

COUNTY AUDIT

LOGAN COUNTY

For the fiscal year ended June 30, 2007



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**LOGAN COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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Oklahoma State Auditor & Inspector

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

March 9, 2011

TO THE CITIZENS OF
LOGAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Logan County, Oklahoma for the fiscal year ended June 30, 2007. 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 serving the public interest by providing independent oversight and by issuing 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 blue ink that reads "Gary A. Jones". The signature is written in a cursive style.

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

**LOGAN COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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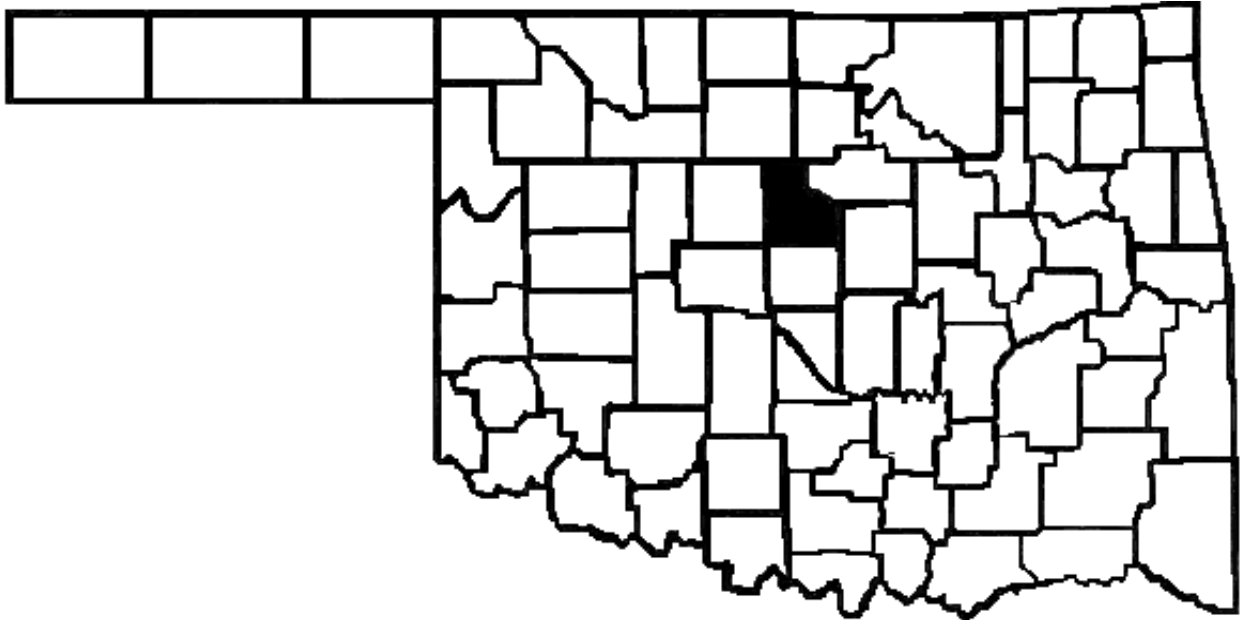
**LOGAN COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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



Logan County was settled by the Land Run of April 22, 1889. It was designated as County No. 1 when Oklahoma Territory was organized in 1890. The county seat, Guthrie, was the capital of Oklahoma Territory and the original state capital.

Places of interest include the Oklahoma Territorial Museum, the Oklahoma State Capital Publishing Museum, the Scottish Rite Masonic Temple, and the Lazy E Arena complex.

County Seat – Guthrie

Area – 748.92 Square Miles

County Population – 36,894
(2005 est.)

Farms – 1,205

Land in Farms – 365,671 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor's report.

**LOGAN COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

COUNTY ASSESSOR
Jacquelyn Gooch

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
Mary Lou Orndorff

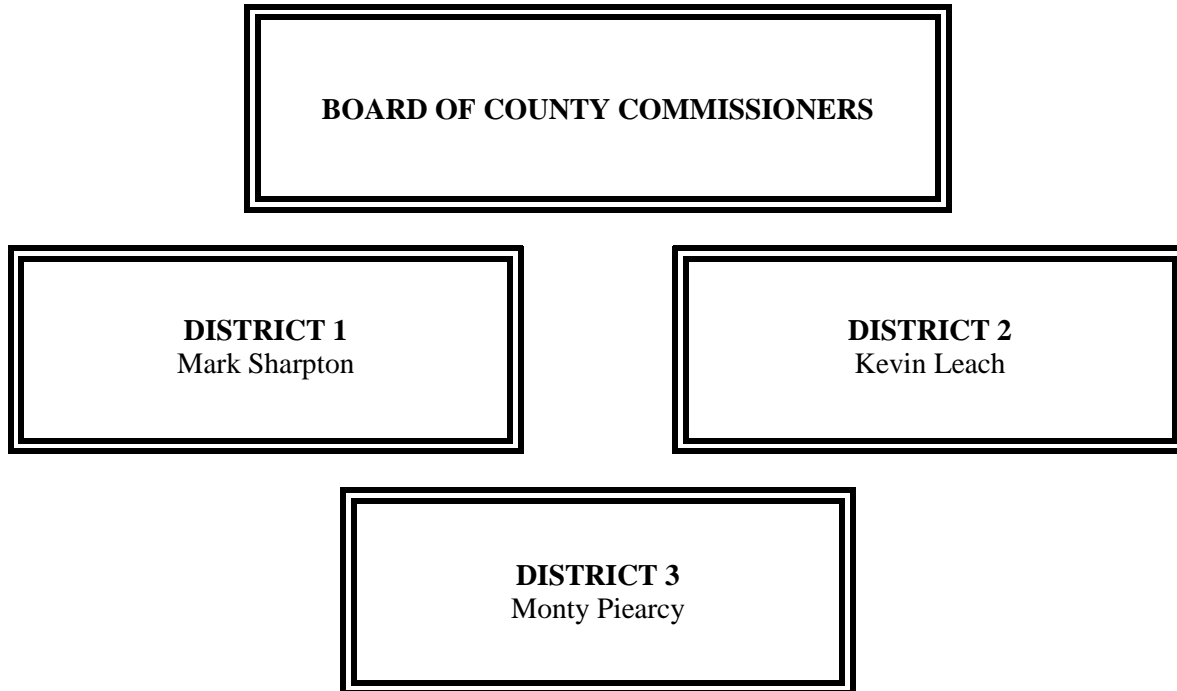
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**LOGAN COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**



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.

**LOGAN COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

COUNTY SHERIFF
Randy Richardson

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
Sherri Longnecker

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.

See independent auditor's report.

**LOGAN COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

COURT CLERK
ReJuania Zmek

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.

DISTRICT ATTORNEY
Robert Hudson

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.

**LOGAN COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

ELECTION BOARD SECRETARY
Dondee Klein

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.

See independent auditor's report.

**LOGAN COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

Total net assessed value as of January 1, 2006		<u>\$ 222,116,521</u>
Debt limit - 5% of total assessed value		11,105,826
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>1,005</u>	<u>-</u>
Legal debt margin		<u>\$ 11,105,826</u>

See independent auditor's report.

**LOGAN COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

	2007
Estimated population	36,894
Net assessed value as of January 1, 2006	\$ 222,116,521
Gross bonded debt	-
Less available sinking fund cash balance	1,005
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

**LOGAN COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007
 (UNAUDITED)**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2006	\$ 32,703,464	\$ 39,741,542	\$ 157,888,777	\$ 8,217,262	\$222,116,521	\$1,850,971,008

See independent auditor's report.

FINANCIAL SECTION



Oklahoma State Auditor & Inspector

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

Independent Auditor's Report

TO THE OFFICERS OF
LOGAN COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Logan County, Oklahoma, as of and for the year ended June 30, 2007, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Logan County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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.

As described in Note 1, this financial statement was prepared using accounting practices prescribed or permitted by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Logan County as of June 30, 2007, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Logan County for the year ended June 30, 2007, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2011, 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 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 conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.

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

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

February 22, 2011

Basic Financial Statement

**LOGAN COUNTY, OKLAHOMA
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 (WITH COMBINING INFORMATION)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Beginning Cash Balances July 1, 2006	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2007
Combining Information:				
County General	\$ 644,927	\$ 3,161,653	\$ 2,823,600	\$ 982,980
Highway Cash	1,827,339	3,586,999	3,777,303	1,637,035
County Health	399,912	583,966	625,492	358,386
Resale Property	204,420	169,417	129,986	243,851
County Sinking	999	6		1,005
Assessor Visual Inspection	352			352
City of Meridian CDBG		3,000	3,000	
Commissary Profits	9,392			9,392
Sheriff Training Fund	1,151			1,151
County Sales Tax Fire District	1,203,124	548,690	483,605	1,268,209
Sheriff Drug Forfeiture	15,461		500	14,961
Fee Cash	916,436	720,375	756,020	880,791
Reward Fund	915			915
Combined Total - All County Funds	\$ 5,224,428	\$ 8,774,106	\$ 8,599,506	\$ 5,399,028

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, 2007**

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 basic financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of Logan County, Oklahoma. The financial statement referred to includes only the primary government of Logan County, Oklahoma, and does not include financial information for any of the primary government's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the primary government. The funds presented as line items are not a part of the basic financial statement, but have been included as supplementary information within the basic financial statement. These separate funds 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 County uses funds to report on receipts, disbursements, and changes in cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

County General – revenue is from ad valorem taxes, officers' fees, sales tax, interest earnings, and miscellaneous collections of the County. Disbursements are for the general operations of the County.

Highway Cash – revenue is from state imposed fuel taxes and disbursements for the purpose of constructing and maintaining county roads and bridges.

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

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

**LOGAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

County Sinking - accounts for the payment of long-term debt. All debt was paid in full during the year ending June 30, 2003.

Assessor Visual Inspection – accounts for state collections. Disbursed as restricted by statute.

City of Meridian CDBG – revenues are from a federal community development block grant awarded through the State Department of Commerce. Disbursements are for the City of Meridian sewer project.

Commissary Profits – revenues are from profits derived from a commissary for county jail inmates.

Sheriff Training Fund – accounts for local collections. Disbursed to train deputies in public safety procedures.

County Sales Tax Fire District – accounts for sales tax collections. Disbursed to local volunteer fire departments.

Sheriff Drug Forfeiture – revenues are from the sale of items forfeited in drug related cases. Disbursements are for public safety and law enforcement.

Fee Cash – revenues are from collections received from the treasurer, sheriff, assessor, and county clerk. Disbursements are for those office operations as restricted by statute.

Reward Fund – accounts for state collections. Disbursements are to stop illegal trash dumping.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts and school districts. 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.

C. Basis of Accounting

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

**LOGAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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.

For the highway funds and other funds, which are not required to adopt a formal budget, appropriations are made on a monthly basis, according to the funds then available.

E. Cash

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).

F. Investments

The County Treasurer has been authorized by the County's governing board to make investments. By statute (62 O.S. § 348.1 and § 348.3), the following types of investments are allowed:

- 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

**LOGAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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.

G. Compensated Absences

Vacation benefits are earned by the employee during the year and may not be accumulated. Employees with service years up to 10 years earn 10 days per year. Employees with service years exceeding 10 years earn 15 days per year. Vacation leave is accrued monthly. Upon separation, an employee will be paid for the balance of accrued annual leave up to the accumulated limit.

Sick leave benefits are accrued at the rate of 5 days per year and employees may accumulate up to 30 days. Sick leave is not paid upon termination.

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."

The assessed property value as of January 1, 2006, was approximately \$222,116,521.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.24 mills for general fund operations, 2.56 mills for county health department, and 3.00, 3.07, and 3.08 mills, respectively, for emergency medical service. In addition, the County collects the ad valorem taxes assessed by 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.

Current year tax collections for the year ended June 30, 2007, were approximately 93.41 percent of the tax levy.

**LOGAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

3. 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. Risk Management

The County is exposed to the various risks of loss shown in the following table:

Types of Loss	Method of Management	Risk of Loss Retained
General Liability <ul style="list-style-type: none"> • Torts • Errors and Omissions • Law Enforcement Officers' Liability • Vehicle 	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.
Physical Plant <ul style="list-style-type: none"> • Theft • Damage to Assets • Natural Disasters 		

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 \$25,000 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.

5. Long-term Obligations

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

**LOGAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

with the Oklahoma Department of Transportation (ODOT) are interest free, but have a one-time fee of 3% on all pieces of machinery acquired.

6. 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. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 7.5% and 12.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 12.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2007, 2006, and 2005, were \$312,323, \$314,577, and \$218,082, respectively, equal to the required contributions for each year.

2.5% Step-Up. Members have the option to increase the benefit computation factor for all future service from 2.0% to 2.5%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service.

7. 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.

8. 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

**LOGAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

expenditures which may be disallowed by the grantor cannot be determined at this time; although, the County expects such amounts, if any, to be immaterial.

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

9. Sales Tax

In September of 2007, the voters of Logan County approved a decrease from the 1% sales tax to $\frac{3}{4}$ of 1%. This sales tax became effective January 1, 2008, and is unlimited in duration. The sales tax was established to provide revenue to be used to further any lawful purpose (including but not limited to the support, capital improvements for and operation and maintenance) of the hospital. The hospital is owned by the County and leased to Logan County Hospital and Medical Center Authority.

The voters of Logan County authorized to extend a $\frac{1}{4}$ of 1% sales tax, effective October 1, 2005, for the duration of five years. The sales tax was established for the purpose of assisting county fire departments.

On March 1, 2005, the voters of Logan County approved a $\frac{3}{4}$ of 1% sales tax, effective July 1, 2005, and terminating after ten years or at the date of retirement of any debt incurred for land acquisition, construction, financing, furnishing, and equipping a new county jail and related facilities.

OTHER SUPPLEMENTARY INFORMATION

LOGAN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 644,927	\$ 644,927	\$ 644,927	\$ -
Less: Prior Year Outstanding Warrants	(137,964)	(137,964)	(137,964)	
Less: Prior Year Encumbrances	(139,178)	(139,178)	(134,358)	4,820
Beginning Cash Balances, Budgetary Basis	<u>367,785</u>	<u>367,785</u>	<u>372,605</u>	<u>4,820</u>
Receipts:				
Ad Valorem Taxes	2,067,703	2,067,703	2,121,607	53,904
Charges for Services	253,530	253,530	296,298	42,768
Intergovernmental Revenues	290,964	359,037	307,474	(51,563)
Miscellaneous Revenues	88,179	88,179	435,889	347,710
Total Receipts, Budgetary Basis	<u>2,700,376</u>	<u>2,768,449</u>	<u>3,161,268</u>	<u>392,819</u>
Expenditures:				
District Attorney	22,500	22,500	22,484	16
Total District Attorney	<u>22,500</u>	<u>22,500</u>	<u>22,484</u>	<u>16</u>
County Sheriff	901,014	925,667	914,100	11,567
Capital Outlay	18,818			
Total County Sheriff	<u>919,832</u>	<u>925,667</u>	<u>914,100</u>	<u>11,567</u>
County Treasurer	104,165	104,165	103,145	1,020
Capital Outlay	5	5		5
Total County Treasurer	<u>104,170</u>	<u>104,170</u>	<u>103,145</u>	<u>1,025</u>
County Commissioners	195,780	195,780	195,470	310
Capital Outlay	3,000	3,000		3,000
Total County Commissioners	<u>198,780</u>	<u>198,780</u>	<u>195,470</u>	<u>3,310</u>
County Commissioners O.S.U. Extension	21,385	26,615	26,597	18
Capital Outlay	7,924	2,694	2,693	1
Total County Commissioners O.S.U. Extension	<u>29,309</u>	<u>29,309</u>	<u>29,290</u>	<u>19</u>
County Clerk	191,990	191,990	190,385	1,605
Capital Outlay	100	100		100
Total County Clerk	<u>192,090</u>	<u>192,090</u>	<u>190,385</u>	<u>1,705</u>

continued on next page

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**LOGAN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Court Clerk	107,265	107,265	106,262	1,003
Total Court Clerk	<u>107,265</u>	<u>107,265</u>	<u>106,262</u>	<u>1,003</u>
County Assessor	104,300	104,300	95,966	8,334
Capital Outlay	10,000	10,000	9,945	55
Total County Assessor	<u>114,300</u>	<u>114,300</u>	<u>105,911</u>	<u>8,389</u>
Revaluation of Real Property	157,600	157,600	149,473	8,127
Capital Outlay	20,000	20,000	18,157	1,843
Total Revaluation of Real Property	<u>177,600</u>	<u>177,600</u>	<u>167,630</u>	<u>9,970</u>
General Government	484,800	450,161	387,315	62,846
Capital Outlay	167,803	239,803	239,674	129
Total General Government	<u>652,603</u>	<u>689,964</u>	<u>626,989</u>	<u>62,975</u>
Civil Defense	4,300	4,300	2,832	1,468
Capital Outlay	800	800	757	43
Total Civil Defense	<u>5,100</u>	<u>5,100</u>	<u>3,589</u>	<u>1,511</u>
County Election Expense	112,667	115,738	115,057	681
Capital Outlay	1,000			
Total County Election Expense	<u>113,667</u>	<u>115,738</u>	<u>115,057</u>	<u>681</u>
Insurance - Benefits	346,000	366,798	352,484	14,314
Total Insurance - Benefits	<u>346,000</u>	<u>366,798</u>	<u>352,484</u>	<u>14,314</u>
Charity	500	2,500	800	1,700
Total Charity	<u>500</u>	<u>2,500</u>	<u>800</u>	<u>1,700</u>
Civil Defense	15,050	15,050	11,580	3,470
Total Civil Defense	<u>15,050</u>	<u>15,050</u>	<u>11,580</u>	<u>3,470</u>
County Audit Budget	22,212	22,212	881	21,331
Total County Audit Budget	<u>22,212</u>	<u>22,212</u>	<u>881</u>	<u>21,331</u>

continued on next page

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

LOGAN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

continued from previous page

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Free Fair Budget Account	38,450	37,794	37,788	6
Capital Outlay	8,750	9,414	9,414	
Total Free Fair Budget Account	<u>47,200</u>	<u>47,208</u>	<u>47,202</u>	<u>6</u>
 Total Expenditures, Budgetary Basis	 <u>3,068,178</u>	 <u>3,136,251</u>	 <u>2,993,259</u>	 <u>142,992</u>
 Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	 <u>\$ (17)</u>	 <u>\$ (17)</u>	 540,614	 <u>\$ 540,631</u>
 Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Warrants Estopped or Cancelled			324	
Add: Current Year Encumbrances			300,630	
Add: Current Year Outstanding Warrants			141,412	
Ending Cash Balance			<u>\$ 982,980</u>	

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**LOGAN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY HEALTH DEPARTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 399,912	\$ 399,912	\$ 399,912	\$ -
Less: Prior Year Outstanding Warrants	(43,923)	(43,923)	(43,923)	
Less: Prior Year Encumbrances	(44,201)	(44,201)	(40,293)	3,908
Beginning Cash Balances, Budgetary Basis	<u>311,788</u>	<u>311,788</u>	<u>315,696</u>	<u>3,908</u>
Receipts:				
Ad Valorem Taxes	516,926	516,926	528,965	12,039
Charges for Services			20,242	20,242
Intergovernmental Revenues			13,187	13,187
Miscellaneous Revenues		30,603	21,572	(9,031)
Total Receipts, Budgetary Basis	<u>516,926</u>	<u>547,529</u>	<u>583,966</u>	<u>36,437</u>
Expenditures:				
Health and Welfare	775,139	805,742	670,773	134,969
Capital Outlay	53,575	53,575	12,782	40,793
Total Expenditures, Budgetary Basis	<u>828,714</u>	<u>859,317</u>	<u>683,555</u>	<u>175,762</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	216,107	<u>\$ 216,107</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			68,260	
Add: Current Year Outstanding Warrants			74,019	
Ending Cash Balance			<u>\$ 358,386</u>	

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**LOGAN COUNTY, OKLAHOMA
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES—SINKING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Beginning Cash Balance	\$ 999
Receipts:	
Miscellaneous Receipts	<u>6</u>
Total Receipts	<u>6</u>
Disbursements:	
Total Disbursements	<u>-</u>
Ending Cash Balance	<u><u>\$ 1,005</u></u>

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**LOGAN COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

1. Budgetary Schedules

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General Fund and the County Health Department Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Combined Statement of Receipts, Disbursements, and Changes in Cash Balances with Combining Information because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

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

2. Sinking Fund Schedule

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.

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION



Oklahoma State Auditor & Inspector

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

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 the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Logan County, Oklahoma, as of and for the year ended June 30, 2007, which comprises Logan County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated February 22, 2011. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. 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 Logan County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies 2007-1, 2007-2, 2007-3, and 2007-5 described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2007-2 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Logan County's financial statement is 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 2007-4.

We noted certain matters 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.

Logan County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Logan County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management of Logan County and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.



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

February 22, 2011

**LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 2007-1 - Backup Tapes, Disaster Recovery Plans, and Computer Usage Policies

Criteria: According to the standards of the Information Systems Audit and Control Association (CobiT, Delivery and Support 4), information services function 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.

According to the standards of the Information Systems Audit and Control Association (CobiT, Delivery and Support) DS11.6 Security Requirements for Data Management, management should define and implement policies and procedures to identify and apply security requirements applicable to the receipt, processing, storage and output of data to meet business objectives, the organization's security policy and regulatory requirements.

Condition: County offices do not have a disaster recovery plan with the exception of the County Clerk, County Treasurer and the Court Clerk. The County Clerk's and the County Treasurer's disaster recovery plans have not been updated since 2002. With the exception of the County Treasurer there are no written polices describing proper use of county office computer equipment or no written policies that detail duties performed on computers.

Effect: The failure to have a formal Disaster Recovery Plan could result in the County being unable to function in the event of a disaster. Storing backup tapes in several locations in the event of a disaster

**LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

could cause significant problems in ensuring county business could continue uninterrupted. Without an IT security policy in place, the County is at risk of a loss of financial and taxpayer data as well as a risk for misappropriation of county assets.

Recommendation: OSAI recommends the County develop a formal Disaster Recovery Plan. The County should study and act on different proposals to ensure that backup tapes of all records in the County are stored in a safe, secure and remote location, off the premises from the courthouse, where information could be easily retrieved by authorized personnel in the event of a disaster. OSAI further recommends that prior to storage, all backup data is tested to determine the data is reliable and working. OSAI also recommends management establish and implement a computer and internet policy that describes acceptable computer and internet usage by county employees.

Views of responsible officials and planned corrective actions:

Sherri Longnecker – County Treasurer

Since I took office in July 2007, I have updated our disaster plan by implementing offsite backup through our IT department Tom Martin. Also, I have purchased a fireproof safe that holds our onsite backup tapes. Also, we have a disaster recovery plan booklet that is in the office in the safe as well as an extra copy that is kept at the Treasurer's house.

Michael Pearson – Commissioner, District 2

Although I was not the District 2 Commissioner when this audit was done, I have taken the two deficiencies listed for District 2 seriously and would like to reply to them.

During my term of administration our district has contracted with Kellpro Inventory Control System to daily upload and store all of our financial records at their business location. Should a disaster happen at our district office, we would now be able to recover all financial records within a matter of hours.

Jim Bauman – County Sheriff

As of the above mentioned date (March 1, 2011), no plan is in place. The Logan County Sheriff's Office is in the process of implementing a plan, and has set a target date for completion of this plan for April 1, 2011.

Please be advised that during the fiscal year July 1, 2006-June 30, 2007, Jim Bauman was not the Logan County Sheriff.

Tisha Hampton – County Assessor

I have created a notebook to include a list of all our vendors contact people phone numbers, fax, and email address. Should any catastrophe happen my first deputy, Carol Pifer, and myself have this notebook at our homes. Also included in the notebook are the Segregation of Duties in the Assessor's office. My First Deputy will make the deposits, but will not receive any monies. There are four of us that can receive monies. Time sheets are prepared by the First Deputy. I have two Receiving officers, and

**LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

two requisition officers. I have included in the book the names and numbers of all Logan County Officers/Department heads. My staff's home phone, cell phone, email address, as well as their passwords for our system are included.

Myself, or my First Deputy will keep a weekly back up at our homes. I will keep a monthly back up at my home.

Finding 2007-2 – Segregation of Duties – Payroll

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, 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.

Condition: Based on inquiries of County personnel, it was noted a deputy in the County Clerk's office processes payroll, prints off verification reports and compares payroll claims to verification report for accuracy.

Effect: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

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

Views of responsible officials and planned corrective actions: Management did not respond.

Finding 2007-3 – Time Records

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, time records should be used to document hours worked and leave used each day. Time records should be signed by the employee and the supervisor/county official certifying the validity of the hours worked and/or leave used.

Condition: While testing payroll, we noted the following:

**LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

- Of the 24 time records tested for the Assessor's Office, 8 were not signed by a supervisor.
- Of the 36 time records tested for District 2, two were not signed by the employee.
- Of the 27 time records tested for the Treasurer's Office, two could not be located and two were not signed by a supervisor.

Effect: Inadequate documentation of employees' time could result in misappropriation of county funds.

Recommendation: OSAI recommends all County officials have properly approved time records to support the monthly payroll. Each employee's time record should reflect the hours worked each day, the compensatory time earned, taken or paid, and be approved by the County officer or supervisor.

Views of responsible officials and planned corrective actions:

Tisha Hampton – County Assessor

Time sheets are prepared by the First Deputy.

Sherri Longnecker – County Treasurer

I wasn't in office at the time, so I don't know where the timesheets went or why they weren't signed.

Michael Pearson – Commissioner, District 2

Without knowing which two records these were, it is hard to make an extensive office investigation for the cause of this deficiency. The only possible explanation would be that they were the time records for employees who had left the job and the office was unable to locate them for their signatures.

Finding 2007-4 – Under-collateralized

Criteria: Title 62 O.S. § 517.4.A. states:

A treasurer of a public entity shall require that financial institutions deposit collateral securities or instruments to secure the deposits of the public entity in each such institution. The amount of collateral securities or instruments to be pledged for the security of public deposits shall be established by the treasurer of the public entity consistent with the provisions of the Security for Local Public Deposits Act; provided, such amount shall not be less than the amount of the deposit to be secured, less the amount insured.

Condition: During the month of December 2006, the County was under-collateralized \$2,366,616.99.

Effect: By being under-collateralized, not only is the County Treasurer in violation of state statutes, but there is an increased risk of losing county funds if a bank were to default.

Recommendation: OSAI recommends the County Treasurer monitor county pledges routinely to ensure deposits are adequately secured and verify market values of pledged securities are adequate to secure County deposits at all the County's depository banks.

**LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Views of responsible officials and planned corrective actions: Management did not respond.

Finding 2007-5 – Purchasing

Criteria: Statutory control procedures have been established for the requisition, purchase, lease-purchase, rental, and receipt of supplies, material, and equipment for maintenance, operation, and capital expenditures of county government.

Title 19 O.S. § 1505.C.2 states:

The county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order.

Title 19 O.S. § 1505.C.3 states in part:

...In instances where it is impossible to ascertain the exact amount of the indebtedness sought to be incurred at the time of recording the encumbrance, an estimated amount may be used. No purchase order shall be valid unless signed by the county purchasing agent and certified by the county clerk.

Title 19 O.S. § 1505.F.2 states in part:

The board of county commissioners shall consider the purchase orders presented and act upon the purchase orders, by allowing in full or in part or by holding for further information or disallowing the same. The disposition of purchase orders shall be indicated by the board of county commissioners, showing the amounts allowed or disallowed and shall be signed by at least two members of the board of county commissioners...

Condition: Of the 29 purchase orders tested, we found the following:

- Four instances where the purchase orders were not approved by the Board of County Commissioners.
- Two instances where the purchase orders were not reviewed and approved by the County Clerk.
- Once instance where the purchase order was not encumbered prior to the ordering or purchasing of materials or supplies.

Effect: When the officials do not properly encumber funds and approve purchase orders, purchasing controls are not effective with regard to the determination of funds being available for expenditure. The County is not following internal control procedures established by state statutes, which could result in undetected errors and in some instances could result in misappropriation of assets.

Recommendation: OSAI recommends funds be encumbered prior to the ordering and/or receiving of goods and services as set forth in 19 O.S. § 1505.C, and to ensure funds are available for all purchases made. OSAI further recommends purchase orders be reviewed and approved by the County Clerk and the BOCC.

**LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Views of responsible officials and planned corrective actions: Management did not respond.

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 2007-6 – Segregation of Duties

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, 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.

Condition: A lack of segregation of duties exists in the Election Board office because the Secretary opens the mail, writes the receipts, prepares the deposit, and posts receipts. Further, the Secretary also calculates amounts to be vouchered, prepares the vouchers, signs the vouchers, posts the vouchers, authorizes purchases, prepares claims, certifies receipt of goods, and approves claims.

A lack of segregation of duties exists in the County Assessor’s office because one deputy opens the mail, writes receipts, balances the cash drawer to daily receipts, prepares deposit, takes deposits to the Treasurer, posts deposits, and reconciles the account at month end to the Treasurer’s balance. Further, another deputy calculates voucher amounts, reviews amounts, prepares vouchers, signs vouchers, posts vouchers, and distributes vouchers.

A lack of segregation of duties exists in the County Clerk’s Office because one deputy opens the mail, writes receipts, balances cash drawer, prepares official depository tickets, takes deposits to the Treasurer, posts deposits, and reconciles the official depository balance to the Treasurer. Furthermore, the same deputy calculates voucher amounts, reviews amounts, prepares vouchers, signs vouchers, posts vouchers, and distributes vouchers.

A lack of segregation of duties exists in the Sheriff’s Office because there are four deputies who open mail, write receipts, prepare deposits, and take deposits to the Treasurer’s Office. These same deputies prepare and sign vouchers.

A lack of segregation of duties exists in the Health Department because the secretary opens the mail, writes receipts, balances cash drawer, prepares official depository deposit slips, takes deposits to the Treasurer, posts receipts, and reconciles official depository account with the Treasurer’s Office. Furthermore, the secretary calculates voucher amounts, reviews vouchers, prepares vouchers, signs vouchers, posts vouchers, distributes vouchers, authorizes purchases, prepares claims, certifies goods and services and approves claims for payment.

**LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Effect: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

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

Views of responsible officials and planned corrective actions:

Tisha Hampton – County Assessor

I have created a notebook to include a list of all our vendors contact people phone numbers, fax, and email address. Should any catastrophe happen my first deputy, Carol Pifer, and myself have this notebook at our homes. Also included in the notebook are the Segregation of Duties in the Assessor's office. My First Deputy will make the deposits, but will not receive any monies. There are four of us that can receive monies. Time sheets are prepared by the First Deputy. I have two Receiving officers, and two requisition officers.

Finding 2007-7 – Estimate of Needs

Criteria: The adopted budget is an expression of public policy and financial intent and is a method of providing controls over that intent. Effective internal controls as they relate to government entities financial reporting should assist in fulfilling government's duty to be publicly accountable and should enable users access to that accountability by demonstrating whether resources were obtained and used in accordance with the entity's adopted budget.

Condition: During our examination of the Estimate of Needs for the General Fund, we noted the following:

- Budget did not balance.
- Interest on non-payable warrants in the amount of \$345.81 was not included.

Also on the Estimate of Needs, the County sales tax fire district was not included and warrants issued per the budget for the reward fund was \$915.00, when in fact the warrants issued for the reward fund was \$0.00.

Effect: This condition results in an incomplete and/or incorrect Estimate of Needs.

**LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Recommendation: OSAI recommends the County review the Estimate of Needs prior to approval to ensure that all amounts are accurately presented and a balanced budget is adopted.

Views of responsible officials and planned corrective actions: Management did not respond.

Finding 2007-8 – Deposits

Criteria: Title 19 O.S. § 682 states:

It shall be the duty of each and every county officer and employees thereof to deposit all monies received daily.

Condition: Fifteen receipts dated on or between July 24, 2006 - August 30, 2006, were not deposited into the Sheriff's Service Fee Official Depository Account until September 7, 2006. Also, a receipt for the deposit on February 23, 2007, could not be located.

Effect: By not depositing funds on a daily basis could increase the risk of theft and misappropriation of funds and is a violation of state statutes.

Recommendation: OSAI recommends that all monies received in the Sheriff's office be deposited each business day, and that a receipt is issued for all monies received.

Views of responsible officials and planned corrective actions:

Jim Bauman, County Sheriff –

As of the above mentioned date (March 1, 2011), it is the intent of the Logan County Sheriff to ensure that all monies will be deposited on a daily basis and that receipts be issued and a copy of said receipts be maintained.

Please be advised that during the fiscal year July 1, 2006-June 30, 2007, Jim Bauman was not the Logan County Sheriff.

Finding 2007-9 – Balance with Treasurer's Office

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, reconciliation should be performed between the Treasurer's Office and the Sheriff.

Condition: The Sheriff's Office does not balance their official depository accounts with the Treasurer's Office on a monthly basis.

Effect: Without reconciling on a monthly basis with the Treasurer's Office could result in misappropriation of county assets.

**LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Recommendation: OSAI recommends the Sheriff implement procedures to balance with the Treasurer's Office on a monthly basis.

Views of responsible officials and planned corrective actions:

Jim Bauman, County Sheriff –

Since February 2010, the Logan County Sheriff's Office has been balancing the official depository amounts with the Logan County Treasurer's Office on a monthly basis.

Please be advised that during the fiscal year July 1, 2006-June 30, 2007, Jim Bauman was not the Logan County Sheriff.



OFFICE OF THE STATE AUDITOR AND INSPECTOR

2300 N. LINCOLN BOULEVARD, ROOM 100

OKLAHOMA CITY, OK 73105-4896

WWW.SAI.OK.GOV