



# LOGAN COUNTY

## Financial Report

For the fiscal year ended June 30, 2019

**Cindy Byrd, CPA**  
State Auditor & Inspector

**LOGAN COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

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



June 30, 2022

TO THE CITIZENS OF  
LOGAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Logan County, Oklahoma for the fiscal year ended June 30, 2019. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

**LOGAN COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

**Board of County Commissioners**

District 1 – Marven Goodman  
District 2 – Michael Pearson  
District 3 – Monty Piearcy

**County Assessor**

Tisha Hampton

**County Clerk**

Troy Cole

**County Sheriff**

Damon R. Devereaux

**County Treasurer**

Sherri Longnecker

**Court Clerk**

Cheryl Smith

**District Attorney**

Laura Austin Thomas

**TABLE OF CONTENTS**

FINANCIAL SECTION

Report of State Auditor and Inspector ..... 1

    Financial Statement:

        Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis ..... 4

        Notes to the Financial Statement..... 5

SUPPLEMENTARY INFORMATION

    Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—General Fund..... 11

    Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—Health Fund..... 12

    Note to Supplementary Information..... 13

INTERNAL CONTROL AND COMPLIANCE SECTION

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*..... 14

Schedule of Findings and Responses..... 16

**FINANCIAL SECTION**



## **Independent Auditor's Report**

TO THE OFFICERS OF  
LOGAN COUNTY, OKLAHOMA

### ***Report on the Financial Statement***

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Logan County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Logan County as of June 30, 2019, or changes in financial position for the year then ended.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the total receipts, disbursements, and changes in cash balances for all county funds of Logan County, as of and for the year ended June 30, 2019, in accordance with the basis of accounting described in Note 1.

### ***Other Matters***

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the total of all county funds on the financial statement. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statement.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2022, on our consideration of Logan 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 solely 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 effectiveness of the County’s internal control over financial reporting or on compliance. That report is an integral part



of an audit performed in accordance with *Government Auditing Standards* in considering Logan County's internal control over financial reporting and compliance.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

June 23, 2022

**REGULATORY BASIS FINANCIAL STATEMENT**

**LOGAN COUNTY, OKLAHOMA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES—REGULATORY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Beginning Cash Balances July 1, 2018	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2019
County Funds:						
County General Fund	\$ 1,819,866	\$ 5,294,325	\$ 100,000	\$ 100,000	\$ 4,910,129	\$ 2,204,062
County Highway Cash	2,377,325	4,356,897	-	57,860	5,085,993	1,590,369
Sheriff Fee Cash	403,138	1,504,654	550,354	-	1,737,956	720,190
County Clerk Fee Cash	232,517	19,998	-	-	13,819	238,696
Resale Property	398,941	280,938	100,000	100,000	286,730	393,149
County Clerk Preservation	159,786	58,478	-	-	30,075	188,189
County Bridge and Road Improvement	574,305	353,579	-	-	217,850	710,034
Oaksprings Road	34,752	7,102	-	-	-	41,854
Sherwood Road	5,903	2,891	-	-	-	8,794
County Treasurer Mortgage Certification Fee	3,830	10,650	-	-	11,517	2,963
Evergreen Hills Road	21,576	1,743	-	-	-	23,319
County Sales Tax Fire Districts	2,164,504	1,285,402	-	-	986,432	2,463,474
Jail Sales Tax	739,895	1,178,112	-	-	1,258,731	659,276
County Assessor Fee Cash	14,304	2,937	-	-	4,772	12,469
Sheriff Commissary	126,736	174,569	-	-	164,754	136,551
Reward Fund	1,219	-	-	-	-	1,219
Local Emergency Planning Committee Grant	13,291	1,000	-	-	-	14,291
Emergency Management	1,574	-	-	-	1,567	7
Sheriff Revolving	584,288	-	-	550,354	30,432	3,502
County Health Department	971,282	1,224,990	-	-	1,054,597	1,141,675
Sheriff Training	11,323	-	-	-	8,482	2,841
Sheriff Drug Forfeiture	6,449	1,600	-	-	5,234	2,815
Sheriff Drug Cash Fund	2,004	-	-	-	-	2,004
Spring Ridge Road	4,603	934	-	-	-	5,537
Court Fund Salaries	111,620	65,755	-	-	42,992	134,383
Highway Sales Tax	1,360,654	1,303,031	-	-	1,385,910	1,277,775
FEMA - 2014 Wildfire	2,537	-	-	-	-	2,537
Floodplain	8,166	1,850	-	-	1,391	8,625
County Donations	-	148,870	57,860	-	55,391	151,339
<b>Total - All County Funds</b>	<b>\$ 12,156,388</b>	<b>\$ 17,280,305</b>	<b>\$ 808,214</b>	<b>\$ 808,214</b>	<b>\$ 17,294,754</b>	<b>\$ 12,141,939</b>

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

**LOGAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

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

**B. Fund Accounting**

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

During the fiscal year ended June 30, 2019, the County converted to a new chart of accounts; therefore, several fund names and descriptions change. However, these changes do not reflect a change in the sources and uses of revenues over the prior fiscal year.

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

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

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

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

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

**LOGAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

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

County Clerk Preservation – accounts for fees collected for instruments filed in the County Clerk’s office as restricted by state statute for preservation of records.

County Bridge and Road Improvement – accounts for state receipts and disbursements are for the purpose of constructing and maintaining county roads and bridges.

Oaksprings Road – accounts for collections from tax levies. Disbursements are for the maintenance and improvement of Oaksprings Road.

Sherwood Road – accounts for collections from tax levies. Disbursements are for the maintenance and improvement of Sherwood Road.

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

Evergreen Hills Road – accounts for collections from tax levies. Disbursements are for the maintenance and improvement of Evergreen Hills Road.

County Sales Tax Fire Districts – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

Jail Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

County Assessor Fee Cash – accounts for the collection of fees for copies and the disbursement of funds as restricted by state statute.

Sheriff Commissary – accounts for profits on commissary sales in the County jail. Disbursements are to improve or provide jail services as restricted by state statute.

Reward Fund – accounts for revenues from state and county penalties collected for littering and disbursed by the County Sheriff to offer rewards to citizens who provide information for the furtherance of a case.

Local Emergency Planning Committee Grant – accounts for the receipt and disbursement of funds from state and local governments as restricted by the grant agreement.

Emergency Management – accounts for the receipt and disbursement of funds from state and local governments for the operations of the Emergency Management office.

**LOGAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

Sheriff Revolving – accounts for the receipt of funds from federal, state, and local governments for the housing of federal, state, and local inmates. Disbursements are for the lawful operations of the jail.

County Health Department – accounts for monies collected on behalf of the county health department from ad valorem taxes, state and local revenues, and miscellaneous fees charged by the county health department. Disbursements are for the operation of the county health department.

Sheriff Training – accounts for unclaimed property. Disbursements are for officer training, equipment, and crime prevention.

Sheriff Drug Forfeiture – accounts for money awarded to the County Sheriff's office in drug forfeiture cases. Disbursements are for the lawful operation of the Sheriff's office to be used for enforcement of controlled dangerous substance laws, drug abuse prevention, and education.

Sheriff Drug Cash Fund – accounts for the funds used by the County Sheriff's undercover agents in drug busts. Disbursements are to be used to purchase narcotics and/or information.

Spring Ridge Road – accounts for collections from tax levies. Disbursements are for the maintenance and improvement of the Spring Ridge Road addition.

Court Fund Salaries – accounts for funds deposited to be used for payroll for the Court Clerk's office.

Highway Sales Tax – accounts for the collection of sales tax revenue and disbursement of funds as restricted by the sales tax ballot.

FEMA – 2014 Wildfire – accounts for the collections of federal grant money from the Department of Homeland Security. Disbursements are for reimbursement of emergency personnel and equipment expenses associated with a large wildfire in 2014.

Floodplain – accounts for collection of permit fees for building or construction projects being completed on floodplain land. Disbursements are for maintenance and operations of floodplain activities.

County Donations – accounts for monies donated to the County and disbursements restricted by the Board of County Commissioners' resolution.

**C. Basis of Accounting**

The financial statement is prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they

**LOGAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred. This regulatory basis financial presentation is not a comprehensive measure of economic condition or changes therein.

Title 19 O.S. § 171 allows Oklahoma counties to present their financial statement in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171, which specifies the format and presentation of such regulatory basis financial statements: county governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue with all other funds included in the audit presented in the aggregate in a combining statement. However, the County has elected to present all funds included in the audit in the Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis.

**D. Budget**

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

**E. Cash and Investments**

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

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

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

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured. All investments as classified by

**LOGAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

state statute are nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are not subject to interest rate risk or credit risk.

**2. Ad Valorem Tax**

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

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

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

**3. Other Information**

**A. Pension Plan**

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

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



**LOGAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

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

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

**C. Contingent Liabilities**

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

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

**D. Sales Tax**

**Sales Tax of August 26, 2014**

On August 26, 2014, the voters of Logan County approved a three-fourths of one percent (3/4 of 1%) sales tax effective January 1, 2015 and be limited in duration to ten (10) years, terminating on December 31, 2024. The revenues from such tax be allocated and used for the following purposes: one-third (1/3) for road and bridge maintenance and improvements; one-third (1/3) for maintenance and operations of the Logan County Jail, including payment of employee salaries necessary for that purpose; and one-third (1/3) for maintenance, repairs, personnel benefits, personnel training, equipment purchases and/or capital outlay of fire departments located within Logan County. These funds are accounted for in the Highway Sales Tax fund, Jail Sales Tax fund, and County Sales Tax Fire Districts fund.

**E. Interfund Transfers**

During the fiscal year, the County made the following transfers between cash funds:

- \$100,000 was transferred from the Resale Property fund to the County General Fund as a loan in accordance with 68 O.S. §3021.
- \$100,000 was transferred from the County General Fund to the Resale Property fund to repay the loan in accordance with 68 O.S. § 3021.
- \$550,354 was transferred from the Sheriff Revolving fund to the Sheriff Fee Cash fund in accordance with 74 O.S. § 214.
- \$57,860 was transferred from County Highway Cash fund to the County Donations fund to establish the County Donations fund.

**SUPPLEMENTARY INFORMATION**

**LOGAN COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

	General Fund		
	Budget	Actual	Variance
District Attorney - County	\$ 42,514	\$ 25,997	\$ 16,517
County Sheriff	1,136,505	1,109,620	26,885
County Treasurer	110,805	110,714	91
County Commissioners	209,410	200,396	9,014
OSU Extension	73,825	73,587	238
County Clerk	311,394	263,150	48,244
Court Clerk	171,759	151,899	19,860
County Assessor	228,504	213,921	14,583
Revaluation of Real Property	364,949	347,964	16,985
General Government	924,005	500,650	423,355
Excise - Equalization Board	2,900	250	2,650
County Election Expense	137,586	121,102	16,484
Insurance - Benefits	1,968,207	1,555,254	412,953
Charity	1,750	400	1,350
Civil Defense	58,405	55,426	2,979
Highway Budget Account	7,210	2,250	4,960
County Audit Budget Account	112,806	93,187	19,619
Free Fair Budget Account	110,385	106,562	3,823
Total Expenditures, Budgetary Basis	\$ 5,972,919	\$ 4,932,329	\$ 1,040,590

**LOGAN COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—HEALTH FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 1,597,556	\$ 1,082,501	\$ 515,055
Total Expenditures, Budgetary Basis	\$ 1,597,556	\$ 1,082,501	\$ 515,055

**LOGAN COUNTY, OKLAHOMA  
NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

**1. Budgetary Schedules**

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health 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 because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in these funds. At the end of the year unencumbered appropriations lapse.

**INTERNAL CONTROL AND COMPLIANCE SECTION**



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

TO THE OFFICERS OF  
LOGAN COUNTY, OKLAHOMA

We have audited, 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, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Logan County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprise Logan County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated June 23, 2022.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 2019, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

We noted certain matters regarding statutory compliance that we reported to the management of Logan County, which are included in Section 2 of the schedule of findings and responses contained in this report.

### **Purpose of this Report**

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



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

June 23, 2022



**LOGAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

**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***

None reported.

**SECTION 2—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management’s attention. We recommend that management consider these matters and take appropriate corrective action.**

**Finding 2019-008 - Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)**

**Condition:** Upon inquiry and review over the Inmate Trust Fund Checking Account and the Sheriff Commissary Fund, the following was noted:

- The county does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.
- Deposits are not made daily.
- The annual report for the Sheriff’s Commissary Fund was not filed with the Board of County Commissioners by January 15<sup>th</sup>.
- Even though the office has a standard procedure for unclaimed funds, the procedures have not been applied for unclaimed funds.
- Expenditures made from the Inmate Trust Fund Checking Account are for purposes other than to the Sheriff Commissary Fund or refunds to inmates.

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

**Effect of Condition:** These conditions resulted in noncompliance with state statutes. Also, without proper accounting and safeguarding of the Inmate Trust Fund Checking Account and the Sheriff Commissary Fund, there is an increased risk of misappropriation of funds.

**Recommendation:** OSAI recommends the following:

- Key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.
- All collections should be deposited daily in accordance with 19 O.S. § 682.

**LOGAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

- The annual report for the Sheriff's Commissary Fund should be filed with the Board of County Commissioners in accordance with 19 O. S. § 180.43 (D).
- Unclaimed inmate monies should comply with 22 O.S. § 1325 (F, H).
- Expenditures should be made from the Inmate Trust Fund Checking Account in accordance with 19 O.S. § 531.

**Management Response:**

**County Sheriff:**

- Logan County Sheriff's Office (LCSO) will have a team of 2 employees that will receipt money orders or checks from the drop box and kiosk and prepare daily deposits. A separate team of two employees will audit monthly ledger reports and bank statements to ensure for balancing of all jail trust monies. Once audit and balancing are complete, a check of profit will be written and sent to the County Treasurer for deposit into the Sheriff Commissary M&O.
- LCSO will deposit daily.
- LCSO will prepare the annual report of Commissary Fund and present it to the Board of County Commissioners by January 15<sup>th</sup> of each year.
- LCSO will work with the District Attorney's Office to resolve pending unclaimed funds. Once policies and procedures are developed, we will work to resolve all unclaimed funds from the old commissary account.
- LCSO will only disburse Inmate Trust Funds for Sheriff Commissary fund or to refund to inmates.

**Criteria:** The United States Government Accountability Office's *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

*Segregation of Duties*

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transaction, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

The GAO Standards – Principle 10 – Segregation of Duties states:

10.12 – Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

10.13 – Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority,

**LOGAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

---

custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties, but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

10.14 – If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

Title 19 O.S. § 180.43 (D) states in part, “The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year.”

Title 22 O.S. § 1325 (F, H) outlines the procedures for disposing unclaimed property.

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

Title 19 O.S. § 682 states in part: “It shall be the duty of each and every county officer, county board, county commissioner and all members and employees of either thereof, to deposit daily in the official depository designated in Section 681 of this title...”

O·K·L·A·H·O·M·A  
S·A·I  
STATE AUDITOR & INSPECTOR



**Cindy Byrd, CPA | State Auditor & Inspector**

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | [www.sai.ok.gov](http://www.sai.ok.gov)