

**BRYAN COUNTY, OKLAHOMA  
SPECIAL-PURPOSE FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2002**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan  
State Auditor and Inspector

October 28, 2003

TO THE CITIZENS OF  
BRYAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Bryan County, Oklahoma, for the fiscal year ended June 30, 2002. 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 serve the public interest by providing independent oversight and to issue 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 cursive script that reads "Jeff A. McMahan".

JEFF A. McMAHAN  
State Auditor and Inspector

**BRYAN COUNTY, OKLAHOMA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002**

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**BRYAN COUNTY, OKLAHOMA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002**

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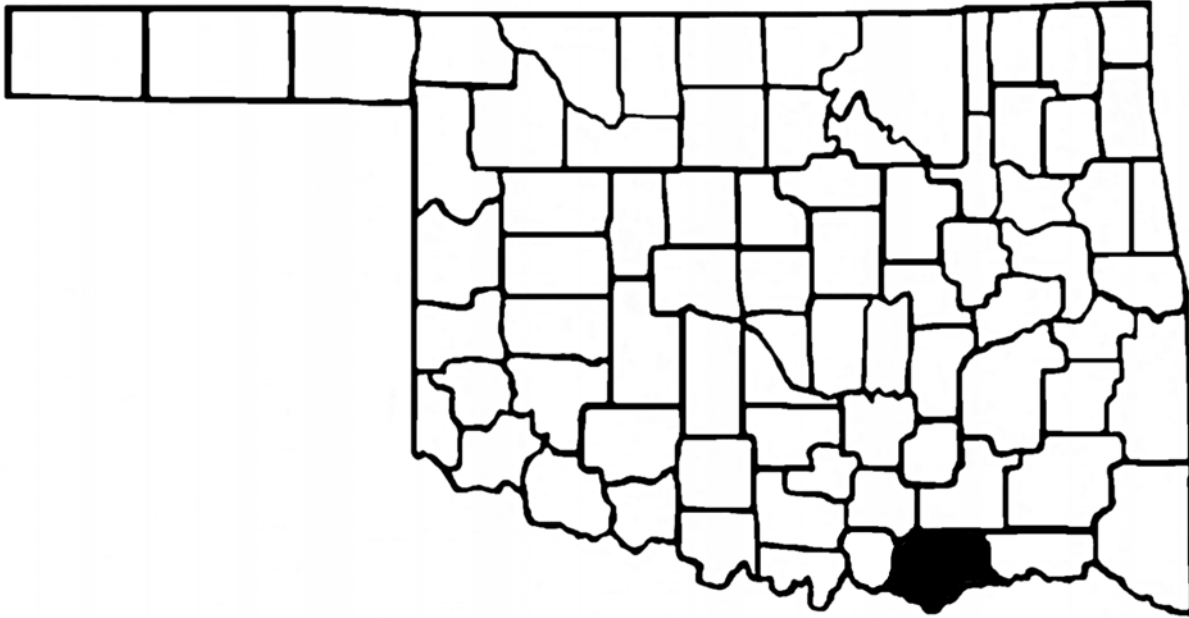
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**REPORT TO THE CITIZENS  
COUNTY OF  
BRYAN COUNTY, OKLAHOMA**

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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, including Robert Kerr, Carl Albert, and William Jennings Bryan, included the hotel as a stop in 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 more information, call the county clerk at (580) 924-2202.

County Seat – Durant

Area - 908.9 Square Miles

County Population – 34,941  
(1999 est.)

Farms – 1,516

Land in Farms – 419,887 Acres

Source: Oklahoma Almanac 2001-2002

See independent auditor's report.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY ASSESSOR**  
Glendel Rushing  
(D) Durant

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

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

**COUNTY CLERK**  
Glenda Sue Williams  
(D) Albany

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.

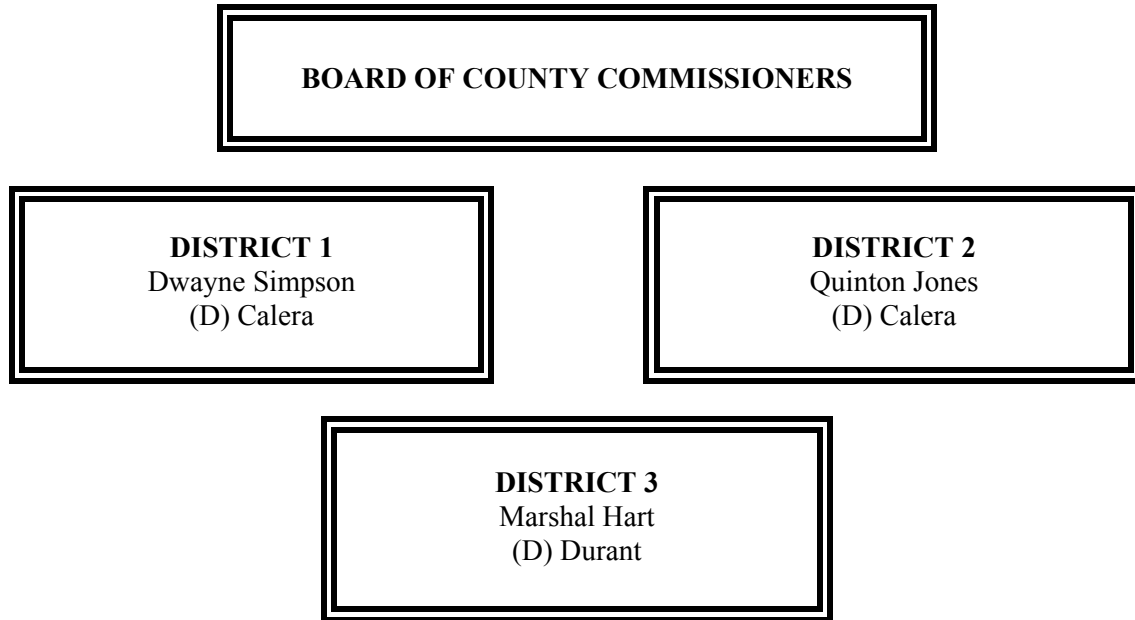
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. 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.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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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.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY SHERIFF**

Bill Sturch  
(D) Hendrix

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

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

**COUNTY TREASURER**

Sandra Mazzone  
(D) Durant

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

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

See independent auditor's report.



**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COURT CLERK**  
Sandy Stroud  
(D) Durant

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

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

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

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

**DISTRICT ATTORNEY**  
James Thornley  
(D) Atoka

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.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**ELECTION BOARD SECRETARY**

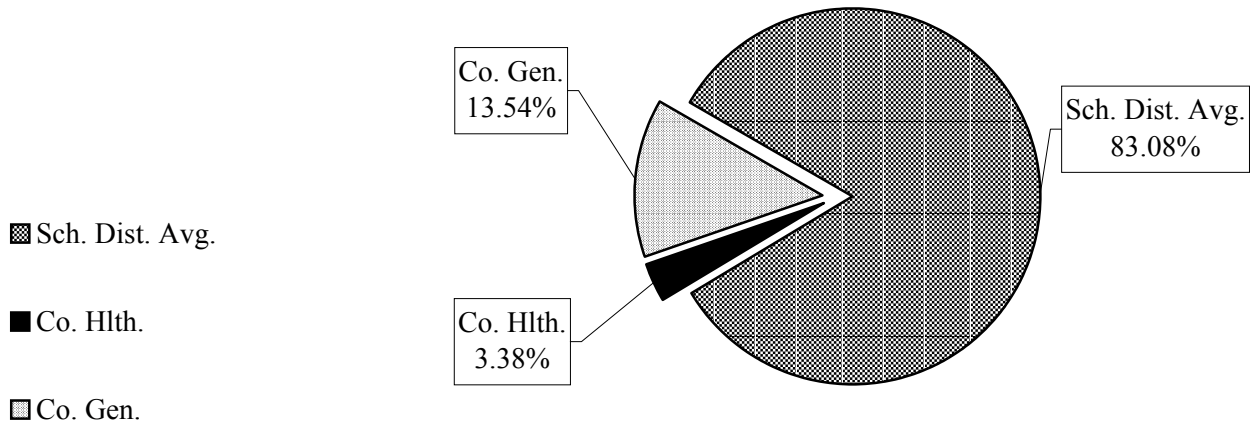
Linda Fahrendorf  
(D) Durant

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.

**AD VALOREM TAX DISTRIBUTION  
BRYAN COUNTY, OKLAHOMA  
SHARE OF THE AVERAGE MILLAGE**

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.	Vo-Tech	Common	Total
Co. General	10.00								
County Health	2.50	Silo	I-1	35.00	5.00	7.37	12.00	4.00	63.37
EMS	3.00	Rock Creek	I-2	35.00	5.00		12.00	4.00	56.00
County Sinking	4.15	Achille	I-3	35.00	5.00	8.18	12.00	4.00	64.18
		Colbert	I-4	35.00	5.00		12.00	4.00	56.00
		Caddo	I-5	35.00	5.00		12.00	4.00	56.00
		Bennington	I-40	35.00	5.00		12.00	4.00	56.00
		Calera	I-48	35.00	5.00		12.00	4.00	56.00
		Durant	I-72	35.00	5.00	18.30	12.00	4.00	74.30
		Choctaw Co.	I-1	35.00	5.00		12.00	4.00	56.00

See independent auditor's report.

## **Independent Auditor's Report**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
BRYAN COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Bryan County, Oklahoma, as of and for the year ended June 30, 2002, as listed in the table of contents. These special-purpose financial statements are the responsibility of Bryan County's management. Our responsibility is to express an opinion on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of Bryan County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County, and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Bryan County in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of all funds of Bryan County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County, as of and for the year ended June 30, 2002, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

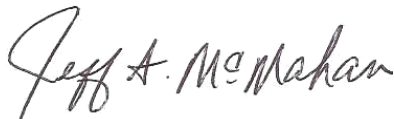
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Bryan County, Oklahoma, taken as a whole. The accompanying schedule of expenditures of federal awards is presented as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we express no opinion on such data.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



JEFF A. McMAHAN  
State Auditor and Inspector

August 12, 2003

**Special-Purpose Financial Statements**

**BRYAN COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES - ALL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2002**

All County Funds	Beginning Cash Balances July 1, 2001	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2002
County General Fund	\$ 589,612	\$ 1,831,006	\$ 1,824,585	\$ 596,033
Highway	1,181,329	2,714,735	3,247,958	648,106
Resale Property	97,395	69,252	82,072	84,575
County Health	195,082	331,683	313,559	213,206
County Clerk Lien Fee	28,373	6,784	15,278	19,879
Mortgage Tax Certification Fee	31,973	10,020	6,851	35,142
DHS Attendant Care	301	3,500	2,730	1,071
Sheriff Service Fee	117,844	150,651	156,593	111,902
Sheriff DARE	102			102
Sheriff Training	3,825		2,075	1,750
Sheriff City Prisoner	14,921	27,143	27,892	14,172
Sheriff DOC	73,681	172,806	157,207	89,280
Sheriff CORP	5,507	25,632	22,203	8,936
Sheriff EST	293		293	
Sheriff Commissary	9,280	12,136	10,648	10,768
Visual Inspection	58,746	829	3,802	55,773
Assessor Fee Revolving Fund	20,311	6,012		26,323
Sales Tax Revolving Fund	41,359	550,871	58,900	533,330
Ag Building Grant	2,084		2,084	
Ag Building Grant 2	143		143	
COPS FAST	40,610	34,480	71,566	3,524
OSU Extension Grant	1,863			1,863
Sheriff Trash COP	765	335		1,100
Sheriff Equipment Account	4,863	6,800	3,414	8,249
Emergency 911	141,033	217,556	182,593	175,996
Home Improvement Grant		126,075	126,075	
County Sinking	7,973	489,622		497,595
Protest Tax		1,844	1,844	
District Attorney Community Service	7,311	34,411	36,620	5,102
Law Library	3,478	29,251	27,913	4,816
Schools	30,105	6,573,144	6,492,513	110,736
Municipal	17,510	237,964	235,480	19,994
Bryan County Ambulance Authority	711,636	1,723,455	1,573,236	861,855
Official Depository	578,070	4,146,730	4,159,621	565,179

continued on next page

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



**BRYAN COUNTY, OKLAHOMA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2002**

continued from previous page

All County Funds	Beginning Cash Balances July 1, 2001	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2002
Individual Redemption	\$ 3,121	\$ 59,442	\$ 59,378	\$ 3,185
D.A. Controlled Substance Forfeiture	3,890	6,320	7,742	2,468
D.A. Narcotics Control Administration	34,383	115,000	146,056	3,327
D.A. Victims of Crimes Act	7,368	29,117	36,485	
D.A. Child Abuse Task Force	4,743	16,685	20,839	589
D.A. Incarceration Fees	22	17		39
D.A. Child Abuse Multi-Disciplinary	3,125	29,243	8,270	24,098
D.A. National Children Alliance Group	17,500	18,915	36,415	
EFTPS	1			1
Ambulance Investment	306,273	1,581	6,273	301,581
Tax Refunds	731	29,737	26,338	4,130
Kiamichi Vo-Tech	3,970	1,438,225	1,419,674	22,521
Court Clerk Revolving		42,969		42,969
<b>Total County Funds</b>	<u>\$ 4,402,505</u>	<u>\$ 21,321,978</u>	<u>\$ 20,613,218</u>	<u>\$ 5,111,265</u>

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

**BRYAN COUNTY, OKLAHOMA**  
**COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,**  
**AND CHANGES IN CASH BALANCES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2002**

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 589,611	\$ 589,611	\$ 589,612	\$ 1
Less: Prior Year Outstanding Warrants	(126,920)	(126,920)	(126,985)	(65)
Less: Prior Year Encumbrances	(26,475)	(26,475)	(26,458)	17
Beginning Cash Balances, Budgetary Basis	<u>436,216</u>	<u>436,216</u>	<u>436,169</u>	<u>(47)</u>
Receipts:				
Ad Valorem Taxes	1,078,716	1,078,716	1,179,830	101,114
Charges for Services	141,700	141,700	143,319	1,619
Intergovernmental Revenues	262,500	262,500	395,809	133,309
Miscellaneous Revenues	60,000	60,000	112,048	52,048
Total Receipts, Budgetary Basis	<u>1,542,916</u>	<u>1,542,916</u>	<u>1,831,006</u>	<u>288,090</u>
Expenditures:				
District Attorney	35,000	35,000	34,981	19
Total District Attorney	<u>35,000</u>	<u>35,000</u>	<u>34,981</u>	<u>19</u>
County Sheriff	319,236	320,331	320,265	66
Capital Outlay	19,449	37,604	37,604	
Total County Sheriff	<u>338,685</u>	<u>357,935</u>	<u>357,869</u>	<u>66</u>
County Treasurer	118,226	120,477	120,476	1
Total County Treasurer	<u>118,226</u>	<u>120,477</u>	<u>120,476</u>	<u>1</u>
County Commissioners	106,050	115,051	113,711	1,340
Total County Commissioners	<u>106,050</u>	<u>115,051</u>	<u>113,711</u>	<u>1,340</u>
OSU Extension	70,000	70,000	69,959	41
Total OSU Extension	<u>70,000</u>	<u>70,000</u>	<u>69,959</u>	<u>41</u>
County Clerk	141,054	143,604	143,604	
Capital Outlay	475	475	475	
Total County Clerk	<u>141,529</u>	<u>144,079</u>	<u>144,079</u>	<u>-</u>
Court Clerk	115,811	117,762	115,412	2,350
Total Court Clerk	<u>115,811</u>	<u>117,762</u>	<u>115,412</u>	<u>2,350</u>

continued on next page

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

**BRYAN COUNTY, OKLAHOMA**  
**COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,**  
**AND CHANGES IN CASH BALANCES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2002**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Assessor	71,991	74,243	74,236	7
Total County Assessor	71,991	74,243	74,236	7
Revaluation of Real Property	209,203	209,203	182,306	26,897
Total Revaluation of Real Property	209,203	209,203	182,306	26,897
General Government	634,966	575,082	479,992	95,090
Capital Outlay	21,316	21,316		21,316
Total General Government	656,282	596,398	479,992	116,406
Excise-Equalization Board	11,000	11,000	5,438	5,562
Total Excise-Equalization Board	11,000	11,000	5,438	5,562
County Election Board	66,988	69,748	69,735	13
Capital Outlay	1	371	371	
Total County Election Board	66,989	70,119	70,106	13
Charity	1,500	1,500	250	1,250
Total Charity	1,500	1,500	250	1,250
County Audit Budget	11,866	11,866	11,866	
Total County Audit Budget	11,866	11,866	11,866	-
Free Fair Budget	25,000	44,499	44,499	
Total Free Fair Budget	25,000	44,499	44,499	-
Total Disbursements, Budgetary Basis	1,979,132	1,979,132	1,825,180	153,952
Excess of Receipts and Beginning Cash Balances Over Disbursements, Budgetary Basis	\$ -	\$ -	441,995	\$ 441,995
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			35,701	
Add: Current Year Outstanding Warrants			118,337	
Ending Cash Balance			596,033	

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

**BRYAN COUNTY, OKLAHOMA**  
**COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,**  
**AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL -**  
**COUNTY HEALTH DEPARTMENT**  
**FOR THE YEAR ENDED JUNE 30, 2002**

	County Health Department			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 195,082	\$ 195,082	\$ 195,082	\$ -
Less: Prior Year Outstanding Warrants	(4,954)	(4,954)	(4,954)	
Less: Prior Year Encumbrances	(37,541)	(37,541)	(37,541)	
Beginning Cash Balances, Budgetary Basis	<u>152,587</u>	<u>152,587</u>	<u>152,587</u>	<u>-</u>
Receipts:				
Ad Valorem Taxes	269,679	269,679	294,957	25,278
Miscellaneous Revenues		68,223	36,726	(31,497)
Total Receipts, Budgetary Basis	<u>269,679</u>	<u>337,902</u>	<u>331,683</u>	<u>(6,219)</u>
Expenditures:				
Health and Welfare	422,266	353,144	230,412	122,732
Capital Outlay		137,345	78,675	58,670
Total Expenditures, Budgetary Basis	<u>422,266</u>	<u>490,489</u>	<u>309,087</u>	<u>181,402</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	175,183	<u>\$ 175,183</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			<u>38,023</u>	
Ending Cash Balance			<u><u>213,206</u></u>	

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

**BRYAN COUNTY, OKLAHOMA  
DETAILED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES - SINKING FUND  
FOR THE YEAR ENDED JUNE 30, 2002**

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Beginning Cash Balance	\$ 7,973
Receipts:	
Ad Valorem Tax	489,622
Total Receipts	<u>489,622</u>
Disbursements:	
Total Disbursements	<u>-</u>
Ending Cash Balance	<u><u>497,595</u></u>

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

**BRYAN COUNTY, OKLAHOMA  
 DETAILED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN CASH BALANCES - OFFICIAL DEPOSITORY ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2002**

Official Depository Accounts	Beginning Cash Balances July 1, 2001	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2002
District Attorney Witness Fee	\$ 2,020	\$ 7,875	\$ 10,710	\$ 1,186	\$ 371
Court Clerk	248,534	1,408,204	1,481,059	894	176,573
Court Fund	144,467	810,385	774,909	88	180,031
District Attorney	64,821		19,121		45,700
County Clerk	3,119	248,722	248,663		3,178
County Sheriff		490,307	496,499	6,192	
County Treasurer	28,905	610,137	610,193	70	28,919
Election Board	763	28,335	29,065	754	787
County Health Department	50	34,676	34,675		51
District Attorney Victim's Restitution	10,749	76,063	79,047	1,549	9,314
District Attorney Fee	9,342	199,006	185,683	269	22,934
District Attorney Restitution	37,896	178,361	173,331	742	43,668
District Attorney Seizure	6,615	21,119	5,404		22,330
District Attorney Tax Warrant	918		918		
Court Clerk Revolving	19,871	27,250	16,672	596	31,045
District Attorney Diversion Fee		278			278
County Assessor		6,012	6,012		
<b>Total Official Depository Accounts</b>	<b>\$ 578,070</b>	<b>\$ 4,146,730</b>	<b>\$ 4,171,961</b>	<b>\$ 12,340</b>	<b>\$ 565,179</b>

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

## **Notes to the Financial Statements**

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 special-purpose financial statements present the receipts, disbursements, and changes in cash balances of all funds of Bryan County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County. The funds presented 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 government 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.

C. Basis of Accounting

The financial statements are 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.

D. Budgetary Policies

Under current Oklahoma Statutes, the general fund and the county health department fund are the only funds required to adopt a formal budget. The budget presented for the general fund and county health department fund includes the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. Appropriations for the highway funds and other funds are made on a monthly basis, according to the funds then available.

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 the general fund and county health department fund.



Summary of Significant Accounting Policies (continued)

Any encumbrances outstanding at year-end are included as reservations of cash balances, budgetary basis, since they do not constitute expenditures or liabilities. At the end of the year, unencumbered appropriations are lapsed.

The Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - General Fund and County Health Department presents comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances - All Funds because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, county or city-county health departments, school districts, and cities and towns. These other budgetary entities produce and file their own financial statements and estimates of needs (budgets). These related cash receipts and disbursements of other budgetary entities are not included in the County's Estimate of Needs.

E. Cash and Investments

The County pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Investments are carried at cost, which approximates market value. All funds were fully invested or deposited in interest-bearing demand accounts at June 30, 2002.

F. Risk Management

The County is exposed to various risks of loss as follows:

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
General Liability	The County participates	If claims exceed authorized
- Torts	in a public entity risk pool;	deductibles, the County would
- Errors and Omissions	Association of County	have to pay its share of the pool
- Law Enforcement	Commissioners of	deficit.
Officers Liability	Oklahoma-Self-Insured	
- Vehicle	Group. (See ACCO-SIG.)	

**BRYAN COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2002**

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Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Physical Plant - Theft - Damage to Assets - Natural Disasters	The County participates in a public entity risk pool. (See ACCO-SIG.)	If claims exceed authorized deductibles, the County would have to pay its share of the pool deficit.
Worker's Compensation - Employees' Injuries	The County participates in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insured Fund. (See ACCO-SIF.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
Health and Life - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of risk.	None

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 will pay a deductible amount (\$1,000 to \$10,000; the County has 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 amounts up to and including \$50,000 per insured event. The pool has acquired commercial reinsurance to cover claims in excess of \$50,000 up to \$1,000,000 limit per insured event. The pool, established in 1986, has never had to assess additional premiums to be paid by its members.

ACCO-SIF - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. ACCO-SIF was set up in 1984 and will pay legitimate worker's compensation claims up to \$500,000 per incident. A reinsurance policy, with no limit, pays claims that exceed \$500,000 for a particular incident. The pool has not recently assessed additional premiums to be paid by its members.

The County continues to carry commercial insurance for employees' health and life insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the 2002 fiscal year.

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

The County does not accrue any liability for future vacation benefits. Vacation benefits are earned by the employee during the year and may be accumulated. The County has no formal policy addressing compensated absences.

The County does not record any liability for sick leave. An employee earns up to ten days per year. Sick leave is not accumulated. This amount, if recorded, would not be material to the financial statements for the fiscal year ending June 30, 2002.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved by fund, office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

3. Detailed Notes on Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$5,111,265 and the bank balance was \$5,088,617. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

Title 62 O.S. § 348.3 authorizes the County Treasurer to invest in:

- U. S. government obligations
- Certificates of deposit
- Saving 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.

Detailed Notes on Account Balances (continued)

B. Description of Funds

General Fund - accounts for the general operations of the government.

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

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

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

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

Mortgage Tax Certification Fee - accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursements of the funds as restricted by statute.

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

Sheriff Service Fee - accounts for the collection and disbursements of sheriff process service fees as restricted by statute.

Sheriff DARE - accounts for excess match funds 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, materials, or supplies that may be used in crime prevention.

Sheriff City Prisoner – 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.

Sheriff EST – accounts for the monies received from the sale of stray animals or reimbursements of expenses from the owners of animals. These funds are to be used for the care, transportation, and sale of lost animals.

Detailed Notes on Account Balances (continued)

Sheriff Commissary – accounts for the collection of fees transferred from the inmate money for commissary items and disbursements of funds as restricted by state statute.

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

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

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

Ag. Building Grant – accounts for the state grant funds received for the purpose of constructing buildings at the Bryan County Fairgrounds.

Ag. Building Grant 2 – accounts for a state grant received for the purpose of renovation and construction at the Bryan County Fairgrounds.

COPS FAST – accounts for grant monies received from the U.S. Department of Justice Community Oriented Policing Services 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.

Sheriff Trash Cop – accounts for the state funds used to pay for services for the prevention of illegal dumping.

Sheriff Equipment Account – accounts for the federal funds used to purchase equipment for the Sheriff's Department.

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

Home Improvement Grant – accounts for the monies received from a grant to fund home improvements for qualifying applicants.

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.

Protest Tax – accounts for ad valorem taxes collected in protest.

**BRYAN COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2002**

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Detailed Notes on Account Balances (continued)

District Attorney Community Service – accounts for the collection of funding through the State Department of Corrections for administrative expenses and supervision of offenders.

Law Library - accounts for monies received for disbursement from the state for the law library board.

Schools - accounts for monies collected on behalf of the public schools in Bryan County from ad valorem taxes, state and local revenues, and remitted to them monthly.

Municipal – accounts for monies collected on behalf of the public schools in Bryan County from ad valorem taxes, state and local revenues, and remitted to them monthly.

Bryan County Ambulance Authority – accounts for monies collected on behalf of the EMS from ad valorem taxes, service runs, and interest on investments.

Official Depository - accounts for the collection and distribution of officer and board fees, held in trust until the end of the month.

Individual Redemption - accounts for the monies collected and due to individuals from property tax sales on delinquent taxes.

D.A. Controlled Substance Forfeiture – accounts for monies collected from the disposition of property seized during drug abuse cases.

D.A. Narcotics Control Administration – accounts for federal grant funds used for the intervention and prevention of narcotics use.

D.A. Victims of Crime Act – accounts for grant monies received to assist the victims of crime.

D.A. Child Abuse Task Force – Grant monies that are designated for the prevention and detection of child abuse.

D.A. Incarceration Fees – accounts for collections received from inmates to reimburse for incarceration expense.

D.A. Child Abuse Multi-Disciplinary – accounts for a grant received from the Department of Human Services for the establishment and operation of a child advocacy program.

D.A. National Children Alliance Group – accounts for grant funds received to pay for the salary of the coordinator of the child advocacy program.

EFTPS – accounts for the temporary holdings of employer and employee payroll taxes.

**BRYAN COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2002**

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Detailed Notes on Account Balances (continued)

Ambulance Investment – accounts for monies which are invested by the County Treasurer for the ambulance.

Tax Refunds – Tax monies that are to be refunded to the taxpayer.

Kiamichi Vo-Tech – accounts for monies collected on behalf of the Kiamichi Vo-Tech in Bryan County from ad valorem taxes, state and local revenues, and remitted to them monthly.

Court Clerk Revolving – accounts for a charge of \$5.00 for each warrant. Money is disbursed in the same manner as the court fund.

Additionally, the following official depository accounts are described below:

District Attorney Witness Fee - accounts for collections received from the state to reimburse the County for witness expenses.

Court Clerk - accounts for the collection of bond money, court fines, and fees. Money is disbursed for fees and restitution.

Court Fund - accounts for fees transferred from district court and interest. Money is disbursed for the purpose of fees for various entities, salaries, and the operation of the office.

District Attorney - accounts for the collection of District Attorney fees transferred from the merchant account and disbursements of funds restricted by state statutes.

County Clerk - accounts for the collection of filing fees and disbursed to the Oklahoma Tax Commission and general fund.

County Sheriff - accounts for all collection of foreign service fees and bonds. Monies are vouchered out at the end of the month to the sheriff service fee account and Court Clerk.

County Treasurer - accounts for the collection of taxes, pre-paid mobile home, and motor vehicle stamps. Disbursements are for the purpose of refunding overpayment of taxes and motor vehicle collection distribution.

Election Board - accounts for reimbursement of elections and is disbursed for refunds of election fees and maintenance and operation of the office.

County Health Department - accounts for the collection of state funds and charges for services. Money is disbursed on a monthly basis to be transferred to the county health department cash account.

**BRYAN COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2002**

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Detailed Notes on Account Balances (continued)

District Attorney Victim's Restitution – accounts for the collections received by court orders to reimburse victims.

District Attorney Fee - accounts for the collection of District Attorney fees transferred from the merchant account and disbursements of funds restricted by state statutes.

District Attorney Restitution - accounts for collections received by court orders to reimburse the District Attorney.

District Attorney Seizure – accounts for the collection from forfeitures and disbursements of funds restricted by court orders and state statutes.

District Attorney Tax Warrant - accounts for fees collected by the Court Clerk to be used at the discretion of the District Attorney.

Court Clerk Revolving Fund - accounts for a charge of \$5.00 for each warrant. Money is disbursed in the same manner as court fund.

District Attorney Diversion Fee – accounts for monies collected for deferring prosecution of defendants.

County Assessor - accounts for the collection for copies and proceeds from sale of ownership books to be disbursed at the end of the month and deposited in the Assessor revolving fund.

C. Ad Valorem Tax

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

The assessed property value as of January 1, 2001, was approximately \$118,658,733.

The County levied 10.00 mills (the legal maximum) for general fund operations, 2.50 mills for the county health department, 4.15 mills for the county sinking fund, and 3.00 mills for the emergency medical service. In addition, the County also collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.



**BRYAN COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2002**

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Detailed Notes on Account Balances (continued)

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, 2002, were approximately 96.36 percent of the tax levy.

D. 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.

E. Capital Leases

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

F. Judgment

The County has a judgment which is being 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>
CV-01-325	\$1,245,607

**BRYAN COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2002**

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Detailed Notes on Account Balances (continued)

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

Year Ending June 30,	Principal	Interest	Total
2003	\$ 808,347	\$113,485	\$ 921,832
2004	437,260	23,656	460,916
Total	\$1,245,607	\$137,141	\$1,382,748

G. 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. 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 government expects such amounts, if any, to be immaterial.

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

5. Sales Tax

Bryan County passed a seven-year, ¼ cent sales tax effective April 2001. One hundred percent (100%) of the revenue for the first three years goes to the renovation and expansion of the Bryan County Jail, Bryan County Courthouse, and other County buildings. For the final four (4) years of the seven (7) years the sales tax revenues will be deposited in the following funds in the following percentages:

- A. Sheriff's Department Revolving Fund – 33 1/3%
- B. County General Fund – 33 1/3%
- C. Road and Bridges Revolving Fund – 33 1/3%

**Schedule of Expenditures of Federal Awards**

**BRYAN COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2002**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed Through Oklahoma Department of Commerce: Home Investment Program	14.239	8920-HOME-01	\$ 126,075
Total U.S. Department of Housing and Urban Development			<u>126,075</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant: Community Oriented Policing Services (COPS)	16.548		34,480
Total U.S. Department of Justice			<u>34,480</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
Passed Through Oklahoma State Treasurer: Flood Control	12.112		13,431
Total U.S. Department of Defense			<u>13,431</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Direct Grant: In Lieu of Taxes	15.226		31,694
Total U.S. Department of Interior			<u>31,694</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
Passed Through Oklahoma State Department of Civil Emergency Management: Public Assistance Grants	83.544	DR-1355	181,293
Total Federal Emergency Management Agency			<u>181,293</u>
Total Expenditures of Federal Awards			<u>\$ 386,973</u>

**BRYAN COUNTY, OKLAHOMA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2002**

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Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Bryan County, and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

**Report on Compliance and on Internal Control Over Financial  
Reporting Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan  
State Auditor and Inspector

**Report on Compliance and on Internal Control Over Financial  
Reporting 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 special-purpose financial statements of Bryan County, Oklahoma, as of and for the year ended June 30, 2002, and have issued our report thereon dated August 12, 2003. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. 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.

Compliance

As part of obtaining reasonable assurance about whether Bryan County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bryan County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2002-1, 2002-2, 2002-3, and 2002-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider items 2002-1, 2002-2, 2002-3, and 2002-4 to be material weaknesses.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,

A handwritten signature in cursive script that reads "Jeff A. McMahon".

JEFF A. McMAHAN  
State Auditor and Inspector

August 12, 2003



**Report on Compliance With Requirements Applicable to Each Major Program  
and Internal Control Over Compliance in Accordance With  
OMB Circular A-133**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan  
State Auditor and Inspector

**Report on Compliance With Requirements Applicable to Each Major Program  
and Internal Control Over Compliance in Accordance With  
OMB Circular A-133**

TO THE OFFICERS OF  
BRYAN COUNTY, OKLAHOMA

We have audited the compliance of Bryan County, Oklahoma with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2002. Bryan County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of Bryan County's management. Our responsibility is to express an opinion on Bryan County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bryan County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Bryan County's compliance with those requirements.

In our opinion, Bryan County complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The management of Bryan County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Bryan County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

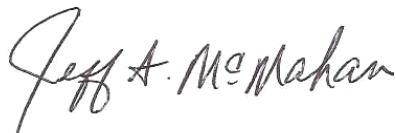
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMahon". The signature is written in a cursive, flowing style.

JEFF A. McMAHAN  
State Auditor and Inspector

August 12, 2003

**Schedule of Findings and Questioned Costs**

**BRYAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2002**

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SECTION 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Reportable condition(s) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
83.544	Public Assistance Grants
12.112	Flood Control

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
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Auditee qualified as low-risk auditee?	No
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**BRYAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2002**

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SECTION 2 - Financial Statement Findings

Finding 2002-1 – Fixed Assets Inventory

Criteria: An aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, effected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguard assets from loss, damage, or misappropriation. Further, Title 19 O.S. 2001, § 178.1 states, "The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made apart of lands and buildings, the cost of which as to each complete working unit thereof is more than Two Hundred Fifty Dollars (\$250.00), and therefore maintain or cause to be maintained a continuous inventory record thereof and of like tools, apparatus, machinery and equipment purchased, leased, or otherwise coming into custody of the county or of any office, board, department, commission or any either thereof, and the disposition thereof whether sold, exchanged, leased, or let where authorized by statute, junked, strayed or stolen, and biennially thereafter..."

Condition: The County does not perform a biennial verification of the fixed assets inventory.

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

Management's Response: All officers are currently updating inventory records and will complete the form #3512.

#### Finding 2002-2 - Segregation of Duties

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping, and reconciliation is an important element of effective internal control over public assets and resources. The most effective controls lie in management's knowledge of County operations and a periodic review of operations.

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

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

Management's Response: We concur with the auditors' findings. Management does have knowledge of County operations and will perform a periodic review of these operations.

#### Finding 2002-3 – No Personnel Policy Handbook

Criteria: Effective internal controls require a uniform set of policies and procedures be compiled and a copy of these policies distributed to each employee. Further, Title 19 O.S. 2001, § 1301 states, "Each county may develop and maintain a formal plan for vacation and sick leave for all regular employees." This will also help to reduce the chances of misunderstandings and non-compliance to the Fair Labor Standards Act.

Condition: Bryan County does not have a uniform County Personnel Policy Handbook which addresses leave benefits.

Recommendation: We recommend Bryan County compile a County Personnel Policy Handbook which addresses leave benefits and distribute one copy to each employee.

Management's Response: We concur with the auditors' findings. Management is in the process of researching and developing a County Policy Handbook that will address vacation, sick leave, overtime, and comp time. This policy will go into effect January 1, 2004.

#### Finding 2002-4 – Sheriff Official Depository

Criteria: Effective accounting procedures are necessary to ensure stewardship and accountability of public funds. Further, Title 19 O.S. 2001, § 682 states, “It shall be the duty of each and every county officer, county board, county commission and all members and employees of either thereof, to deposit daily in the official depository designated in Section 681 of this title, all monies, checks, drafts, orders, vouchers, funds, rentals, penalties, costs, proceeds of sale of property, fees, fines, forfeitures and public charges of every kind received or collected by virtue or under color of office...” Effective internal controls should provide for procedures wherein receipts for the monies collected are maintained and available for inspection.

Condition: The County Sheriff does not always receipt all monies received and does not always deposit in a timely manner. Also, receipt #1206 for \$6,260 was not deposited.

Recommendation: We recommend that the County Sheriff receipt all monies collected and deposit daily with the County Treasurer.

Management’s Response: We concur with the auditors’ findings. The Sheriff’s office is researching this matter and has implemented procedures to ensure that all monies collected are receipted and deposited daily.

#### SECTION 3 – Federal Award Findings and Questioned Costs

No matters were reported.



**Statistical Data  
(Unaudited)**

**BRYAN COUNTY, OKLAHOMA  
TOP TEN TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2002  
(UNAUDITED)**

TAXPAYER	JANUARY 1, 2001 NET ASSESSED VALUATION	% OF TOTAL NET VALUATION
1 Southwestern Bell Telephone	\$ 4,667,914	3.93%
2 Oklahoma Gas and Electric	4,136,676	3.49%
3 Custom Molded Plastics	4,081,869	3.44%
4 Cherokee Telephone	2,377,247	2.00%
5 Stephenson Wholesale	1,728,325	1.46%
6 Explorer Pipeline	1,610,879	1.36%
7 Golden Peanut Company	1,575,584	1.33%
8 Oklahoma Natural Gas	1,384,031	1.16%
9 Natural Gas Pipeline Company	1,336,903	1.13%
10 AT&T	1,243,631	1.05%
Total	<u>\$ 24,143,059</u>	<u>20.35%</u>

Source: (Provided by Oklahoma Tax Commission – Ad Valorem Division)

**BRYAN COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE YEAR ENDED JUNE 30, 2002  
(UNAUDITED)**

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Total net assessed value as of January 1, 2001		<u>\$ 118,658,733</u>
Debt Limit - 5% of total assessed value		5,932,936
Total bonds outstanding	-	
Total judgments outstanding	1,382,748	
Less cash in sinking fund	<u>497,595</u>	<u>885,153</u>
Legal Debt Margin		<u>\$ 5,047,783</u>

**BRYAN COUNTY, OKLAHOMA  
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED  
VALUE AND NET BONDED DEBT PER CAPITA  
FOR THE YEAR ENDED JUNE 30, 2002  
(UNAUDITED)**

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	2002
Estimated population	34,941
Net assessed value	\$ 118,658,733
Gross bonded debt	-
Less available sinking fund cash balance	-
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

**BRYAN COUNTY, OKLAHOMA  
 ASSESSED VALUE OF PROPERTY  
 FOR THE YEAR ENDED JUNE 30, 2002  
 (UNAUDITED)**

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Tax Year	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
2001	\$ 18,668,620	\$ 22,152,822	\$ 86,178,389	\$ 8,341,098	\$ 118,658,733	\$ 1,027,739,315