without proper accounting and safeguarding of the Inmate Trust Fund Checking Account, there is an increased risk of misappropriation of funds.

**Recommendation:** OSAI recommends the following:

- 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.
- Inmate Trust Fund Checking Account monies should be maintained in a manner that reflects each inmate's trust deposits, disbursements, and account balances. The inmates' trust fund balances should be reconciled to the bank statements each month.
- Bank reconciliations be performed on a monthly basis.

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- All collections be deposited daily.
- All checks from the Inmate Trust Fund Checking Account must have two (2) authorized signatures.
- Expenditures are to be made from the Inmate Trust Fund Checking Account in accordance with Title 19 O.S. § 531 A.
- The Sheriff file a report of the commissary with the County Commissioners by January 15th, of each year in accordance with Title 19 O.S. § 180.43.

**Management Response:**

**County Sheriff:** I agree to all findings. These were with past Administration. We will be implementing new policies and procedures to correct these issues. In regards to the Inmates Trust Fund Checking in the amount of \$13,816, new Administration will be looking into this to get it resolved.

Deposits will be made on a daily basis. Jail Administration will be working closely with the Sheriff's office to ensure all transactions are made efficiently and delegated to more than one person to ensure the accuracy and accountability of funds.

Disbursements of the debit cards have been moved to the Sheriff's Office, to be kept in controlled area with limited access and to be issued from the Sheriff's Office.

**Criteria:** Effective accounting procedures and internal controls are necessary to ensure stewardship and accountability of public funds. Safeguarding controls are an important aspect of internal controls. Safeguarding controls relate to the prevention or timely detection of unauthorized transaction and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as reconciliations not performed or not timely prepared, are deficiencies in internal control. Further, reconciliations should be performed on a monthly basis.

Effective internal controls should provide procedures wherein receipts for the monies collected are maintained and available for inspection and deposits are made on a daily basis.

Title 19 O.S. § 531 A. states in part, "The county sheriff may establish a checking account, to be designated the "Inmate Trust Fund Checking Account." The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge."

Title 19 O.S. § 180.43 D. states in part, "Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff's Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff's Commissary Account for administering expenses for training equipment, travel or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The Sheriff



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shall receive no compensation for the operation of said commissary. The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year.”

**Finding 2016-9 – Inadequate Internal Controls and Noncompliance Over Fixed Assets Inventory (Repeat Finding)**

**Condition:** Upon inquiry and observation, the following weaknesses over fixed assets inventory were noted:

- The County has not set forth procedures to perform and document an annual physical inventory to ensure compliance with 19 O.S. § 178.1 and 19 O.S. § 178.2.
- The following offices did not file an annual inventory with the County Clerk: County Commissioner District 1, County Sheriff, Health Department, and Fire Departments of Achille, Albany, Bennington, Bokchito, Calera, Cartwright, Colbert, Freeny, Kemp, Lakewood, Roberta, Wade and West Bryan County.

**Cause of Condition:** Policies and procedures have not been designed and implemented with regard to effective internal controls over safeguarding of fixed assets by performing an annual physical inventory count and maintaining the fixed asset inventory records with the County Clerk.

**Effect of Condition:** This condition resulted in noncompliance with state statutes and could result in unrecorded transactions and misappropriation of assets.

**Recommendation:** OSAI recommends the County comply with 19 O.S. § 178.1 and 19 O.S. § 178.2 by performing and documenting an annual inventory of fixed assets. The verification should be performed by an individual independent of the fixed asset recordkeeping process.

**Management Response:**

**County Commissioner District 1:** This was an oversight, because the District 1 Administrative Assistant acquiring a serious illness, and missing excessive time at the office. This issue has been corrected now.

**Chairman of the Board County Commissioners:** The County will increase awareness to ensure the annual physical inventory is properly performed and submitted in accordance with state statutes.

**County Sheriff:** I agree to the findings, which was a result of past administration. We are conducting a new inventory at the present time with the new Administration. We will adhere to the recommendations of the State Auditor to assure annual inventory is reported.

**Criteria:** Effective internal controls include designing and implementing procedures to ensure that all fixed assets be safeguarded from loss, damage, or misappropriation and ensure compliance with 19 O.S. § 178.1 and 19 O.S. § 178.2.

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**Finding 2016-10 – Inadequate Internal Controls and Noncompliance Over Consumable Inventories (Repeat Finding)**

**Condition:** Upon inquiry of County personnel, observation, and review of documents, regarding consumable inventories, the following was noted:

- The consumable inventory process is not adequately segregated. All districts each have one person that is in charge of consumable inventories and that person performs all key processes including recording, maintaining, and verifying consumable inventories.
- Districts 2 and 3 are maintaining fuel logs but are not adequately reconciling logs to fuel on hand.

**Cause of Condition:** Policies and procedures have not been designed and implemented for the accurate reporting of consumable inventories.

**Effect of Condition:** These conditions resulted in noncompliance with state statute and could result in inaccurate records, unauthorized use, or loss of consumable inventories.

**Recommendation:** OSAI recommends management implement internal controls to ensure compliance with 19 O.S. § 1504A. These controls would include:

- Performing and documenting a periodic physical count of inventory.
- Separating the key functions of receiving, maintaining, and verifying consumable inventories.
- Maintaining a fuel log with all pertinent information and a current balance.
- Reconciling fuel log periodically to fuel on hand and explain any variance or adjustments.

**Management Response:**

**County Commissioner District 1:** Because of limited physical resources the district is not at liberty to support this function in its entirety with multiple employees. Software has been implemented that should take care of the tracking of consumable inventories. This software is capable of tracking usage by job or vehicle.

**County Commissioner District 2:** District 2 will try to comply with internal controls as recommended by Oklahoma State Auditor and Inspector.

**County Commissioner District 3:** We will work to ensure an adequate reconciliation of fuel is periodically performed. Further, we will implement a verification of consumable inventories by a second employee.

**Criteria:** Effective internal controls include designing and implementing procedures to ensure that all supplies, materials, and equipment received, disbursed, stored and consumed by their department comply with 19 O.S. § 1504A.

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**Finding 2016-11 – Inadequate Internal Controls and Noncompliance Over Inmate Trust Funds**

**Condition:** Upon reviewing the Inmate Trust Fund Checking Account it was noted that \$4,199 was transferred to the County Sheriff's official depository account without proper documentation. These funds were held in an Inmate Trust Fund Checking Account that was used in conjunction with the previous commissary vendor. The Sheriff's office was unable to provide documentation to identify to whom the funds belonged. In May of 2016, the balance held of \$4,199 was deposited into the official depository account and transferred to various County Sheriff cash funds.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure all disbursements of the Inmate Trust Fund Checking Account are made in compliance with state statute.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes, inaccurate records, incomplete information, and misappropriation of inmate monies held in trust.

**Recommendation:** OSAI recommends the County Sheriff adhere to state statutes regarding the Inmate Trust Fund Checking Account.

**Management Response:**

**County Sheriff:** I agree to all findings. These were with past Administration. We will be implementing new policies and procedures to correct these issues.

**Criteria:** Effective accounting procedures and internal controls are necessary to ensure stewardship and accountability of public funds. Safeguarding controls are an important aspect of internal controls. Safeguarding controls relate to the prevention or timely detection of unauthorized transaction and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as maintaining supporting documentation for disbursements are deficiencies in internal control.

Title 19 O.S. § 531 A. states in part, "...the county sheriff may establish a checking account, to be designated the "Inmate Trust Checking Account". The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge."



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