

**BRYAN COUNTY, OKLAHOMA
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2003**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

June 16, 2005

TO THE CITIZENS OF
BRYAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Bryan County, Oklahoma, for the fiscal year ended June 30, 2003. 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. McMahon".

JEFF A. McMAHAN
State Auditor and Inspector

**BRYAN COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

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**BRYAN COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

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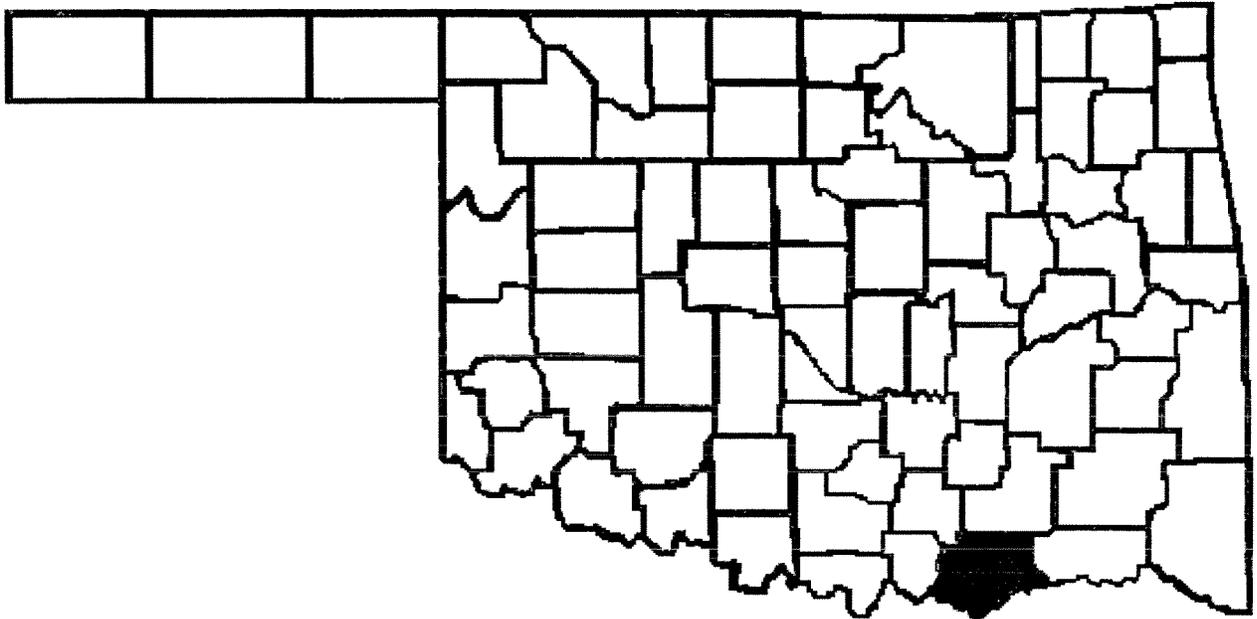
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REPORT TO THE CITIZENS
OF
BRYAN COUNTY, OKLAHOMA



Located in Southeastern Oklahoma, Bryan County is named for famous orator William Jennings Bryan. The area was first settled by Choctaw Indians following their removal from Mississippi. The Indians established several schools in the area during the mid to late 1800s. One of the schools, the Armstrong Academy, for Boys, in Bokchito, later served as the capitol 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 Shakespearean 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 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 – 908.9 Square Miles

County Population – 36,534 (2000 est.)

Farms – 1,516

Land in Farms – 419,887 Acres

Primary Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**BRYAN COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY ASSESSOR
Glendel Rushing
(D) Durant

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

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

COUNTY CLERK
Patricia Brady
(D) Durant

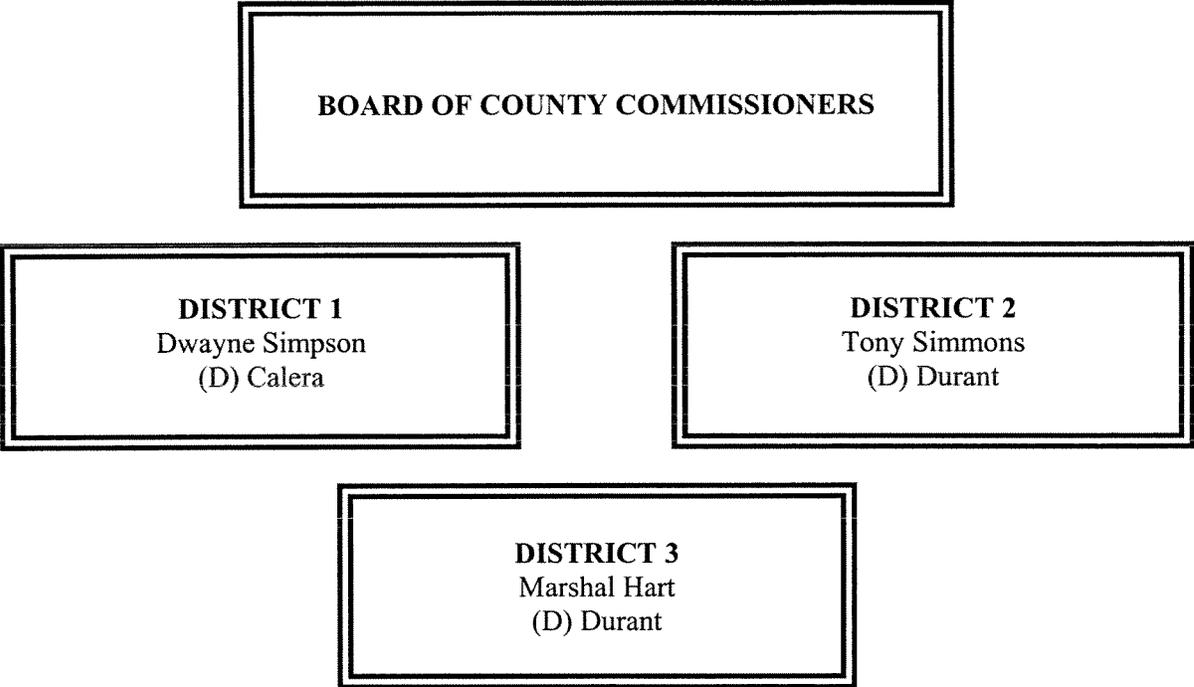
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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

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

See independent auditor's report.

**BRYAN COUNTY OFFICIALS
AND RESPONSIBILITIES**



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

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

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

See independent auditor's report.

**BRYAN COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY SHERIFF
Bill Sturch
(D) Hendrix

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

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

COUNTY TREASURER
Sandra Mazzone
(D) Durant

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

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

See independent auditor's report.

**BRYAN COUNTY OFFICIALS
AND RESPONSIBILITIES**

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
Mark Campbell
(D) Durant

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

See independent auditor's report.

**BRYAN COUNTY OFFICIALS
AND RESPONSIBILITIES**

ELECTION BOARD SECRETARY

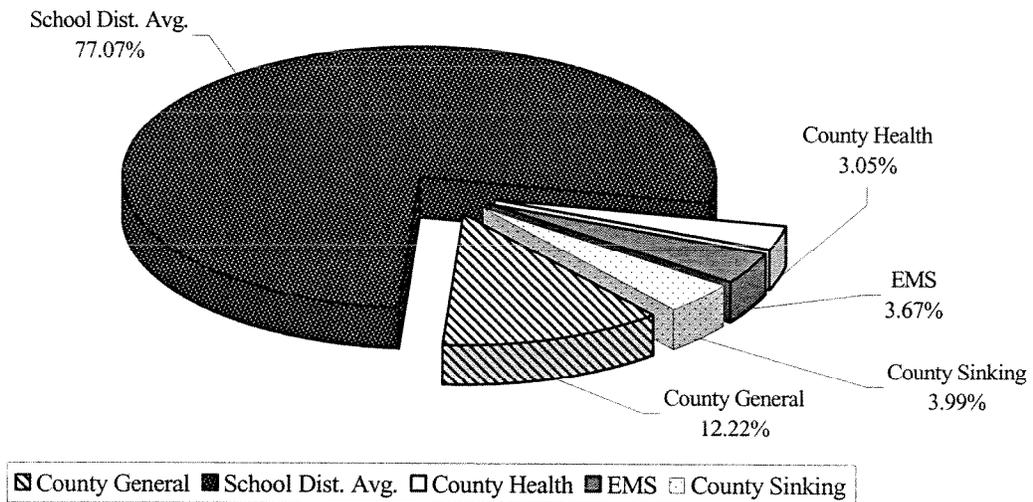
Linda Fahrendorf
(D) Durant

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.

**BRYAN COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
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.	Tech Cntr.	Tech Cntr. Bldg.	Common	Total
Co. General	10.00									
County Health	2.50	Silo	I-1	35.00	5.00	7.37	10.00	2.00	4.00	63.37
EMS	3.00	Rock Creek	I-2	35.00	5.00		10.00	2.00	4.00	56.00
County Sinking	3.58	Achille	I-3	35.00	5.00	8.18	10.00	2.00	4.00	64.18
		Colbert	I-4	35.00	5.00		10.00	2.00	4.00	56.00
		Caddo	I-5	35.00	5.00		10.00	2.00	4.00	56.00
		Bennington	I-40	35.00	5.00	29.87	10.00	2.00	4.00	85.87
		Calera	I-48	35.00	5.00		10.00	2.00	4.00	56.00
		Durant	I-72	35.00	5.00	18.30	10.00	2.00	4.00	74.30
Choctaw Co.	I-1	35.00	5.00			10.00	2.00	4.00	56.00	

See independent auditor's report.

FINANCIAL SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Independent Auditor's Report

TO THE OFFICERS OF
BRYAN COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Bryan County, Oklahoma, as of and for the year ended June 30, 2003, 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 the county health department fund of the County, as of and for the year ended June 30, 2003, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2005, 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.

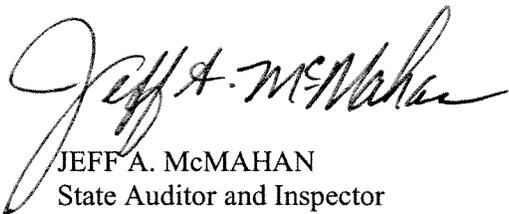
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Bryan County, Oklahoma, taken as a whole. The accompanying schedule of expenditures of federal awards is presented as required by U.S. Office of Management and Budget Circular A-133, *Audits of 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 Section* 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 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

March 31, 2005

Special-Purpose Financial Statements

BRYAN COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - ALL FUNDS
FOR THE YEAR ENDED, JUNE 30, 2003

All County Funds	Beginning Cash Balances July 1, 2002	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2003
County General Fund	\$ 596,033	\$ 1,935,401	\$ 1,983,931	\$ 547,503
Highway	648,106	3,328,590	3,139,025	837,671
Resale Property	84,575	80,787	101,042	64,320
County Health	213,206	320,567	459,673	74,100
County Clerk Lien Fee	19,879	9,705	18,632	10,952
Mortgage Tax Certification Fee	35,142	10,665	10,579	35,228
DHS Attendant Care	1,071	3,260	4,160	171
Sheriff Service Fee	111,902	118,570	159,977	70,495
Sheriff DARE	102			102
Sheriff Training	1,750		1,111	639
Sheriff City Prisoners	14,172	49,314	41,700	21,786
Sheriff DOC	89,280	159,969	179,303	69,946
Sheriff CORP	8,936	23,184	25,759	6,361
Sheriff Commissary	10,768	10,193	9,351	11,610
Visual Inspection	55,773	686	3,709	52,750
Assessor Fee Revolving Fund	26,323	6,397	4,795	27,925
Sales Tax Revolving Fund	533,330	630,775	968,840	195,265
COPS Fast	3,524	75,882	63,691	15,715
OSU Extension Grant	1,863			1,863
Sheriff Trash COP	1,100	85		1,185
Sheriff Equipment Account	8,249		8,249	
Emergency 911	175,996	128,339	147,588	156,747
Home Improvement Grant		58,541	58,541	
County Sinking	497,595	435,183	475,611	457,167
Protest Tax		214,558		214,558
District Attorney Community Service	5,102	51,603	41,819	14,886
Law Library	4,816	36,136	33,912	7,040
Schools	110,736	6,761,120	6,655,038	216,818
Municipal	19,994	243,303	242,943	20,354
Bryan County Ambulance Authority	861,855	1,788,929	1,905,936	744,848
Official Depository	565,179	4,758,007	4,620,440	702,746
Individual Redemption	3,185	75,344	75,390	3,139
District Attorney Controlled Substance Forfeitures	2,468	17,591	18,898	1,161
District Attorney Narcotics Control Administration	3,327	143,740	145,544	1,523
District Attorney Victims of Crimes Act		29,117	29,110	7
District Attorney Child Abuse Task Force	589			589
District Attorney Incarceration Fees	39	2		41
District Attorney Child Abuse Multi-Disciplinary	24,098	79,102	40,404	62,796
District Attorney National Children Alliance Group		5,150	4,053	1,097

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, 2003**

continued from previous page

All County Funds	Beginning Cash Balances July 1, 2002	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2003
EFTPS	1			1
Ambulance Investment	301,581	1,114	1,581	301,114
Tax Refunds	4,130	17,636	17,133	4,633
Kiamichi Vo-Tech	22,521	1,444,459	1,436,764	30,216
County Clerk's Records, Maintenance & Preservation	42,969	48,711	22,219	69,461
Protest Tax Interest		125		125
County Commissioner's Trash Cops Funds		5,000	4,813	187
CDBG Rural Water District #5		141,394	141,394	
Total County Funds	\$ 5,111,265	\$ 23,248,234	\$ 23,302,658	\$ 5,056,841

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, 2003**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 596,033	\$ 596,033	\$ 596,033	\$ -
Less: Prior Year Outstanding Warrants	(118,337)	(118,337)	(118,337)	
Less: Prior Year Encumbrances	(35,701)	(35,701)	(32,431)	3,270
Beginning Cash Balances, Budgetary Basis	<u>441,995</u>	<u>441,995</u>	<u>445,265</u>	<u>3,270</u>
Receipts:				
Ad Valorem Taxes	1,149,817	1,149,817	1,263,056	113,239
Charges for Services	163,500	234,449	276,814	42,365
Intergovernmental Revenues	244,500	313,708	313,708	
Miscellaneous Revenues	60,000	60,000	81,823	21,823
Total Receipts, Budgetary Basis	<u>1,617,817</u>	<u>1,757,974</u>	<u>1,935,401</u>	<u>177,427</u>
Expenditures:				
District Attorney	35,000	35,000	34,998	2
Total District Attorney	<u>35,000</u>	<u>35,000</u>	<u>34,998</u>	<u>2</u>
County Sheriff	331,761	330,609	330,527	82
Capital Outlay	19,449	20,601	20,601	
Total County Sheriff	<u>351,210</u>	<u>351,210</u>	<u>351,128</u>	<u>82</u>
County Treasurer	124,776	124,776	124,776	
Capital Outlay	1	1		1
Total County Treasurer	<u>124,777</u>	<u>124,777</u>	<u>124,776</u>	<u>1</u>
County Commissioners	121,650	117,691	113,827	3,864
Capital Outlay	1	3,959	3,959	
Total County Commissioners	<u>121,651</u>	<u>121,650</u>	<u>117,786</u>	<u>3,864</u>
OSU Extension	74,513	74,513	74,506	7
Capital Outlay	1	1		1
Total OSU Extension	<u>74,514</u>	<u>74,514</u>	<u>74,506</u>	<u>8</u>
County Clerk	148,504	149,105	149,105	
Capital Outlay	475			
Total County Clerk	<u>148,979</u>	<u>149,105</u>	<u>149,105</u>	<u>-</u>
Court Clerk	120,563	243,702	243,064	638
Capital Outlay	1	1		1
Total Court Clerk	<u>120,564</u>	<u>243,703</u>	<u>243,064</u>	<u>639</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, 2003**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Assessor	77,341	77,341	77,341	
Capital Outlay	1	1		1
Total County Assessor	<u>77,342</u>	<u>77,342</u>	<u>77,341</u>	<u>1</u>
Revaluation of Real Property	215,604	215,604	191,185	24,419
Total Revaluation of Real Property	<u>215,604</u>	<u>215,604</u>	<u>191,185</u>	<u>24,419</u>
General Government	659,257	666,139	525,316	140,823
Total General Government	<u>659,257</u>	<u>666,139</u>	<u>525,316</u>	<u>140,823</u>
Excise-Equalization Board	11,000	11,000	6,090	4,910
Total Excise-Equalization Board	<u>11,000</u>	<u>11,000</u>	<u>6,090</u>	<u>4,910</u>
County Election Board	70,765	71,512	71,512	
Capital Outlay	1			
Total County Election Board	<u>70,766</u>	<u>71,512</u>	<u>71,512</u>	<u>-</u>
Charity	1,500	1,500	452	1,048
Total Charity	<u>1,500</u>	<u>1,500</u>	<u>452</u>	<u>1,048</u>
County Audit Budget Account	12,648	12,648	12,648	
Total County Audit Budget Account	<u>12,648</u>	<u>12,648</u>	<u>12,648</u>	<u>-</u>
Free Fair Budget	35,000	44,265	44,265	
Total Free Fair Budget	<u>35,000</u>	<u>44,265</u>	<u>44,265</u>	<u>-</u>
Total Expenditures, Budgetary Basis	<u>2,059,812</u>	<u>2,199,969</u>	<u>2,024,172</u>	<u>175,797</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	356,494	<u>\$ 356,494</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			37,381	
Add: Current Year Outstanding Warrants			153,628	
Ending Cash Balance			<u>\$ 547,503</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
COUNTY HEALTH DEPARTMENT FUND
FOR THE YEAR ENDED JUNE 30, 2003**

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 213,206	\$ 213,206	\$ 213,206	\$ -
Less: Prior Year Outstanding Warrants				
Less: Prior Year Encumbrances	(38,023)	(38,023)	(47,991)	(9,968)
Beginning Cash Balances, Budgetary Basis	<u>175,183</u>	<u>175,183</u>	<u>165,215</u>	<u>(9,968)</u>
Receipts:				
Ad Valorem Taxes	287,455	287,455	297,198	9,743
Miscellaneous		44,488	23,369	(21,119)
Total Receipts, Budgetary Basis	<u>287,455</u>	<u>331,943</u>	<u>320,567</u>	<u>(11,376)</u>
Expenditures:				
Health and Welfare	462,638	500,485	421,261	79,224
Capital Outlay		6,641		6,641
Total Expenditures, Budgetary Basis	<u>462,638</u>	<u>507,126</u>	<u>421,261</u>	<u>85,865</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	64,521	<u>\$ 64,521</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			9,139	
Add: Current Year Outstanding Warrants			440	
Ending Cash Balance			<u>\$ 74,100</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, 2003**

Beginning Cash Balance	<u>\$ 497,595</u>
Receipts:	
Ad Valorem Tax	426,581
Miscellaneous	<u>8,602</u>
Total Receipts	<u>435,183</u>
Disbursements:	
County Judgments	409,198
Interest Paid	<u>66,413</u>
Total Disbursements	<u>475,611</u>
Ending Cash Balance	<u><u>\$ 457,167</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, 2003**

Official Depository Accounts	Beginning Cash Balances			Cancelled Vouchers	Ending Cash Balances June 30, 2003
	July 1, 2002	Receipts	Disbursements		
District Attorney Witness Fee	\$ 371	\$ 6,408	\$ 7,625	\$ 916	\$ 70
Court Clerk	176,573	2,075,298	1,881,011	1,588	372,448
Court Fund	180,031	841,346	836,334	3,150	188,193
District Attorney	45,700	1,421	47,383	360	98
County Clerk	3,178	279,297	281,167		1,308
County Sheriff		427,468	427,850	382	
County Treasurer	28,919	501,181	509,520	328	20,908
Election Board	787	43,744	45,034	1,263	760
County Health Department	51	23,239	23,240		50
District Attorney Victim's Restitution	9,314	92,675	91,436	2,700	13,253
District Attorney Fee	22,934	213,487	229,635	28	6,814
District Attorney Restitution	43,668	175,639	170,833	1,166	49,640
District Attorney Seizure	22,330	23,356	41,363		4,323
District Attorney Tax Warrant					
Court Clerk Revolving	31,045	47,051	33,618		44,478
District Attorney Diversion Fee	278				278
County Assessor		6,397	6,397		
Victim's Restitution Diversion Program				125	125
Total Official Depository Accounts	<u>\$ 565,179</u>	<u>\$ 4,758,007</u>	<u>\$ 4,632,446</u>	<u>\$ 12,006</u>	<u>\$ 702,746</u>

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

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 Comparative Statements of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - for the General Fund and the County Health Department Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances - 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, 2003.

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 in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed authorized deductibles, the County could have to pay its share of the pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
- Torts		
- Errors and Omissions		
- Law Enforcement Officers Liability		
- Vehicle		
Physical Plant		
- Theft		
- Damage to Assets		
- Natural Disasters		

BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Worker's Compensation - Employees' Injuries	The County carries commercial insurance for these types of risk.	A judgment could be assessed for claims in excess of coverage.
Employee - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of coverage.	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 chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$10,000 deductible for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amount for replacement value up to \$100,000 for property, and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool's risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

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

Management believes coverage is sufficient to preclude any significant uninsured losses to the County.

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.

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 Funds and Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$5,056,841 and the bank balance was \$5,168,975. 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. § 348.1 and § 348.3 allow the following types of investments:

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

B. Description of Funds

County 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.

Detailed Notes on Funds and Account Balances (continued)

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

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

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

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

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

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

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

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

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

Sheriff Commissary – accounts for the collection of fees transferred from the inmate trust money for commissary items and disbursements of funds are 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.

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.

Detailed Notes on Funds and Account Balances (continued)

Sheriff Trash Cop – accounts for the state funds used to pay personal 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 operation 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.

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 cities and towns 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 because of delinquent taxes.

District Attorney Controlled Substance Forfeitures – accounts for monies collected from the disposition of property seized during drug abuse cases.

Detailed Notes on Funds and Account Balances (continued)

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

District Attorney Victims of Crimes Act – accounts for grant monies received to assist the victims of crime.

District Attorney Child Abuse Task Force – grant monies that are designated for the prevention and detection of child abuse.

District Attorney Incarceration Fees – accounts for collections received from inmates to reimburse for incarceration expense.

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

District Attorney 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.

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

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

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

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

Protest Tax Interest – accounts for interest earned on taxes paid in protest.

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

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

Detailed Notes on Funds and Account Balances (continued)

The following narrative details the official depository accounts.

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 as ordered by the court.

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 County general fund.

County Sheriff - accounts for all collections of foreign service fees. Monies are disbursed at the end of the month to the Sheriff's service fee account and Court Clerk.

County Treasurer – accounts for all collection of taxes, pre-paid mobile homes, 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 or 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.

District Attorney Victim's Restitution – accounts for 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.

BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

Detailed Notes on Funds and Account Balances (continued)

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 – 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 all 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.

Victim's Restitution Diversion Program – accounts for the fees collected for restitution payments.

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, 2002, was approximately \$126,479,837.

The County levied 10.00 mills (the legal maximum) for general fund operations, 2.50 mills for the county health department, 3.58 mills for the 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.

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, 2003, were approximately 93.39 percent of the tax levy.

BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003

Detailed Notes on Funds and Account Balances (continued)

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% 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 judgment(s) over a three-year period.

<u>Case Number</u>	<u>Original Judgment</u>
CV-01-325	\$1,245,607

During the year ended June 30, 2003, the County paid \$409,198 principal and \$66,413 interest on this judgment.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$836,406	\$66,413	\$902,819
Total	\$836,406	\$66,413	\$902,819

Detailed Notes on Funds and Account Balances (continued)

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 material.

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, $\frac{1}{4}$ 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 years of the seven years, the sales tax revenues will be deposited in the following funds in the following percentages:

1. Sheriff's Department Revolving Fund – 33 $\frac{1}{3}$ %
2. County General Fund – 33 $\frac{1}{3}$ %
3. Road and Bridges Revolving Fund – 33 $\frac{1}{3}$ %

SUPPLEMENTARY SCHEDULE

BRYAN COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2003

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 State Department of Commerce:			
HOME Investment Partnerships Program	14.239	8920-HOME-01	\$ 58,541
Community Development Block Grants - State's Program	14.228	10044 CDBG 01	141,394
Total U. S. Department of Housing and Urban Development			<u>199,935</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Passed Through the District Attorneys Council:			
Community Oriented Policing Services (COPS)	16.710	#95CFWX1156	34,605
Community Oriented Policing Services (COPS)	16.710	2003UMWX0092	1,737
Community Oriented Policing Services (COPS in schools)	16.710	2002SHWX0042	63,945
Total CFDA #16.710			<u>100,287</u>
Passed Through the District Attorneys Council:			
Local Law Enforcement Block Grants Program	16.592	LLE01-699	6,120
Total U.S. Department of Justice			<u>106,407</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Direct Grant:			
Payments in Lieu of Taxes	15.226		71,520
Passed Through State Department of Indian Affairs:			
Highway Planning and Construction	20.205	GOO-3833-1S	25,069
Highway Planning and Construction	20.205	GOO-3835-1S	25,000
Highway Planning and Construction	20.205	GOO-1125-98	5,003
Highway Planning and Construction	20.205	GOO-1123-98	15,000
Total CFDA #20.205			<u>70,072</u>
Total U.S. Department of Interior			<u>141,592</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
Passed Through Oklahoma State Treasurer:			
Payments to States in Lieu of Real Estate Taxes	12.112		12,965
Total U.S. Department of Defense			<u>12,965</u>
<u>U.S. DEPARTMENT OF FEDERAL EMERGENCY MANAGEMENT</u>			
Passed Through State Department of Civil Emergency Management:			
Public Assistance Grants	83.544	FEMA-1355-DR-OK	192,605
Hazardous Mitigation Grant	83.548	FEMA-1355-DR-OK	5,460
Total U.S. Department of Federal Emergency Management			<u>198,065</u>
Total Expenditures of Federal Awards			<u>\$ 658,964</u>

The accompanying note is an integral part of this schedule.

BRYAN COUNTY, OKLAHOMA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2003

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*.

COMPLIANCE AND INTERNAL CONTROL SECTION



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, 2003, and have issued our report thereon dated March 31, 2005. 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*. However, we noted immaterial instances of noncompliance, which we have reported to management of Bryan County and are included in Section 4 of the schedule of findings and questioned costs, contained within this report.

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. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2003-1, 2003-2, 2003-3, 2003-4, and 2003-5.

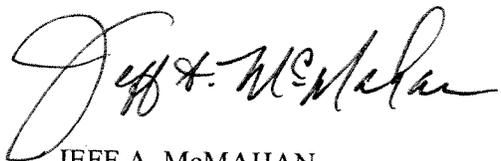
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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, of the reportable conditions described above, we consider item 2003-1 to be a material weakness.

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, appearing to read "Jeff A. McMahan".

JEFF A. McMAHAN
State Auditor and Inspector

March 31, 2005



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 on Internal Control Over Compliance in Accordance With
OMB Circular A-133**

TO THE OFFICERS OF
BRYAN COUNTY, OKLAHOMA

Compliance

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 each of its major federal programs for the year ended June 30, 2003. The 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 each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 the 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 on the County's compliance with those requirements.

In our opinion, the 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, 2004.

Internal Control Over Compliance

The management of the 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 the 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.

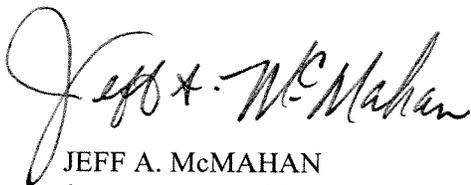
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively 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,



JEFF A. McMAHAN
State Auditor and Inspector

March 31, 2005

BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

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? Yes

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

CFDA Number(s)

83.544

14.228

15.226

Name of Federal Program or Cluster

Public Assistance Grants

Community Development Block Grant - State's Program

Payments in Lieu of Taxes

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

SECTION 2 - Findings related to the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.

Finding 2003-1 - Segregation of Duties (Repeat Finding)

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

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

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

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

Finding 2003-2 - Written Disaster Recovery Plan

Criteria: According to the standards of the Information Systems Audit and Control Association's (COBIT Delivery & Support 4.3), management should ensure that a written Disaster Recovery Plan is documented and contains the following:

- Guidelines on how to use the Recovery Plan,
- Emergency procedures to ensure the safety of all affected staff members,
- Roles and responsibilities of information services function, vendors providing recovery services, users of services and support administrative personnel,
- Listing of systems requiring alternatives (hardware, peripherals, software),
- Listing of highest to lowest priority applications, required recovery times and expected performance norms,
- Various recovery scenarios from minor to loss of total capability and response to each in sufficient detail for step-by-step execution,
- Specific equipment and supply needs are identified such as high speed printers, signatures, forms, communications equipment, telephones, etc. and a source and alternative source defined,
- Training and/or awareness of individual and group roles in continuity plan,
- Listing of contracted service providers,
- Logistical information on location of key resources, including back-up site for recovery operating system, applications, data files, operating manuals and program/system/user documentation,

BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

- Current names, addresses, telephone/pager numbers of key personnel,
- Business resumption alternatives for all users for establishing alternative work locations once IT resources are available.

Condition: The County does not have a written Disaster Recovery Plan.

Recommendation: We recommend the County establish a Disaster Recovery Plan to ensure the safekeeping and integrity of the County's financial and non-financial data.

Management's Response: Each office will work to implement a formal Disaster Recovery Plan.

Finding 2003-3 - Written Policies and Procedures

Criteria: According to the standards of the Information Systems Audit and Control Association's (COBIT Delivery and Support 7), management should educate and train users to ensure that users are making effective use of technology and are aware of their risks and responsibility.

Condition: The County does not have written policies and procedures addressing information security or provide adequate awareness training.

Recommendation: We recommend the County establish Information Security policies and procedures that define the acceptable and unacceptable uses of the office computers. A security awareness-training program should be established requiring all employees using computers to participate.

Management's Response: The County Officials will work to prepare and implement policies and procedures for the information systems.

Finding 2003-4 - Sheriff's Official Depository (Repeat Finding)

Criteria: Effective accounting procedures are necessary to ensure stewardship and accountability of public funds. Further, 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.

BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

Condition: While performing cash compositions for the Sheriff's Official Depository Account, the following was noted:

1. Receipts were issued in the jail at time of receipt and then duplicate receipts were reissued by the secretary before compiling the deposit. The names on the original receipts do not always agree to the receipts issued for depositing purposes.
2. Receipts do not indicate mode of payment.
3. Receipts #2147 for \$20.00 and #2151 for \$20.00 could not be traced to a deposit.
4. Deposits are not being made in a timely manner.
5. Carbon copy of receipt #2833 was missing from a receipt book.
6. Skipped receipts are not marked "Void" and are sometimes used at a later date causing a break in the audit trail.
7. Receipts could not be located for deposits made for the period September 13, 2002 through February 3, 2003.

Recommendation: We recommend that duplicate, pre-numbered receipts be issued for all monies received in the Sheriff's office. Receipts should be issued only once, in sequential order, and should indicate mode of payment received. Also, collections should be deposited daily.

Management's Response: We concur with the auditors' findings and are implementing procedures for the safeguarding and timely deposit of all official depository collections.

Finding 2003-5 - No Personnel Policy Handbook (Repeat Finding)

Criteria: Effective internal controls include the compilation of a uniform set of policies and procedures and a copy of these policies distributed to each employee. Further, 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 vacation, sick leave, overtime, and comp time. Currently, each office has its own policy.

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 auditor's 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.

BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

SECTION 3 - Findings related to the Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.

No matters were reported.

SECTION 4 - This section contains matters not required to be reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, but which we believed were significant enough to bring to the County's attention. We recommend that the County consider these matters and take appropriate corrective action.

Finding 2003-6 - General Fixed Assets (Repeat Finding)

Criteria: 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 a part 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 or either thereof, and the disposition thereof whether sold, exchanged, leased, or let where authorized by statute, junked, strayed or stolen, and biennially thereafter...."

Condition: All offices do 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: We concur with the auditor's findings. All officers are currently updating inventory records and will complete form #3512.

Finding 2003-7 - Purchasing Procedures for Auxiliary Jail

Criteria: Title 61 O.S. 2001, § 103 states, "Unless otherwise provided by law, all public construction contracts shall be let and awarded to the lowest responsible bidder, by free and open competitive bidding after solicitation for sealed bids, in accordance with the provisions of the Public Competitive Bidding Act of 1974. No work shall be commenced until a written contract is executed and all required bonds and insurance have been provided by the contractor to the awarding public agency." Also, 19 O.S. 2001, § 1500-1505, known as the County Purchasing Act requires that all purchases be encumbered prior to its being made an obligation of the County on a purchase order signed by the county purchasing agent verifying that sufficient encumbered balance remains to meet the obligation of the purchase. The purchase

BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

shall be supported by a receiving report completed by and signed by the County receiving agent verifying the receipt of the materials and/or services; and also supported by an original, itemized invoice provided by the vendor.

Condition: While performing a test of purchase orders for the Bryan County Auxiliary Jail Project the following exceptions were noted:

1. contracts were not on file for the related providers of services such as plumber, electrician, heat and air, and painting;
2. related purchase orders with numerous invoices submitted for payment were not approved as a blanket purchase order nor were marked to indicate a blanket purchase order;
3. not supported by a county receiving report signed by an approved receiving agent;
4. some invoices were paid twice-refunded by at least one vendor;
5. documentation does not always indicate the service/items purchased.

Recommendation: We recommend that the Bryan County Commissioners comply with all state statutes related to county purchasing.

Management's Response: Management will ensure the practice of following state statutes regarding construction projects in the future.

Finding 2003-8 - General Contractor Not Competitively Bid

Criteria: Title 61 O.S. 2001, § 103 states, "Unless otherwise provided by law, all public construction contracts shall be let and awarded to the lowest responsible bidder, by free and open competitive bidding after solicitation for sealed bids, in accordance with the provisions of the Public Competitive Bidding Act of 1974. No work shall be commenced until a written contract is executed and all required bonds and insurance have been provided by the contractor to the awarding public agency." A Public Construction Contract is defined by any contract exceeding \$25,000 in amount, awarded by any public agency for the purpose of making any public improvements or constructing any public building.

Condition: Bryan County Commissioners did not competitively bid the hiring of a general contractor to oversee the renovation of the auxiliary jail.

Recommendation: We recommend that the County competitively bid all construction/renovation contracts in compliance with 61 O.S. 2001, § 103.

Management's Response: Management will ensure the practice of following state statutes regarding construction projects in the future.

Finding 2003-9 - Reimbursements to General Contractor

Criteria: Title 19 O.S. 2001, § 1505 states, “The following procedures shall be used by counties for the requisition, purchase...and receipt of supplies, materials, and equipment for the maintenance, operation, and capital expenditures of county government unless otherwise provided for by law.” This statute specifically outlines the procedures used for the requisition, purchase, and payment of any goods or services received by the County.

Condition: The County made reimbursements to the general contractor hired to oversee the auxiliary jail project. These reimbursements were not supported by original itemized invoices having official company letterhead and included cost/expenses for the payment of sales tax, fuel used by the general contractor, other contract labor, one meal, as well as the costs for supplies and materials for the construction of the auxiliary jail; some of these reimbursements were supported with copies of invoices (marked ‘paid by cash’) issued in the contractor’s name rather than the County’s name.

Recommendation: We recommend that the County adhere to the County Purchasing Procedures as prescribed by 19 O.S. 2001, § 1505.

Management’s Response: Management will ensure the practice of following state statutes regarding construction projects in the future.

STATISTICAL SECTION
(Unaudited)

**BRYAN COUNTY, OKLAHOMA
TOP TEN TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2003
(UNAUDITED)**

<u>TAXPAYER NAME</u>	<u>ASSESSED VALUE</u>	<u>% OF TOTAL NET VALUATION</u>
Southwestern Bell Telephone	\$ 5,852,987	4.63%
OG&E	4,174,543	3.30%
Custom Molded Plastics	2,801,413	2.22%
Cherokee Telephone	2,494,377	1.97%
Explorer Pipeline	1,682,680	1.33%
Medical Center of Southeastern OK	1,418,732	1.12%
ONG	1,407,392	1.11%
Natural Gas Pipeline Co	1,361,116	1.08%
Enogex	1,292,938	1.02%
Seaway Crude Oil Pipeline	1,121,670	0.89%
Total	<u>\$ 23,607,848</u>	<u>18.67%</u>

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

**BRYAN COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE YEAR ENDED JUNE 30, 2003
(UNAUDITED)**

Total net assessed value as of January 1, 2002		<u>\$ 126,479,837</u>
Debt limit - 5% of total assessed value		6,323,992
Total bonds outstanding	-	
Total judgments outstanding	836,406	
Less cash in sinking fund	<u>457,167</u>	<u>379,239</u>
Legal debt margin		<u>\$ 5,944,753</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, 2003
(UNAUDITED)**

	2003
Estimated population	36,534
Net assessed value as of January 1, 2002	\$ 126,479,837
Gross bonded debt	-
Less available sinking fund cash balance	457,167
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, 2003
(UNAUDITED)**

<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2002	\$19,450,639	\$24,087,705	\$91,247,149	\$8,305,656	\$126,479,837	\$1,115,833,095