

**BRYAN COUNTY, OKLAHOMA
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2004**

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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, 2004. 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, 2004**

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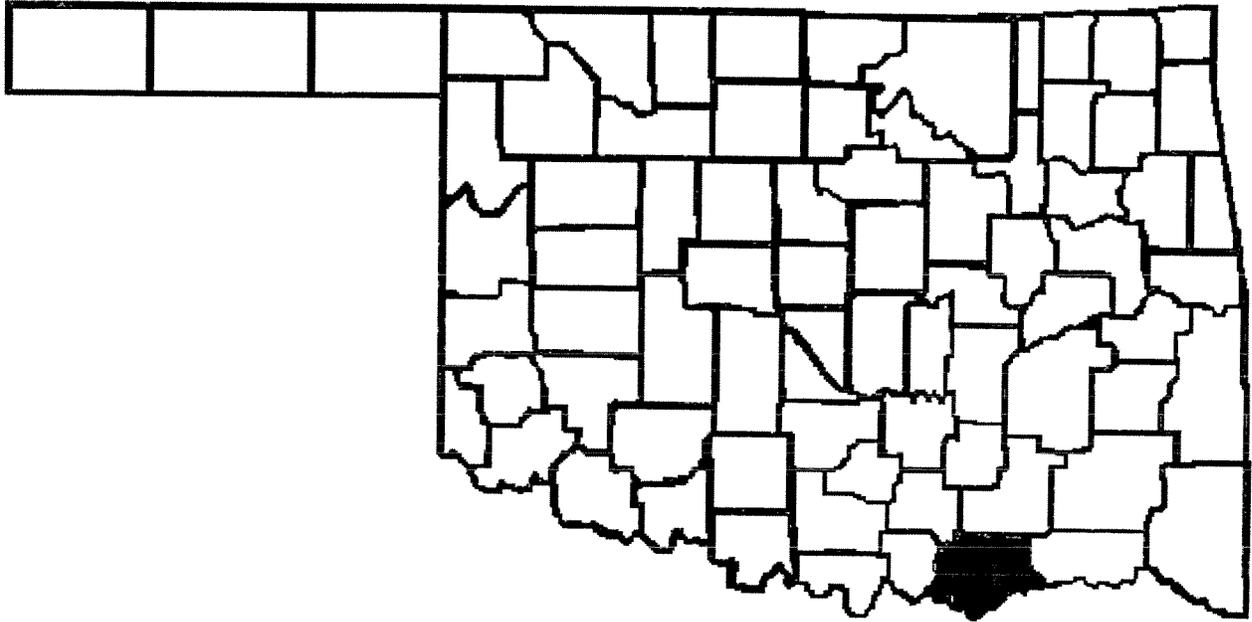
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**BRYAN COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

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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

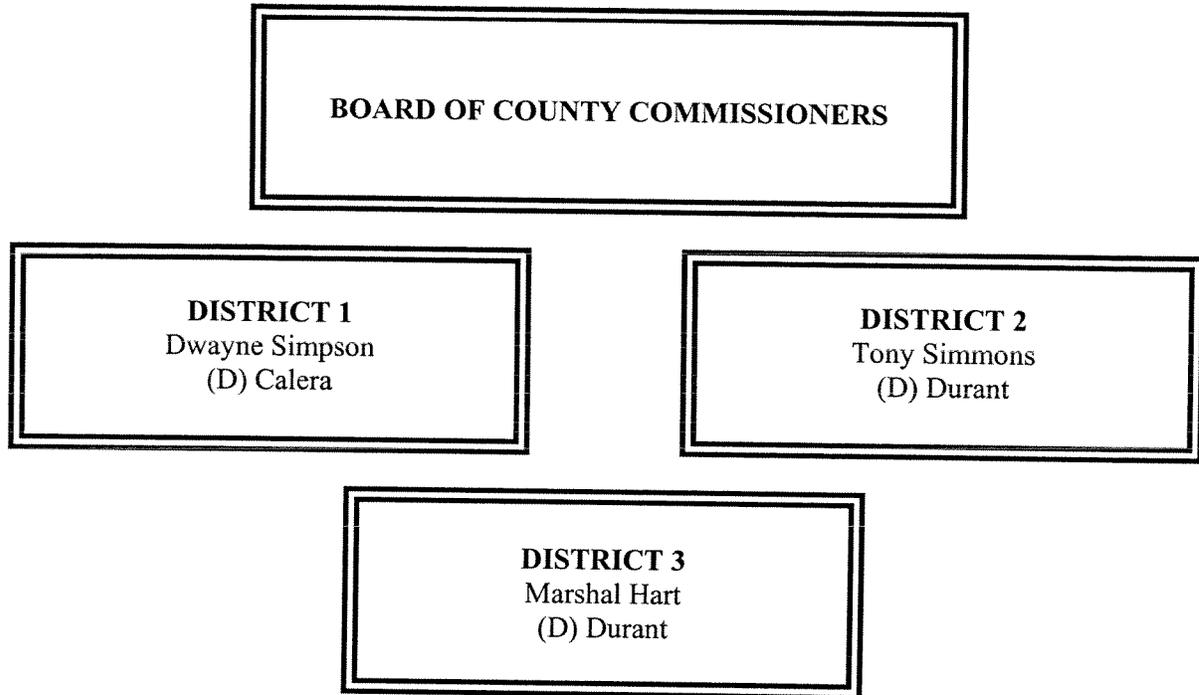
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

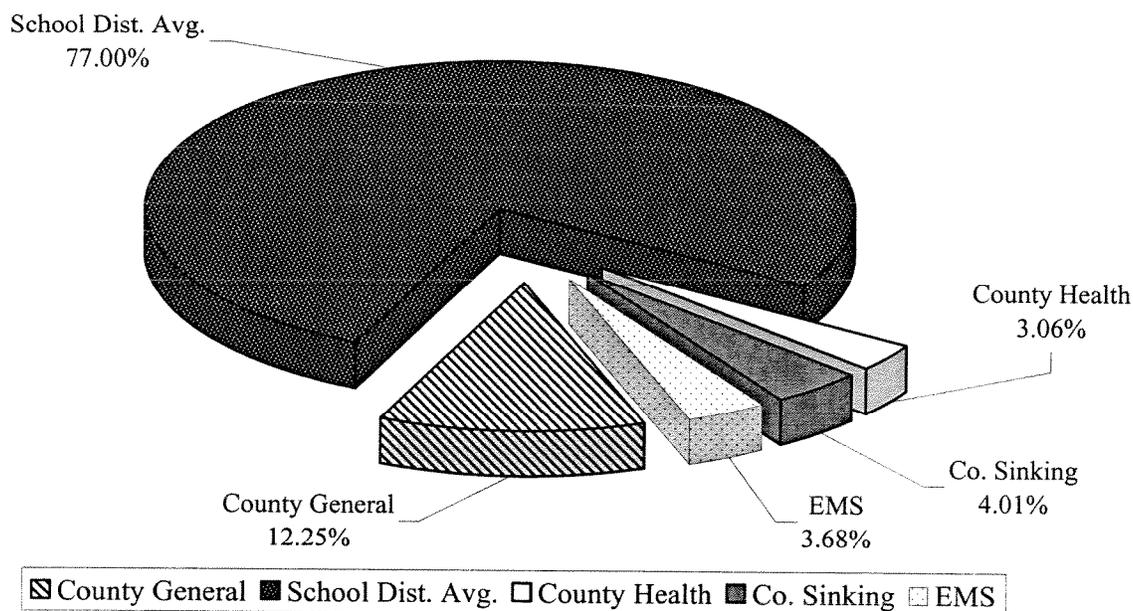
ELECTION BOARD SECRETARY
Linda Fahrendorf
(D) Durant

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	5.93	10.00	2.00	4.00	61.93
EMS	3.00	Rock Creek	I-2	35.00	5.00		10.00	2.00	4.00	56.00
County Sinking	3.27	Achille	I-3	35.00	5.00	7.93	10.00	2.00	4.00	63.93
		Colbert	I-48	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	32.57	10.00	2.00	4.00	88.57
		Calera	I-48	35.00	5.00		10.00	2.00	4.00	56.00
		Durant	I72	35.00	5.00	15.23	10.00	2.00	4.00	71.23
		Choctaw County	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, 2004, 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. Oklahoma Statutes, in addition to audit responsibilities, assign other responsibilities to the State Auditor and Inspector's Office. Those responsibilities include providing various information technology (IT) support for county government.

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, 2004, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

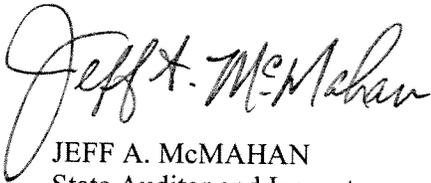
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Bryan County, Oklahoma, taken as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements. 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 them.

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, 2004**

All County Funds	Beginning Cash Balances July 1, 2003	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2004
County General Fund	\$ 547,503	\$ 2,104,447	\$ 2,297,001	\$ 354,949
Highway	837,671	2,862,037	2,823,218	876,490
Resale Property	64,320	93,549	81,369	76,500
County Health	74,100	471,477	344,750	200,827
County Clerk Lien Fee	10,952	10,468	9,626	11,794
Mortgage Tax Certification Fee	35,228	11,840	13,188	33,880
DHS Attendant Care	171	3,830	3,830	171
Sheriff Service Fee	70,495	161,930	187,875	44,550
Sheriff DARE	102			102
Sheriff Training	639	6,251	3,358	3,532
Sheriff City Prisoners	21,786	56,580	61,598	16,768
Sheriff DOC	69,946	148,049	177,871	40,124
Sheriff CORP	6,361	23,328	27,275	2,414
Sheriff Commissary	11,610	14,659	10,724	15,545
Visual Inspection	52,750	388	11,887	41,251
Assessor Fee Revolving Fund	27,925	4,073	3,182	28,816
Sales Tax Revolving Fund	195,265	706,555	712,825	188,995
COPS Fast	15,715	104,988	97,734	22,969
OSU Extension Grant	1,863		1,031	832
Sheriff Trash COP	1,185			1,185
Emergency 911	156,747	122,555	99,819	179,483
County Sinking	457,167	433,947	453,474	437,640
Protest Tax	214,558	17,000	214,558	17,000
District Attorney Community Service	14,886	44,989	48,235	11,640
Law Library	7,040	34,954	36,035	5,959
Schools	216,818	7,237,874	7,391,326	63,366
Municipal	20,354	236,525	237,879	19,000
Bryan County Ambulance Authority	744,848	1,574,801	1,689,932	629,717
Official Depository	702,746	5,726,983	5,630,021	799,708
Individual Redemption	3,139	132,894	128,887	7,146
District Attorney Controlled Substance Forfeitures	1,161	29,776	14,478	16,459
District Attorney Narcotics Control Administration	1,523	154,825	153,178	3,170
District Attorney Victims of Crimes Act	7	29,117	29,124	
District Attorney Child Abuse Task Force	589		589	
District Attorney Incarceration Fees	41	4		45
District Attorney Child Abuse Multi-Disciplinary	62,796	74,255	48,233	88,818
District Attorney National Children Alliance Group	1,097	11,141	6,155	6,083

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, 2004**

continued from previous page

All County Funds	Beginning Cash Balances July 1, 2003	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2004
EFTPS	1			1
Ambulance Investments	301,114		1,114	300,000
Tax Refunds	4,633	22,031	21,490	5,174
Kiamichi Vo-Tech	30,216	1,583,427	1,605,759	7,884
County Clerk's Records, Maintenance & Preservation	69,461	50,283	55,717	64,027
Protest Tax Interest	125	368	420	73
County Commissioner's Trash Cops Funds	187	5,000	3,270	1,917
CDBG Rural Water District #5		8,606	8,606	
Elevator REAP		50,000	49,350	650
Electronic State Tax Account		1		1
CDBG Rural Sewer District #8		174,357	174,357	
District Attorney Child Abuse Center		100,000	81	99,919
Total County Funds	<u>\$ 5,056,841</u>	<u>\$ 24,640,162</u>	<u>\$ 24,970,429</u>	<u>\$ 4,726,574</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, 2004

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 547,503	\$ 547,503	\$ 547,503	\$ -
Less: Prior Year Outstanding Warrants	(153,628)	(153,628)	(153,628)	
Less: Prior Year Encumbrances	(37,381)	(37,381)	(40,188)	(2,807)
Beginning Cash Balances, Budgetary Basis	<u>356,494</u>	<u>356,494</u>	<u>353,687</u>	<u>(2,807)</u>
Receipts:				
Ad Valorem Taxes	1,249,717	1,249,717	1,297,725	48,008
Charges for Services	149,000	149,000	178,406	29,406
Intergovernmental Revenues	498,500	601,514	564,216	(37,298)
Miscellaneous Revenues	40,000	40,000	64,100	24,100
Total Receipts, Budgetary Basis	<u>1,937,217</u>	<u>2,040,231</u>	<u>2,104,447</u>	<u>64,216</u>
Expenditures:				
District Attorney	31,000	31,069	28,600	2,469
Total District Attorney	<u>31,000</u>	<u>31,069</u>	<u>28,600</u>	<u>2,469</u>
County Sheriff	349,185	353,704	353,673	31
Capital Outlay	21,000	16,481	16,481	
Total County Sheriff	<u>370,185</u>	<u>370,185</u>	<u>370,154</u>	<u>31</u>
County Treasurer	158,439	156,851	156,809	42
Capital Outlay	1	1		1
Total County Treasurer	<u>158,440</u>	<u>156,852</u>	<u>156,809</u>	<u>43</u>
County Commissioners	153,122	154,472	154,258	214
Capital Outlay	4,000	2,650	681	1,969
Total County Commissioners	<u>157,122</u>	<u>157,122</u>	<u>154,939</u>	<u>2,183</u>
OSU Extension	82,684	82,684	78,545	4,139
Capital Outlay	1	1		1
Total OSU Extension	<u>82,685</u>	<u>82,685</u>	<u>78,545</u>	<u>4,140</u>
County Clerk	162,019	162,019	160,857	1,162
Capital Outlay	1	1		1
Total County Clerk	<u>162,020</u>	<u>162,020</u>	<u>160,857</u>	<u>1,163</u>
Court Clerk	313,353	323,561	323,517	44
Capital Outlay		1		1
Total Court Clerk	<u>313,353</u>	<u>323,562</u>	<u>323,517</u>	<u>45</u>

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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, 2004

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Assessor	84,086	84,086	84,028	58
Capital Outlay	1	1		1
Total County Assessor	<u>84,087</u>	<u>84,087</u>	<u>84,028</u>	<u>59</u>
Revaluation of Real Property	224,147	224,147	202,843	21,304
Total Revaluation of Real Property	<u>224,147</u>	<u>224,147</u>	<u>202,843</u>	<u>21,304</u>
General Government	564,394	647,184	615,753	31,431
Total General Government	<u>564,394</u>	<u>647,184</u>	<u>615,753</u>	<u>31,431</u>
Excise-Equalization Board	7,000	7,578	7,578	
Total Excise-Equalization Board	<u>7,000</u>	<u>7,578</u>	<u>7,578</u>	<u>-</u>
County Election Board	79,225	80,203	74,290	5,913
Capital Outlay	1	401		401
Total County Election Board	<u>79,226</u>	<u>80,604</u>	<u>74,290</u>	<u>6,314</u>
Charity	2,000	2,000	79	1,921
Total Charity	<u>2,000</u>	<u>2,000</u>	<u>79</u>	<u>1,921</u>
County Audit Budget Account	17,052	17,052	635	16,417
Total County Audit Budget Account	<u>17,052</u>	<u>17,052</u>	<u>635</u>	<u>16,417</u>
Free Fair Budget	41,000	50,578	34,435	16,143
Total Free Fair Budget	<u>41,000</u>	<u>50,578</u>	<u>34,435</u>	<u>16,143</u>
Total Expenditures, Budgetary Basis	<u>2,293,711</u>	<u>2,396,725</u>	<u>2,293,062</u>	<u>103,663</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	165,072	<u>\$ 165,072</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			28,568	
Add: Current Year Outstanding Warrants			161,309	
Ending Cash Balance			<u>\$ 354,949</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, 2004

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 74,100	\$ 74,100	\$ 74,100	\$ -
Less: Prior Year Outstanding Warrants	(827)	(827)	(440)	387
Less: Prior Year Encumbrances	(9,139)	(9,139)	(6,654)	2,485
Beginning Cash Balances, Budgetary Basis	<u>64,134</u>	<u>64,134</u>	<u>67,006</u>	<u>2,872</u>
Receipts:				
Ad Valorem Taxes	312,429	312,429	324,431	12,002
Miscellaneous Revenues	160,053	160,053	147,046	(13,007)
Total Receipts, Budgetary Basis	<u>312,429</u>	<u>472,482</u>	<u>471,477</u>	<u>(1,005)</u>
Expenditures:				
Health and Welfare	372,563	529,616	360,225	169,391
Capital Outlay	4,000	7,000	7,000	7,000
Total Expenditures, Budgetary Basis	<u>376,563</u>	<u>536,616</u>	<u>360,225</u>	<u>176,391</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	178,258	<u>\$ 178,258</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			22,040	
Add: Current Year Outstanding Warrants			529	
Ending Cash Balance			<u>\$ 200,827</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, 2004**

Beginning Cash Balance	<u>\$ 457,167</u>
Receipts:	
Ad Valorem Tax	427,559
Miscellaneous	6,388
Total Receipts	<u>433,947</u>
Disbursements:	
County Judgments	409,199
Interest Paid	44,275
Total Disbursements	<u>453,474</u>
Ending Cash Balance	<u><u>\$ 437,640</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, 2004**

Official Depository Accounts	Beginning Cash Balances July 1, 2003	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2004
District Attorney Witness Fee	\$ 70	\$ 16,912	\$ 13,187	\$ 437	\$ 4,232
Court Clerk	372,448	2,787,093	2,842,477	23,151	340,215
Court Fund	188,193	986,370	956,588	165	218,140
District Attorney	98	329	427		
County Clerk	1,308	325,515	325,504		1,319
County Sheriff		393,009	398,883	5,874	
County Treasurer	20,908	458,940	449,497	20	30,371
Election Board	760	39,294	39,232	1,147	1,969
County Health Department	50	22,663	22,663		50
District Attorney Victim's Restitution	13,253	105,667	103,897	2,277	17,300
District Attorney Fee	6,814	258,507	250,492		14,829
District Attorney Restitution	49,640	206,995	197,991	798	59,442
District Attorney Seizure	4,323	69,700	25,252		48,771
District Attorney Tax Warrant					
Court Clerk Revolving	44,478	51,916	33,727		62,667
District Attorney Diversion Fee	278				278
County Assessor		4,073	4,073		
Victim's Restitution Diversion Program	125				125
Total Official Depository Accounts	<u>\$ 702,746</u>	<u>\$ 5,726,983</u>	<u>\$ 5,663,890</u>	<u>\$ 33,869</u>	<u>\$ 799,708</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, 2004.

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

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 \$50,000 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 and employees' insurance. 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 \$4,726,574 and the bank balance was \$4,935,921. 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.

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

County Sinking – accounts for the payment of interest and principal on the matured portion of long-term bonded debt and civil judgments. Debt service receipts are derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

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.

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.

Detailed Notes on Funds and Account Balances (continued)

District Attorney Child Abuse Task Force – accounts for 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 the 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 Investments – 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.

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

Electronic State Tax Account – accounts for the temporary holdings of employer and employee payroll taxes.

CDBG Rural Sewer District #8 – accounts for federal funds to be used for the construction of sewer lines in District #8.

Detailed Notes on Funds and Account Balances (continued)

District Attorney Child Abuse Center – accounts for state funds to be used for the construction of a child advocacy center.

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.

Detailed Notes on Funds and Account Balances (continued)

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 – 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, 2003, was approximately \$137,468,838.

The County levied 10.00 mills (the legal maximum) for general fund operations, 2.50 mills for the county health department, 3.27 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.

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.

BRYAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

Detailed Notes on Funds and Account Balances (continued)

Current year tax collections for the year ended June 30, 2004, were approximately 92.59 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% on all subsequent pieces of machinery acquired.

F. Judgments

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

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>
2005	\$427,207	\$22,138	\$449,345
Total	<u>\$427,207</u>	<u>\$22,138</u>	<u>\$449,345</u>

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

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 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 1/3%
2. County General Fund – 33 1/3%
3. Road and Bridges Revolving Fund – 33 1/3%

INTERNAL CONTROL AND COMPLIANCE SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

TO THE OFFICERS OF
BRYAN COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Bryan County, Oklahoma, as of and for the year ended June 30, 2004, 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, and describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bryan County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide an opinion 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 as items 2004-1, 2004-2, 2004-3, and 2004-4.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial 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 2004-1 to be a material weakness.

Compliance and Other Matters

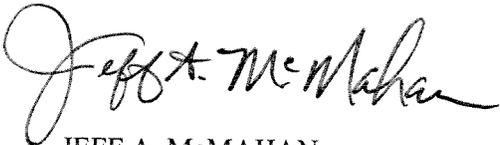
As part of obtaining reasonable assurance about whether Bryan County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we reported to management of Bryan County and are included in Section 2 of the schedule of findings, contained within this report.

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

SECTION 1 - Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Finding 2004-1 - 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.

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

Finding 2004-2 - Written Disaster Recovery Plan (Repeat Finding)

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,

- 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.

Views of responsible officials and planned corrective actions: Each office will work to implement a formal Disaster Recovery Plan.

Finding 2004-3 - Written Policies and Procedures (Repeat Finding)

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 responsibilities.

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. A security awareness training program should be established and all employees using computers required to participate.

Views of responsible officials and planned corrective actions: The County officials will work to prepare and implement policies and procedures for the information systems.

Finding 2004-4 - 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.

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. Deposits are not being made in a timely manner.
4. Skipped receipts are not marked "Void" and are sometimes used at a later date causing a break in the audit trail.
5. Receipts could not be located for deposits made for the period September 4, 2003 through September 25, 2003.
6. Receipts were not issued for all cash bonds received.
7. Receipts were not issued for all inmate trust funds received.

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.

Views of responsible officials and planned corrective actions: We concur with the auditors' findings and are implementing procedures for the safeguarding and timely deposit of all official depository collections.

SECTION 2 - This section contains matters not required to be reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, 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 2004-5 - 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, except the County Treasurer and County Clerk, 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.

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

Finding 2004-6 - Purchasing Procedures for Auxiliary Jail (Repeat Finding)

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 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.

Views of responsible officials and planned corrective actions: Management will ensure the practice of following state statutes regarding construction projects in the future.

Finding 2004-7 - General Contractor Not Competitively Bid (Repeat Finding)

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.

Views of responsible officials and planned corrective actions: Management will ensure the practice of following state statutes regarding construction projects in the future.

Finding 2004-8 - Reimbursements to General Contractor (Repeat Finding)

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.

Views of responsible officials and planned corrective actions: Management will ensure the practice of following state statutes regarding construction projects in the future.

Finding 2004-9 - Sheriff's Jail Log Book

Criteria: Title 57 O.S. 2001, § 48 referring to Jail register book states, "The Sheriff, or other officers performing the duties of sheriff of each county in this state shall procure at the expense of the county a suitable book, or computer record that shall be considered the original for all purposes, to be called the jail register, in which the said sheriff, by himself or his jailer, shall enter the record of inmate activities."

Condition: The Sheriff's loose leaf Jail Log Book had pages missing for the time period of January 19, 2004 through April 3, 2004.

Recommendation: We recommend the Bryan County Sheriff's office utilize and maintain a Jail Log Record that is permanent in nature and that more emphasis be placed on state statutes as set forth in 57 O.S. 2001, § 48.

Views of responsible officials and planned corrective actions: We concur with the auditor's findings and will work to implement procedures for the proper recording of the jail log book.

STATISTICAL SECTION
(Unaudited)

**BRYAN COUNTY, OKLAHOMA
TOP TEN TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2004
(UNAUDITED)**

<u>TAXPAYER NAME</u>	<u>ASSESSED VALUE</u>	<u>% OF TOTAL NET VALUATION</u>
Southwestern Bell Telephone	\$ 5,777,455	4.20%
Custom Molded Plastics/Cornerstone	4,331,870	3.15%
OG&E	4,090,101	2.98%
Stephenson Wholesale	2,162,301	1.57%
Wal-Mart	2,004,851	1.46%
Medical Center of SE Oklahoma	1,964,338	1.43%
Oklahoma Natural Gas/Div Oneok	1,404,396	1.02%
Union Pacific Railroad	889,704	0.65%
SBS, LTD	786,960	0.57%
Alan Ritchey Inc.	695,270	0.51%
Total	<u>\$ 24,107,246</u>	<u>17.54%</u>

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

BRYAN COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE YEAR ENDED JUNE 30, 2004
(UNAUDITED)

Total net assessed value as of January 1, 2003		\$ 137,468,838
Debt limit - 5% of total assessed value		6,873,442
Total bonds outstanding	-	
Total judgments outstanding	427,207	
Less cash in sinking fund	<u>437,640</u>	<u>-</u>
Legal debt margin		<u>\$ 6,873,442</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, 2004
(UNAUDITED)

	2004
Estimated population	36,534
Net assessed value as of January 1, 2003	\$ 137,468,838
Gross bonded debt	-
Less available sinking fund cash balance	437,640
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, 2004
(UNAUDITED)**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2003	\$21,799,668	\$24,575,683	\$99,392,709	\$8,299,222	\$137,468,838	\$1,213,456,532