

COUNTY AUDIT

LOGAN COUNTY

For the fiscal year ended June 30, 2013



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, 2013**

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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

June 5, 2015

TO THE CITIZENS OF
LOGAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Logan County, Oklahoma for the fiscal year ended June 30, 2013. 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.

Sincerely,

A handwritten signature in blue ink, reading "Gary A. Jones".

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

**LOGAN COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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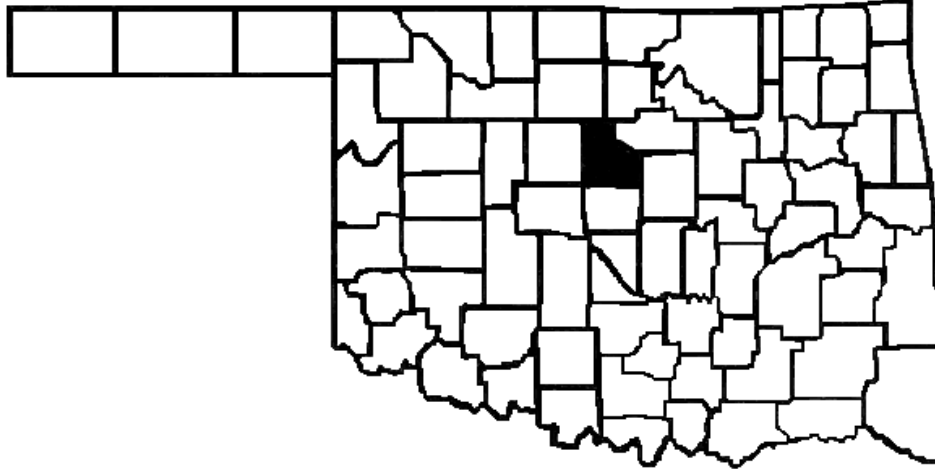
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PRESENTED FOR INFORMATIONAL PURPOSES ONLY

**LOGAN COUNTY, OKLAHOMA
STATISTICAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**



Settled by the land run on April 22, 1889, Logan County was designated County No. 1 when Oklahoma Territory was organized in 1890. It was later named for Senator John A. Logan of Illinois, popular Civil War general.

Guthrie was the capital of the territory and the state until the removal to Oklahoma City in June 1910. Guthrie's central district is on the National Register of Historic Places and is the only continental United States territorial capital that is substantially the same as it was during the 1890s.

Guthrie has easy access from I-35, S.H. 33, and S.H. 77, and is served by the Burlington Northern Santa Fe Railroad. Light manufacturing includes products such as hydraulic lifts, display islands, and wooden shipping pallets. Community facilities include two municipal lakes for water supply and recreation, a swimming pool, library, hospital, four city parks, three sport areas, two golf courses, and an airport for small planes.

Places of interest include the Oklahoma Territorial Museum, the Oklahoma State Capital Publishing Museum, the Scottish Rite Masonic Temple, Pioneer Drugstore Museum, the historic downtown district, and the Lazy E Arena complex, all in Guthrie.

For more information, call the county clerk's office at 405/282-0266.

County Seat – Guthrie

Area – 748.92 Square Miles

County Population – 43,666
(2012 est.)

Farms – 1,241

Land in Farms – 403,810 Acres

Primary Source: Oklahoma Almanac 2013-2014

**LOGAN COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Board of County Commissioners

District 1 – Mark Sharpton
District 2 – Michael Pearson
District 3 – Monty Pearcey

County Assessor

Tisha Hampton

County Clerk

Troy Cole

County Sheriff

Jim Bauman

County Treasurer

Sherri Longnecker

Court Clerk

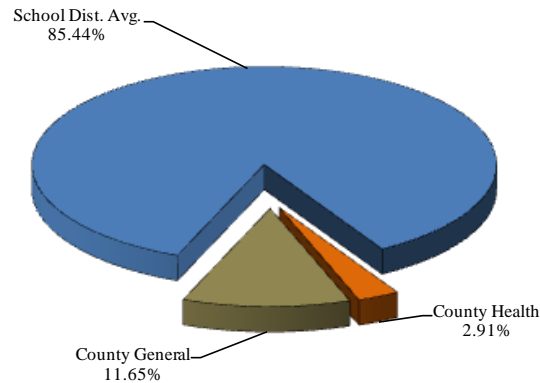
ReJuania Zmek

District Attorney

Tom Lee

**LOGAN COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

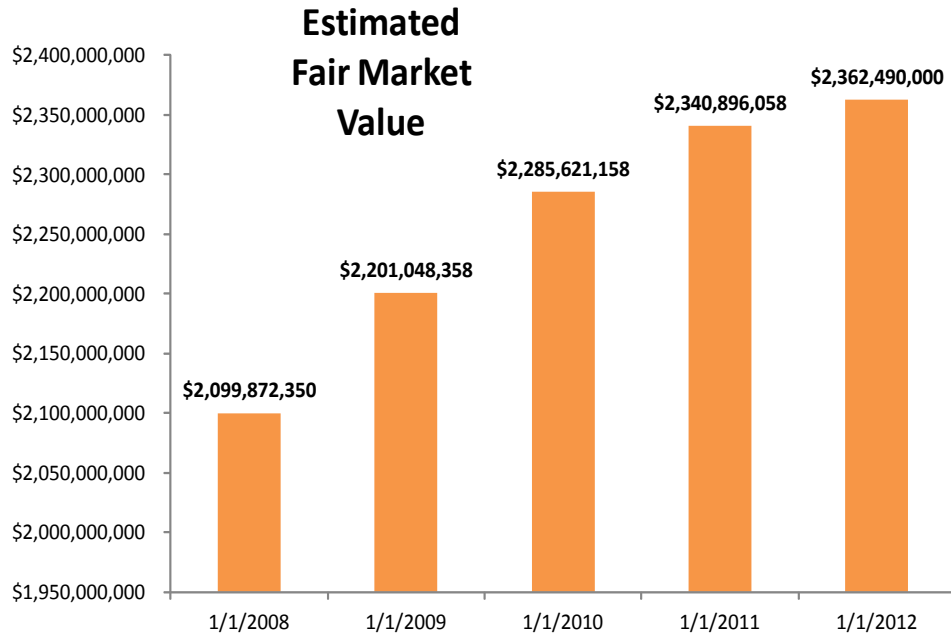
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the tax on that property is \$1.00. This chart shows the different entities of the County and their share of the various millages as authorized by the Constitution.



County-Wide Millages			School District Millages						
							Career		
County General	10.24			Gen.	Bldg.	Skg.	Tech	Common	Total
County Health	2.56	Guthrie	I-1	35.84	5.12	-	15.37	4.09	60.42
		Crescent	I-2	35.90	5.13	20.33	5.33	4.09	70.78
		Mulhall-Orlando	I-3	36.20	5.17	8.97	15.37	4.09	69.80
		Coyle	I-14	36.42	5.20	18.73	-	4.09	64.44
		Payne	I-56	36.79	5.26	23.97	15.37	4.09	85.48
		Kingfisher	I-89	35.32	5.05	18.35	-	4.09	62.81
		Garfield	I-94	35.84	5.12	9.84	15.34	4.09	70.23
		Lincoln	I-4	36.76	5.25	16.29	15.60	4.09	77.99
		Oklahoma	I-3	36.32	5.19	11.73	16.09	4.09	73.42
		Oklahoma	I-6	35.70	5.10	36.52	15.33	4.09	96.74
		Oklahoma	I-12	35.69	5.10	24.21	15.33	4.09	84.42

**LOGAN COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
TREND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

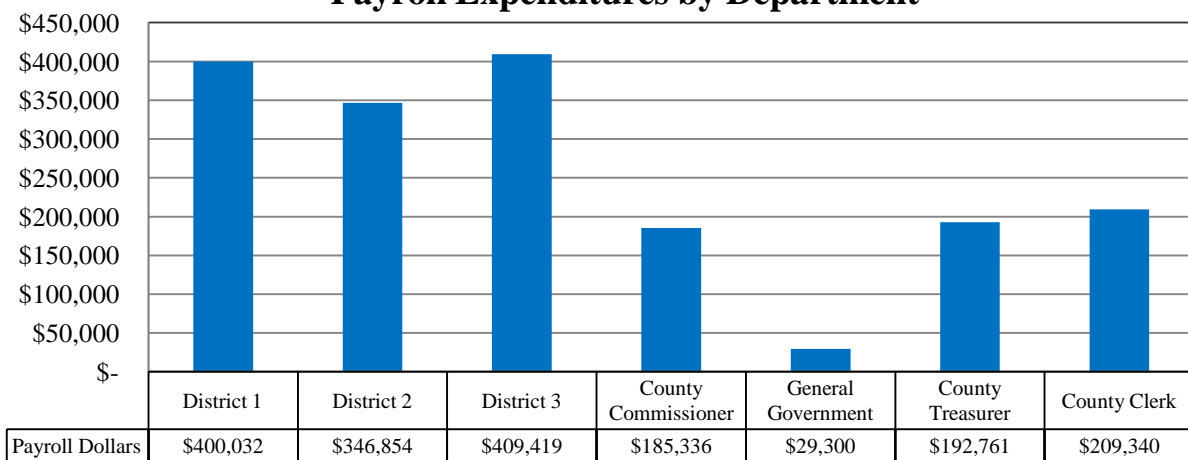
Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2012	\$24,936,282	\$40,541,889	\$228,896,045	\$10,875,416	\$283,498,800	\$2,362,490,000
1/1/2011	\$28,147,175	\$41,171,869	\$222,616,647	\$11,028,164	\$280,907,527	\$2,340,896,058
1/1/2010	\$27,036,143	\$40,386,013	\$215,557,986	\$8,705,603	\$274,274,539	\$2,285,621,158
1/1/2009	\$26,960,188	\$39,098,950	\$206,634,412	\$8,567,747	\$264,125,803	\$2,201,048,358
1/1/2008	\$28,282,534	\$38,764,515	\$193,417,708	\$8,480,075	\$251,984,682	\$2,099,872,350



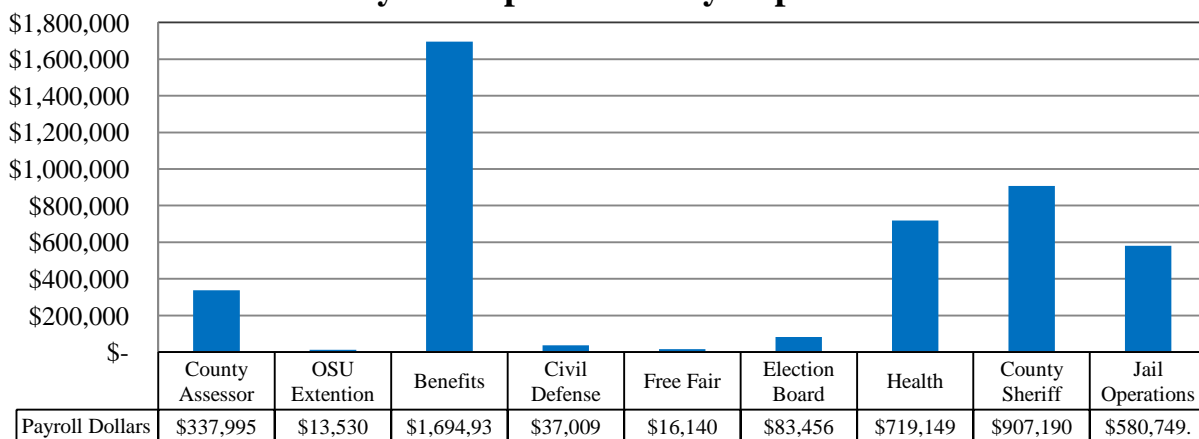
**LOGAN COUNTY, OKLAHOMA
COUNTY PAYROLL EXPENDITURES ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County officers' salaries are based upon the assessed valuation and population of the counties. State statutes provide guidelines for establishing elected officers' salaries. The Board of County Commissioners sets the salaries for all elected county officials within the limits set by the statutes. The designated deputy or assistant's salary cannot exceed the principal officer's salary. Salaries for other deputies or assistants cannot exceed the principal officer's salary. The information presented below is for the fiscal year ended June 30, 2013.

Payroll Expenditures by Department



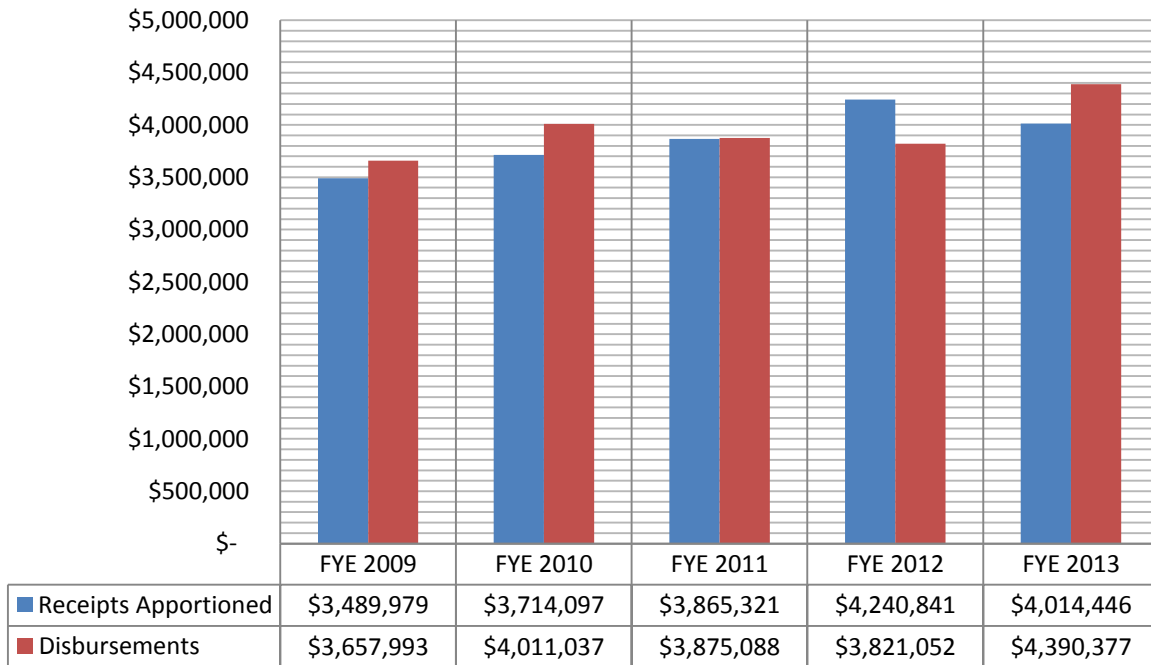
Payroll Expenditures by Department



**LOGAN COUNTY, OKLAHOMA
COUNTY GENERAL FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County General Fund

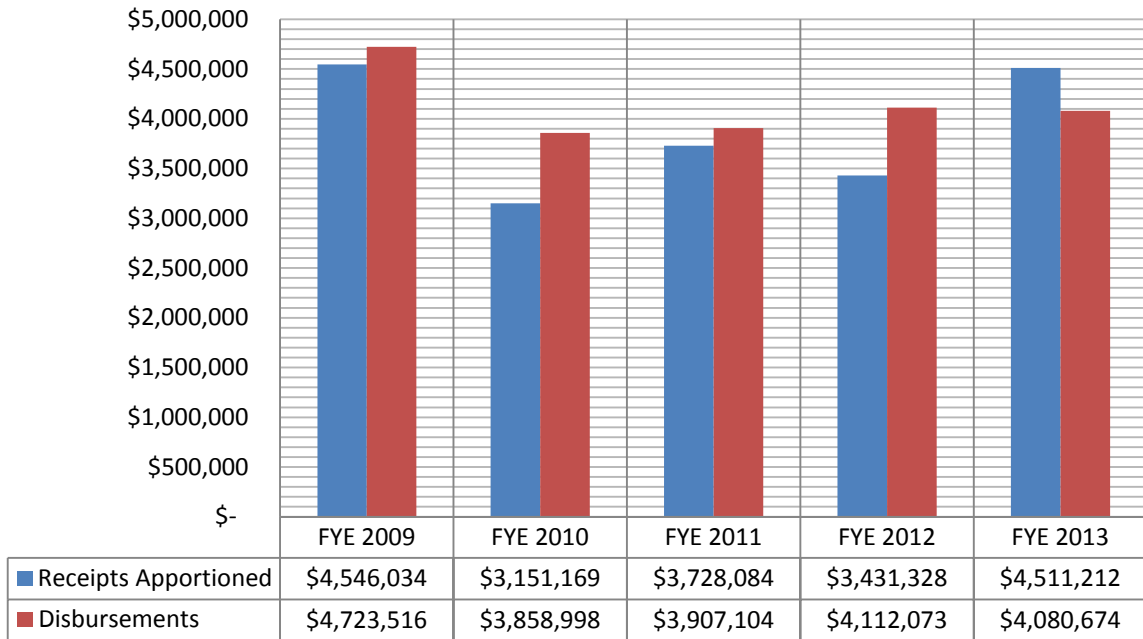
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also provides revenue for various budget accounts and accounts that support special services and programs. The Board of County Commissioners must review and approve all expenditures made from the County General Fund. The primary revenue source for the County General Fund is usually the county's ad valorem tax collected on real, personal (if applicable), and public service property. Smaller amounts of revenue can come from other sources such as fees, sales tax, use tax, state transfer payments, in-lieu taxes, and reimbursements. The chart below summarizes receipts and disbursements of the County's General Fund for the last five fiscal years.



**LOGAN COUNTY, OKLAHOMA
COUNTY HIGHWAY FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

County Highway Fund

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. The chart below summarizes receipts and disbursements of the County's Highway Fund for the last five fiscal years.



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

Report on the Financial Statement

We have audited the combined 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, 2013, listed in the table of contents as the financial statement.

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 the 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 of the financial statement, 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 statements 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, 2013, or changes in its financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

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 balances for all county funds of Logan County, for the year ended June 30, 2013, on the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. 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 financial statement.

The Other Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and related 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 Other Supplementary Information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the combined total—all county funds.

Logan County has not presented the budgetary comparison information for the Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund or County Health Fund. Although not a part of the financial statement, such information is an integral part of the regulatory presentation for county government.

The information listed in the table of contents under Introductory Section has not been subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2015, 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 in considering Logan County's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

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

June 4, 2015

REGULATORY BASIS FINANCIAL STATEMENT

LOGAN COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)—MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Beginning Cash Balances July 1, 2012	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2013
Combining Information:						
Major Funds:						
County General Fund	\$ 763,957	\$ 4,014,446	\$ 1,000,000	1,000,000	\$ 4,390,377	\$ 388,026
County Highway Cash	1,371,671	4,511,212	1,182,229	1,250,000	4,080,674	1,734,438
County Bridge and Road Improvement	294,784	387,824	-	4,064	376,449	302,095
County Sales Tax Fire Districts	1,393,543	972,129	-	-	548,295	1,817,377
Jail Operations Fee Cash	125,961	790,000	-	-	849,820	66,141
County Health Department	750,314	847,139	-	-	1,034,933	562,520
Jail Authority Fund	-	2,896,113	-	-	2,896,113	-
Remaining Aggregate Funds	2,305,856	1,860,803	-	-	1,818,535	2,348,124
Combined Total - All County Funds	\$ 7,006,086	\$ 16,279,666	\$ 2,182,229	\$ 2,254,064	\$ 15,995,196	\$ 7,218,721

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, 2013**

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 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.

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

County General Fund – accounts for revenues from ad valorem taxes, officer's fees, sales tax, interest earnings, and miscellaneous collections of the County. Disbursements are for the general operations of the County.

County Highway Cash – accounts for revenues from state imposed fuel taxes. Disbursements are for the constructing and maintaining of county roads and bridges.

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

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

Jail Operation Fee Cash – accounts for funds received from the Jail Trust Authority used for jail operations.

**LOGAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

Jail Authority Fund – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax 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 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 specifies the format and presentation for 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. 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. All other funds included in the audit shall be presented in the aggregate in a combining statement.

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.

**LOGAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 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. Unpaid real property taxes become a lien upon said property on October 1 of each year.

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.

**LOGAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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.

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; 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.

D. Sales Tax

On March 1, 2005, the voters of Logan County approved a 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.

Effective October 1, 2010, the voters of Logan County authorized to extend a 1/4% of 1% sales tax, for the duration of five years. The sales tax was established for the purpose of assisting county fire departments.

E. Interfund Transfers

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

- \$1,000,000 was transferred from County Highway Cash to County General Fund to cover non-payable warrants issued from the County General Fund.
- \$1,000,000 was transferred from County General Fund to County Highway Cash after adequate ad valorem tax collections were apportioned to the County General Fund.

LOGAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

- \$250,000 was transferred from County Highway Cash to Emergency and Transportation Revolving (ETR) to repay an ETR loan. Transfers do not include ETR Funds; which is not presented on the County's Combined Statement of Receipts, Disbursements, and Changes in Cash Balances. This fund is classified as a Trust and Agency Fund.
- \$4,064 was transferred from County Bridge and Road Improvement to Emergency and Transportation Revolving (ETR) to repay an ETR loan. Transfers do not include ETR Funds; which is not presented on the County's Combined Statement of Receipts, Disbursements, and Changes in Cash Balances. This fund is classified as a Trust and Agency Fund.
- \$182,229 was transferred from Emergency and Transportation Revolving (ETR) to County Highway Cash to reimburse County Highway Cash for road and bridge projects.

OTHER SUPPLEMENTARY INFORMATION

LOGAN COUNTY, OKLAHOMA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS—
REMAINING AGGREGATE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Beginning Cash Balances July 1, 2012	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2013
Remaining Aggregate Funds:				
County Clerk Fee Cash	\$ 112,365	\$ 99,673	\$ 87,597	\$ 124,441
County Clerk Preservation	123,748	98,225	98,693	123,280
Oaksprings Road	76,371	7,361	-	83,732
Sherwood Road	21,185	2,687	-	23,872
Evergreen Hills Road	11,882	1,542	-	13,424
Spring Ridge Road	-	666	-	666
County Treasurer Mortgage Certification Fee	44,552	12,135	22,851	33,836
Resale Property	529,566	310,963	247,987	592,542
County Assessor Fee Cash	20,476	11,997	12,603	19,870
OSU Fee Cash	3,240	-	-	3,240
Emergency Management	5,770	10,000	-	15,770
Safe Room Project	1,061	-	-	1,061
Local Emergency Planning Committee Grant	10,442	1,000	2,164	9,278
Sheriff Fee Cash	463,351	395,111	342,974	515,488
Sheriff Revolving	807,164	760,545	877,983	689,726
Sheriff Commissary	50,968	148,488	125,383	74,073
Sheriff Training	131	-	-	131
Sheriff Drug Buy Cash	2,394	410	300	2,504
Sheriff Drug Forfeiture	17,558	-	-	17,558
Reward Fund	1,219	-	-	1,219
Federal Equitable Sharing	2,413	-	-	2,413
Combined Total - Remaining Aggregate Funds	\$ 2,305,856	\$ 1,860,803	\$ 1,818,535	\$ 2,348,124

LOGAN COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

1. Budgetary Schedules

The Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General Fund has not been presented. Therefore, the legally adopted budget cannot be compared with actual data for the General Fund. 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 has not been presented.

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. Remaining County Funds

Remaining aggregate funds as presented on the financial statement are as follows:

County Clerk Fee Cash – accounts for fees charged by the County Clerk for lien redemptions. Disbursements are for any lawful expense of the County Clerk’s office.

County Clerk Preservation – accounts for fees charged by the County Clerk for recording instruments. Disbursements are for the maintenance and preservation of public records.

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.

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

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

County Treasurer Mortgage Certification Fee – accounts for fees from certifying mortgages. Disbursements are for any lawful expense of the Treasurer’s office.

Resale Property – accounts for the collection of interest and penalties on delinquent ad valorem taxes. Disbursements are to offset the expense of collecting delinquent ad valorem taxes.

LOGAN COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

County Assessor Fee Cash – accounts for fees charged by the County Assessor. Disbursements are for any lawful expenses of the Assessor's office.

OSU Fee Cash – accounts for fees collected from the OSU Extension. Disbursements are for any lawful operation of the OSU Extension office.

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

Safe Room Project – accounts for federal grant funds received for the reimbursement of storm shelter installation.

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

Sheriff Fee Cash – accounts for fees charged for inmate phone usage and serving summons and notices. Disbursements are for any lawful expense of the Sheriff's office.

Sheriff Revolving – accounts for collections by the Sheriff's office for the housing of state and federal inmates. Disbursements are for the lawful operations of the jail.

Sheriff Commissary – accounts for profits on commissary sales in the County jail. Disbursements are for jail improvements.

Sheriff Training – accounts for local seized monies. Disbursements are for officer training, equipment, and crime prevention.

Sheriff Drug Buy Cash – accounts for the funds used by the Sheriff's undercover agents in drug busts.

Sheriff Drug Forfeiture – accounts for money awarded to the Sheriff's office in drug forfeiture cases. Disbursements are for the lawful operation of the Sheriff's office.

Reward Fund – accounts for funds used by the Sheriff to offer rewards to citizens who provide information for the furtherance of a case.

Federal Equitable Sharing – accounts for federally forfeited cash, property, proceeds, and interest earned. Disbursements are for law enforcement purposes in accordance with the statutes and guidelines that govern the federal Equitable Sharing Program.

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

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 the 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 combined total—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, 2013, which comprises Logan County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated June 4, 2015.

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 for the year ended June 30, 2013, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2013-1, 2013-4, and 2013-8.

A *significant deficiency* is a deficiency, or 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. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency: 2013-7.

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 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 matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2013-8.

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.

Logan County's Responses to Findings

Logan County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Logan County's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the responses.

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 result 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.

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.

A handwritten signature in blue ink, appearing to read "Gary A. Jones", is positioned above the printed name and title.

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

June 4, 2015

**LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 2013-1 – Inadequate County-Wide Controls (Repeat Finding)

Condition: County-wide controls regarding Risk Management and Monitoring have not been designed.

Cause of Condition: Procedures have not been designed to address risks of the County.

Effect of Condition: These conditions could result in unrecorded transactions, undetected errors, or misappropriation of funds.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that the County design procedures to identify and address risks. OSAI also recommends that the County design monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County's policies and procedures handbook.

Management Response:

District 1 County Commissioner: I took office in January 2014.

District 2 County Commissioner: We will be reviewing and monitoring the budget more thoroughly.

District 3 County Commissioner: We will work harder to stay in compliance.

County Treasurer: I plan to design more internal controls.

County Clerk: This is the first time this has been a finding or requirement. While it may not be formal, the County does assess risk and attempt to negate. County Officers are notified of budget changes, fire departments are limited on making commitments which may exceed their funding.

County Assessor: I will attend meetings set forth by the Commissioners, and all the elected officials. I will ask questions concerning the efficiency of operations, and will add any input I may have concerning better ways to accomplish our goals and objectives.

Criteria: Internal control is an integral component of an organization's management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being made. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. County management is responsible for designing a county-wide internal control system comprised of Risk Assessment and Monitoring for the achievement of these goals.

**LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Risk Assessment is a component of internal control which should provide for an assessment of the risks the County faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then has to formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives.

Monitoring is a component of internal control which should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. It includes ensuring that management know their responsibilities for internal control and the need to make control monitoring part of their regular operating process.

Finding 2013-4 – Inadequate Segregation of Duties Over Payroll (Repeat Finding)

Condition: A lack of segregation of duties exists in the County Clerk's office because one person enrolls new employees, reviews the payroll claims, calculates amounts to be paid to the employees and payroll related agencies, updates the master payroll file, issues payroll and prints payroll warrants, takes payroll warrants to the County Treasurer to be registered, receives registered payroll warrants, and removes terminated employees from payroll.

Cause of Condition: Policies and Procedures have not been designed with regard to segregation of duties and/or compensating controls of the payroll process.

Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and determine if duties can be properly segregated. 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.

Management Response:

County Clerk: A single employee functions as the Payroll Clerk with oversight provided by the County Clerk. Segregation of all duties is not possible with limited staff. The payroll department handles confidential information pertaining to County employees; it is not advisable to open the department to various individuals. However, the County Clerk will personally perform cross checks of payroll procedures.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of

**LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

payroll calculations and/or transactions. To help ensure a proper accounting of funds, the duties of processing, authorizing, and payroll distribution should be segregated.

Finding 2013-7 – Temporary Transfer of Funds (Repeat Finding)

Condition: On June 30, 2011, the County cashed in a County General Fund certificate of deposit in the amount of \$497,307.72; these funds were miscellaneous receipted into the County Highway Cash fund for the purpose of refurbishing and building of roads. The County Highway Cash fund failed to repay these funds back to the County General Fund by the end of fiscal year 2011 and as of June 30, 2013 had not repaid the County General Fund.

Cause of Condition: The County was unaware that these types of transactions require the funds to be repaid to the original fund from which they were transferred prior to end of the fiscal year in which the funds were transferred.

Effect of Condition: These conditions resulted in noncompliance with state statute.

Recommendation: OSAI recommends that the County design procedures to identify all temporary operational transfers and ensure these transfers are paid back prior to the end of the fiscal year in which they were made.

Management Response:

District 1 County Commissioner: I took office in January 2014.

District 2 County Commissioner: We did not realize the funds had to be paid back. It has now been done.

District 3 County Commissioner: We did not realize the money needed to be paid back to the County General Fund until August 2, 2014. We will do better next time.

County Treasurer: The Certificate of Deposit has been paid back.

County Clerk: We were unaware of the need to transfers the Certificate of Deposit proceeds back to county general before the end of the fiscal year. We did not know that the Certificate of Deposits were included in the general fund appropriations. Funds were replaced to general fund upon being informed of the need by the newly hired Budget Maker.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, all temporary transfer of funds should be paid back in a timely manner in accordance the state statutes.

Title 68 O.S. § 3021 states in part, "...allows for the temporary transfer of funds when there is temporarily insufficient money in a particular fund to meet the requirements of

**LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

appropriation in the fund, the excise board, upon request of the county treasurer may temporarily transfer money from one fund to any other fund with the permission of the county officer in charge of the fund that the money will be temporarily transferred from. Any funds temporarily transferred shall be repaid to the original fund from which they were transferred within the fiscal year that the funds were transferred.”

Finding 2013-8 – Inadequate Internal Controls and Noncompliance Pledged Collateral

Condition: Based upon inquiry of the County Treasurer’s staff and observation of records, we noted the following weaknesses:

- Pledged collateral amounts were not monitored to daily bank balances to ensure that County funds were adequately secured.
- On May 10, 2013, the County was under-collateralized in the amount of \$7,200,543.76. The bank balance was \$9,819,996.41 and pledged collateral was \$2,619,452.65.
- On June 28, 2013, the last business day of the fiscal year, the County was under-collateralized \$5,479,379.04. The bank balance was \$8,098,831.69 and pledged collateral was \$2,369,452.65.

Cause of Condition: Policies and procedures to monitor that bank account balances are adequately secured on a daily basis have not been designed and implemented by the County Treasurer.

Effect of Condition: This condition resulted in noncompliance with state statute and unsecured County funds. Further, this condition could result in the possible loss of County funds.

Recommendation: OSAI recommends the County Treasurer implement a system of internal controls to provide reasonable assurance that County funds are adequately secured in accordance with state statute. Further, OSAI recommends the County Treasurer maintain a ledger of daily bank balances compared to the market value of pledged securities to ensure that County funds are adequately secured.

Management Response:

County Treasurer: I have implemented a program to better track the County’s collateral.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by an entity’s governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation. Title 62 O.S. § 517.4 requires the county deposits with financial institutions be secured with pledged collateral.

**LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 2013-13 – Estimate of Needs Not Accurately Presented (Repeat Finding)

Condition: During review of the County's Estimate of Needs, it was noted that the County's budgeted expenditures exceeded the County budgeted revenues. It was further noted that the Exhibit Y of the Estimate of Needs for the same fiscal year was incorrect and the ending cash balance was also overstated.

Also, the County Health Fund budget for the fiscal year ending June 30, 2013 was reviewed, and the budgeted expenditures exceeded the County budgeted revenues.

County General Fund

- The final budget did not balance; budgeted expenditures exceeded budgeted revenue by \$1,012,737.
- Exhibit Y of the 2011-2012 Estimate of Needs, which is the budget for fiscal year 2012-2013, was also reviewed and was determined to have been calculated incorrectly. The errors noted inadvertently gave the County \$1,197,125.58 more to expend in fiscal year 2013 than what should have been budgeted.

County Health Fund

- The final budget did not balance; budgeted expenditures exceeded budgeted revenue by \$79,339.27.

Cause of Condition: Procedures have not been designed to ensure the County's Estimate of Needs is accurate.

Effect of Condition: These conditions resulted in an inaccurate Estimate of Needs being approved by the Excise Board and the County operating from a budget that is not a true reflection of the County's financial condition.

Recommendation: OSAI recommends management ensure that cash receipts and disbursements on the budget reconcile to the financial statements and that all amounts are identified and include supporting documentation.

OSAI also recommends management ensure the accuracy of budgeted numbers to the budget being approved.

**LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Management Response:

District 1 County Commissioner: I took office in January 2014.

District 2 County Commissioner: We did not have a good grasp on how the budget is put together. We feel we do now.

District 3 County Commissioner: We will work harder to make sure we are in balance.

County Treasurer: We hired a professional budget maker to compile our budget numbers and we trusted him that our numbers were right and they were not. We have since hired a new budget maker and learned what numbers we need to know to see if the numbers balance.

County Clerk: A professional CPA was hired to be the Budget Maker whose duties included preparing the financial statements. The work of the Budget Maker was erred. Upon learning of various errors committed by the Budget Maker, he was relieved of his duties.

Criteria: The adopted budget is an expression of public policy and financial intent and is a method of providing controls over that intent.

Title 68 O.S. § 3002 states in part, "...each board of county commissioners...shall prior to October 1 of each year, make, in writing, a financial statement, showing the true financial condition of their respective political subdivisions as of the close of the previous fiscal year ended June 30th, and shall make a written itemized statement of estimated needs and probable income from all sources including ad valorem tax for the current fiscal year. Such financial statements shall be supported by schedules or exhibits showing, by classes, the amount of all receipts and disbursements, and shall be sworn to as being true and correct..."

Finding 2013-15 – Inadequate Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)

Condition: Based on inquiry of the Sheriff's staff and observation of records, we noted the following:

- Lack of segregation of duties - one employee is responsible for accessing and balancing the drop box, preparing deposit slips, taking deposits to the bank, reconciling account balances, posting payments and disbursements to inmate records, calculating amount(s) written out of accounts, issuing checks, signing checks and performing bank reconciliations.
- Inmate Trust Fund Checking Account funds are not deposited into the Inmate Trust Fund Checking Account on a daily basis.
- Bank reconciliations are not being performed adequately and were not reviewed or approved by someone other than the preparer.
- There is no evidence that receipts are compared to collections.
- Inmate Trust Fund Checking Account checks are issued for unauthorized expenditures:

**LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

- Checks are issued to the Court Clerk to pay fines.
- Checks are deposited into the Sheriff's Revolving Fund and the Sheriff Service Fee account.
- Inmate Trust Fund Checking Account checks issued to the Sheriff are not deposited with the County Treasurer in a timely manner.
- The Sheriff's office does not file an annual report for the Commissary Fund with the Board of County Commissioners by January 15th of each year.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure adequate controls are in place to safeguard assets and there is a lack of knowledge regarding the preparation and presentation of the Annual Commissary Report.

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

Recommendation: OSAI recommends management be aware of these conditions and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risk 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.

OSAI further recommends the Sheriff implement procedures to ensure:

- All collections are deposited daily.
- Receipts are reconciled to collections/deposits.
- All collections are deposited daily.
- Inmate Trust Fund Checking Account expenditures are made only to reimburse an inmate upon being release from jail or to the Sheriff's Commissary.
- Bank reconciliations be prepared accurately, and reviewed and approved by someone other than the preparer.
- The Sheriff prepares and files an annual commissary report with the County Commissioners by January 15th of each year.

Management Response:

County Sheriff: The following controls and procedures have been put in place:

- One employee is responsible for reviewing and monitoring the work of other personnel (Jailers/Admin./Personnel/Treasurer/Chief Deputy).
- Daily deposits are now being made with two personnel present.
- Review processes have been implemented; all deposits and reconciliations are verified by a second individual prior to taking deposits to Treasurer.
- Receipts are compared with collections prior to deposit. A second individual will initial that the compared items match.

**LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

- Cash taken in at booking will now go through entire deposit system and released inmates will have to return to the Sheriff office to get a check refund.
- Inmate checks are no longer being written to Court Clerk to pay for court fines. Checks are/will only be deposited into the Sheriff Commissary account.
- Inmate trust checks are now deposited in a timely manner (deposited within one working day).
- Annual Commissary Report will be prepared and presented to the Board of County Commissioners.

Criteria: 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. All collections should be deposited daily, receipts should be reconciled to the collections/deposits, expenditures should only be made for authorized expenditures, checks be signed by two individuals, and bank reconciliations should be reviewed and approved by someone other than the preparer.

Title 19 O.S. § 531.A states in part, "... The Sheriff...may write checks to the Sheriff's Commissary Account... and to the inmate from unencumbered balances due the inmate upon his or her discharge."

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."

Finding 2013-16 – Inadequate Internal Controls and Noncompliance Over Fixed Assets and Consumable Inventories

Condition: Upon inquiry and documentation of internal controls over fixed assets and consumable inventories and review of inventory records to fixed assets and consumable inventory items on hand; OSAI noted the following:

District 1

- Of the 15 fixed asset items tested 3 pieces of equipment did not have an inventory asset number.
- Not every piece of rolling stock was mark with "Property of Logan County."
- Transfer documents are not being used.
- Consumable records are not being updated.
- There were no records indicating when the last physical inventory of consumable assets was taken.
- There appears to be a lack of controls over fixed asset and consumable inventories in that one person is responsible for all recordkeeping and no one else has been cross trained to perform those duties.

District 2

- Fuel tanks are not measured and amounts in tanks are not reconciled to consumable records. The District does not have a counter stick and relies solely on gauge readings.

**LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

District 3

- Not every piece of rolling stock was marked with “Property of Logan County.”
- Consumable records are not up to date for all consumable items.
- Transfer documents are not always prepared in a timely manner.
- There were no records indicating when the last physical inventory of fixed assets was taken.

County Clerk

- There were no records indicating when the last physical inventory of fixed assets was taken.
- Inventory records were not up to date.

County Treasurer

- There were no records indicating when the last physical inventory of fixed assets was taken.

Sheriff

- There were no records indicating when the last physical inventory of fixed assets was taken.
- There appears to be a lack of controls over fixed asset and consumable inventories in that one person was responsible for all recordkeeping and no one else was cross trained to perform those duties.

Cause of Condition: Policies and procedures have not been designed to perform periodic inventories of fixed assets and consumable items on hand to inventory records and procedures have not been implemented regarding the accurate identification and reporting of fixed assets and consumable inventory and surplusing of fixed assets prior to the disposal.

Effect of Condition: These conditions resulted in noncompliance with state statutes. Failure to maintain accurate identification and records of fixed and consumable inventories, failure to perform a periodic physical inventory of assets, and failure to surplus items prior to the disposing of items could result in inaccurate records, unauthorized use of assets, and misappropriation of assets.

Recommendation: OSAI recommends the County implement internal control procedures to ensure the periodic physical verification of fixed assets and consumable inventories to inventory records. Additionally, inventory records should be maintained for all fixed assets and consumable inventory items in an accurate manner. OSAI also recommends fuel conversion charts be obtained for all fuel tanks and be used to calculate the amount of fuel in stock and compare those calculations to fuel records.

Lastly, OSAI recommends fixed assets be documented and filed with the County Clerk and inventory items only be disposed of upon being declared surplus by the Board of County Commissioners.

Management Response:

District 1 County Commissioner: I took office in January 2014.

District 2 County Commissioner: We are researching the possibility of purchasing an automated fuel management system which will be more accurate in reconciling tanks to consumables. Once it was

**LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

brought to our attention by the auditors, we started updating our inventory of consumable and fixed assets every two weeks.

District 3 County Commissioner: We will work on fixed assets, making sure everything is numbered and marked. We have brought consumable records up to date, and will date our inventory count.

County Clerk: Due to staff shortages, inventory records have not been kept up to date. A complete office inventory will be taken and effort made to keep current.

County Treasurer: I have an updated inventory list. I will do yearly audits of inventory.

County Sheriff: The Sheriff's office will work towards keeping better inventory records.

Criteria: Title 19 O.S. § 1504.A states, "A receiving officer shall receive all purchased, lease-purchased or rented items procured for the department and shall identify such items received in a manner prescribed by the county road and bridge inventory officer or board of county commissioners or designee. The receiving officer shall also maintain a record of all such items received, disbursed, stored and consumed by the department."

Title 19 O.S. § 178.1 states in part, "... The board of County Commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or lease or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than Five Hundred Dollars (\$500.00), and thereafter maintain or cause to be maintained a continuous inventory record... annually thereafter, or oftener..."

Title 69 O.S. § 645 states in part, "...equipment shall be conspicuously and legibly marked PROPERTY OF (name of county) COUNTY..."



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