

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

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

November 30, 2004

TO THE CITIZENS OF  
LOGAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Logan County, Oklahoma, for the fiscal year ended June 30, 2003. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

The Office of the State Auditor and Inspector is committed to serve the public interest by providing independent oversight and to issue reports that serve as a management tool to the state to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMahon". The signature is written in a cursive style with a large initial "J".

JEFF A. McMAHAN  
State Auditor and Inspector

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

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

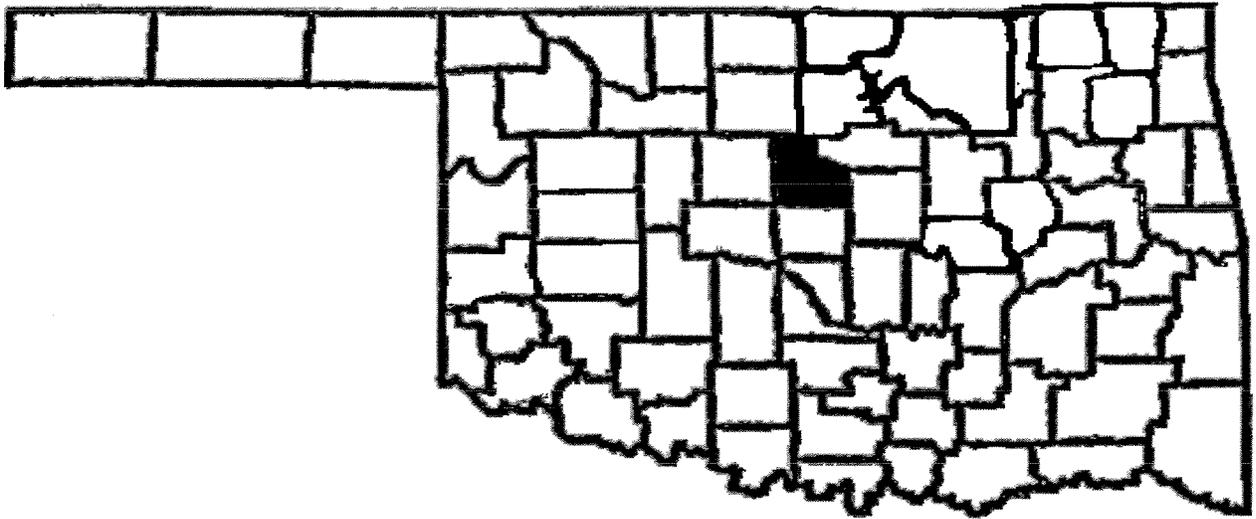
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REPORT TO THE CITIZENS  
OF  
LOGAN COUNTY, OKLAHOMA

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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 – 744.6 Square Miles

County Population – 33,924  
(2000 est.)

Farms – 983

Land in Farms – 380,529 Acres

Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**LOGAN COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY ASSESSOR**  
Jacquelyn Gooch  
(D) Guthrie

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  
(D) Guthrie

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.

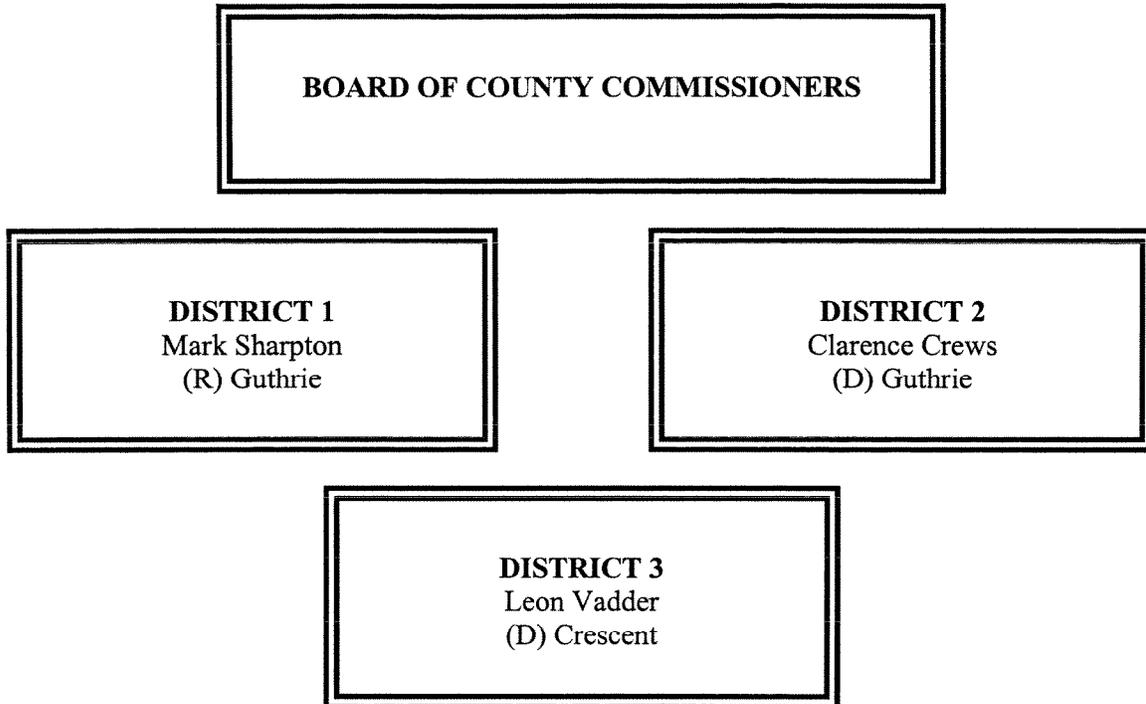
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. 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**

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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**

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**COUNTY SHERIFF**

Randy Richardson

(D) Guthrie

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**

Sheila Longnecker

(R) Guthrie

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

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

See independent auditor's report.

**LOGAN COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COURT CLERK**  
Mariann Carroll  
(D) Guthrie

The Court Clerk has the primary responsibility to record, file, and maintain as permanent records the proceedings of the District Court.

Court proceedings are recorded in the appropriate journal or record docket. All the court proceedings are public information except those related to juvenile, guardianship, adoption, and mental health cases.

The Court Clerk issues marriage licenses, passports, notary certificates, beer and pool hall licenses, and private process server licenses.

Monies from the court fund are identified for distribution by the Court Clerk to the appropriate units of county and state government. Court Clerks use forms and follow procedures prescribed by the Court Administrator's Office, the Oklahoma Supreme Court, and the State Auditor and Inspector.

**DISTRICT ATTORNEY**  
Robert Hudson  
(D) Guthrie

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.

**LOGAN COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**ELECTION BOARD SECRETARY**

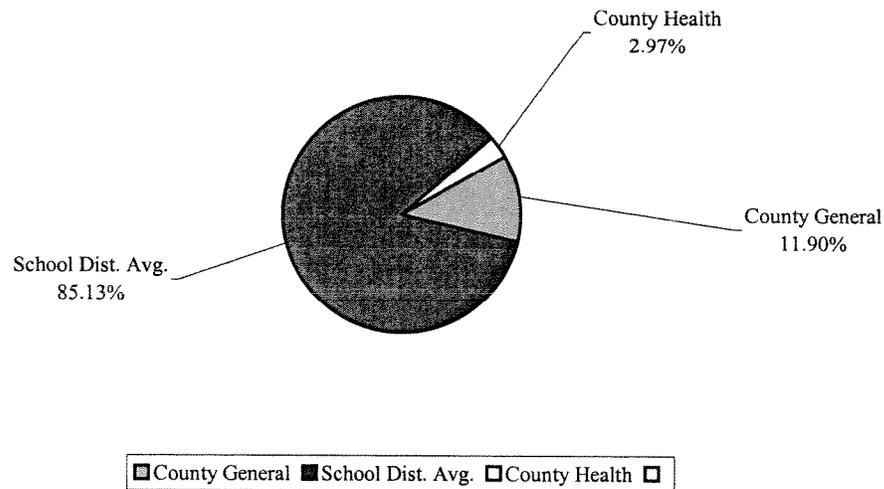
Dondee Klein  
(D) Guthrie

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.

**LOGAN COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE**

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



County-Wide Millages		School District Millages						
		Gen.	Bldg.	Skp.	Career-Tech	Common	Total	
Co. General	10.24	Guthrie I-1	35.84	5.12	10.44	15.37	4.09	70.86
Co. Health	2.56	Crescent I-2	35.90	5.13	11.93	14.72	4.09	71.77
Other		Mulhall-Orlando I-3	36.20	5.17	14.82	15.37	4.09	75.65
		Coyle I-4	36.42	5.20	7.68		4.09	53.39
I-1 EMS	3.07	Oklahoma I-3	36.32	5.19	18.19	16.89	4.09	80.68
I-2 EMS	3.08	Oklahoma I-89	35.58	5.08	18.54		4.09	63.29
		Oklahoma I-6	35.70	5.10	34.15	14.72	4.09	93.76
		Oklahoma I-12	35.69	5.10	24.61	14.72	4.09	84.21
		Payne I-56	36.79	5.26	20.09	15.37	4.09	81.60
		Kingfisher I-89	35.32	5.05	6.89		4.09	51.35
		Garfield I-94	35.84	5.12	10.97	15.34	4.09	71.36
		Lincoln I-4	36.76	5.25	19.83	15.60	4.09	81.53

See independent auditor's report.

## **Independent Auditor's Report**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
LOGAN COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Logan County, Oklahoma, as of and for the year ended June 30, 2003, as listed in the table of contents. These special-purpose financial statements are the responsibility of Logan County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of Logan County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County, and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Logan County in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of all funds of Logan County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County, as of and for the year ended June 30, 2003, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2004, 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 and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

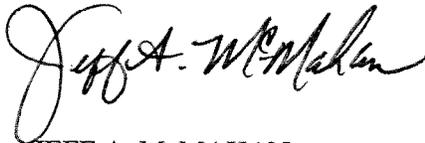
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Logan County, Oklahoma, taken as a whole. The other information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we express no opinion on such data.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMAHAN". The signature is written in a cursive style with a large initial "J" and "M".

JEFF A. McMAHAN  
State Auditor and Inspector

August 31, 2004

**Special-Purpose Financial Statements**

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

All County Funds	Beginning Cash Balances July 1, 2002	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2003
General Fund	\$ 628,299	\$ 2,451,167	\$ 2,392,152	\$	\$ 687,314
Highway Cash	1,571,738	2,828,376	2,706,560		1,693,554
County Health	242,940	430,297	440,267		232,970
Schools	517,888	11,641,743	12,095,477		64,154
Resale Property	117,166	175,232	104,117		188,281
Fee Cash	482,181	419,426	262,128		639,479
Logan Co. Narcotics	529				529
Law Library	3,968	26,263	18,783		11,448
Cities and Towns	15,926	187,052	196,384		6,594
Free Fair	1,055	16,983	17,788		250
Sheriff Revolving	3				3
JTPA	352	284	306		330
County Sinking	604		208		396
Alcohol Grant	222		222		
I-1 EMS	14,476	211,127	224,710		893
I-2 EMS	4,228	38,446	42,485		189
Hosp. Special Election	183,321	1,803,781	1,987,102		
Visual Inspection	352				352
Trash Cops	1,331		1,331		
Evergreen Hills Rd	98	1,113			1,211
Springridge Reap Gt.		44,033	44,033		
Drug Buy	716				716
Hardware Upgrade	9,490				9,490
Sub-Grant	6,156		6,156		
Woodcrest Rd. Dist.	886	11,024	11,130		780
Reward Fund	815				815
D.A. Revolving	7,964	27,730	11,182		24,512
Robinwood Hills Rd	3,114				3,114
Flood Plain		290	50		240
Sherwood Rd	2,830	1,937			4,767
OCFD	8,648	247,969	256,408		209
Individual Redemption	3,698	177,617	170,502		10,813
Free Fair Flood	1				1
COPS Grant	1,410		1,410		
Sheriff Training	1,151				1,151
Oaksprings Rd	531	5,455			5,986
Child Abuse	225	72			297
County Sales Tax	646,825	491,596	347,516		790,905
Sooner VFD	8				8
Drug Forfeiture	7,489	4,039			11,528
Court Fund	31,446	626,322	636,235		21,533
Official Depository	288,858	5,036,412	4,993,031	14,217	346,456
Bal. Unapportioned		219,436			219,436
<b>Total County Funds</b>	<u>\$ 4,808,938</u>	<u>\$ 27,125,222</u>	<u>\$ 26,967,673</u>	<u>\$ 14,217</u>	<u>\$ 4,980,704</u>

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

**LOGAN COUNTY, OKLAHOMA  
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,  
AND CHANGES IN CASH BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2003**

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 628,299	\$ 628,299	\$ 628,299	\$ -
Less: Prior Year Outstanding Warrants	(160,448)	(160,448)	(160,448)	
Less: Prior Year Encumbrances	(79,984)	(79,984)	(63,557)	16,427
Beginning Cash Balances, Budgetary Basis	<u>387,867</u>	<u>387,867</u>	<u>404,294</u>	<u>16,427</u>
Receipts:				
Ad Valorem Taxes	1,510,970	1,510,970	1,547,920	36,950
Sales Tax	135,533	325,440	325,440	
Charges for Services	194,840	236,375	236,375	
Intergovernmental Revenues	173,363	242,121	250,882	8,761
Miscellaneous Revenues	56,493	90,550	90,550	
Total Receipts, Budgetary Basis	<u>2,071,199</u>	<u>2,405,456</u>	<u>2,451,167</u>	<u>45,711</u>
Expenditures:				
Total District Attorney	20,300	20,300	20,284	16
County Sheriff	560,397	560,331	559,484	847
Capital Outlay	18,460	18,460	16,866	1,594
Total County Sheriff	<u>578,857</u>	<u>578,791</u>	<u>576,350</u>	<u>2,441</u>
County Treasurer	89,462	86,913	86,908	5
Capital Outlay	5	2,555	2,138	417
Total County Treasurer	<u>89,467</u>	<u>89,468</u>	<u>89,046</u>	<u>422</u>
County Commissioners	160,637	163,137	160,517	2,620
Capital Outlay	3,500	1,000		1,000
Total County Commissioners	<u>164,137</u>	<u>164,137</u>	<u>160,517</u>	<u>3,620</u>
OSU Extension	25,991	22,891	22,864	27
Capital Outlay	1,000	4,100	4,045	55
Total OSU Extension	<u>26,991</u>	<u>26,991</u>	<u>26,909</u>	<u>82</u>
County Clerk	168,918	167,784	166,950	834
Capital Outlay	5,000	6,200	6,088	112
Total County Clerk	<u>173,918</u>	<u>173,984</u>	<u>173,038</u>	<u>946</u>
Total Court Clerk	<u>90,353</u>	<u>91,852</u>	<u>90,619</u>	<u>1,233</u>
County Assessor	79,018	78,718	78,525	193
Capital Outlay	6,500	6,800	6,778	22
Total County Assessor	<u>85,518</u>	<u>85,518</u>	<u>85,303</u>	<u>215</u>

continued on next page

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

**LOGAN COUNTY, OKLAHOMA  
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,  
AND CHANGES IN CASH BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2003**

continued from previous page

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Revaluation of Real Property	114,220	113,070	97,963	15,107
Capital Outlay	1,000	2,150	2,093	57
Total Revaluation of Real Property	<u>115,220</u>	<u>115,220</u>	<u>100,056</u>	<u>15,164</u>
General Government	287,600	386,175	385,007	1,168
Capital Outlay	58,700	55,700	55,070	630
Total General Government	<u>346,300</u>	<u>441,875</u>	<u>440,077</u>	<u>1,798</u>
Total Excise-Equalization Board	<u>4,650</u>	<u>4,650</u>	<u>3,200</u>	<u>1,450</u>
County Election Board	109,055	107,768	107,225	543
Capital Outlay		3,186	3,021	165
Total County Election Board	<u>109,055</u>	<u>110,954</u>	<u>110,246</u>	<u>708</u>
Total Insurance	<u>578,032</u>	<u>803,315</u>	<u>541,211</u>	<u>262,104</u>
Total Charity	<u>1,000</u>	<u>1,000</u>	<u>270</u>	<u>730</u>
Civil Defense	13,800	15,800	14,876	924
Capital Outlay	1,000	1,000	408	592
Total Civil Defense	<u>14,800</u>	<u>16,800</u>	<u>15,284</u>	<u>1,516</u>
Total County Audit	<u>19,843</u>	<u>27,843</u>	<u>22,360</u>	<u>5,483</u>
Free Fair	32,625	32,625	32,482	143
Capital Outlay	6,000	6,000	5,969	31
Total Free Fair	<u>38,625</u>	<u>38,625</u>	<u>38,451</u>	<u>174</u>
Provision for Interest on Warrants	2,000	2,000	132	1,868
Total Expenditures, Budgetary Basis	<u>\$ 2,459,066</u>	<u>\$ 2,793,323</u>	<u>\$ 2,493,353</u>	<u>\$ 299,970</u>

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

**LOGAN COUNTY, OKLAHOMA  
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,  
AND CHANGES IN CASH BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2003**

continued from previous page

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	362,108	\$ 362,108
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			151,776	
Add: Current Year Outstanding Warrants			173,430	
Ending Cash Balance			<u>\$ 687,314</u>	

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

**LOGAN COUNTY, OKLAHOMA  
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,  
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL  
COUNTY HEALTH DEPARTMENT  
FOR THE YEAR ENDED JUNE 30, 2003**

	County Health Department			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 242,940	\$ 242,940	\$ 242,940	\$ -
Less: Prior Year Outstanding Warrants	(20,371)	(20,371)	(20,371)	
Less: Prior Year Encumbrances	(31,109)	(31,109)	(20,795)	10,314
Beginning Cash Balances, Budgetary Basis	<u>191,460</u>	<u>191,460</u>	<u>201,774</u>	<u>10,314</u>
Receipts:				
Ad Valorem Taxes	383,104	383,104	405,525	22,421
Charges for Services		24,723	24,723	
Intergovernmental Revenues			49	49
Total Receipts, Budgetary Basis	<u>383,104</u>	<u>407,827</u>	<u>430,297</u>	<u>22,470</u>
Expenditures:				
Health and Welfare	501,664	596,387	492,049	104,338
Capital Outlay	72,900	2,900	1,626	1,274
Total Expenditures, Budgetary Basis	<u>574,564</u>	<u>599,287</u>	<u>493,675</u>	<u>105,612</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	138,396	<u>\$ 138,396</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			90,881	
Add: Current Year Outstanding Warrants			<u>3,693</u>	
Ending Cash Balance			<u>\$ 232,970</u>	

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

**LOGAN COUNTY, OKLAHOMA  
DETAILED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES – SINKING FUND  
FOR THE YEAR ENDED JUNE 30, 2003**

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Beginning Cash Balance	<u>\$ 604</u>
Receipts:	
Ad Valorem Taxes	
Miscellaneous	
Total Receipts	<u>-</u>
Disbursements:	
Interest Paid	<u>208</u>
Total Disbursements	<u>208</u>
Ending Cash Balance	<u><u>\$ 396</u></u>

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

**LOGAN COUNTY, OKLAHOMA  
 DETAILED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN CASH BALANCES - OFFICIAL DEPOSITORY ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2003**

Official Depository Accounts	Beginning Cash Balances July 1, 2002	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2003
E.F.T.P.S.	\$	\$ 448,097	\$ 448,097	\$	\$
Court Clerk	138,588	1,508,778	1,454,092	3,932	197,206
County Clerk	37,849	415,019	419,714	9	33,163
Treasurer	52,435	2,000,727	2,003,233		49,929
Election Board	2,034	41,743	43,532	1,409	1,654
Health Department	1,746	33,749	34,506		989
County Sheriff		173,750	177,000		(3,250)
D.A. Restitution				7,466	7,466
D.A. Bogus Check				39	39
D.A. Criminal Restitution	1,805	53,255	55,189	1,362	1,233
Logan County Trust	40,488	27,327	24,794		43,021
Sheriff Service Fee		309,992	309,992		
Court Clerk Revolving	12,933	16,194	14,428		14,699
Assessor Fees	168	3,735	3,776		127
Clerk's Lien Account	632	7	639		
Sheriff Estray Livestock	180				180
Sheriff Drug Forfeiture		4,039	4,039		
<b>Total Official Depository Accounts</b>	<u>\$ 288,858</u>	<u>\$ 5,036,412</u>	<u>\$ 4,993,031</u>	<u>\$ 14,217</u>	<u>\$ 346,456</u>

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

**Notes to the Financial Statements**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Counties were created by the Constitution of Oklahoma. One county officer is appointed; however, most county officers are locally elected by their constituents. All county powers are delegated by the state.

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash balances of all funds of Logan County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department fund of the County. The funds presented are established by statute, and their operations are under the control of the County officials. The general fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Fund Accounting

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

C. Basis of Accounting

The financial statements are prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

D. Budgetary Policies

Under current Oklahoma Statutes, the general fund and county health department fund are the only funds required to adopt a formal budget. The budget presented for the general fund and county health department fund includes the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. Appropriations for the highway funds and other funds are made on a monthly basis, according to the funds then available.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general fund and county health department fund.

Summary of Significant Accounting Policies (continued)

Any encumbrances outstanding at year-end are included as reservations of cash balances, budgetary basis, since they do not constitute expenditures or liabilities. At the end of the year, unencumbered appropriations are lapsed.

The Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - General Fund and County Health Department presents comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances - All Funds because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including school districts and cities and towns. These other budgetary entities produce and file their own financial statements and estimates of needs (budgets). These related cash receipts and disbursements of other budgetary entities are not included in the County's Estimate of Needs.

E. Cash

The County pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Investments are carried at cost, which approximates market value. All funds were fully invested or deposited in interest-bearing demand accounts at June 30, 2003.

F. Risk Management

The County is exposed to various risks of loss as follows:

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
General Liability - 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 authorized deductibles, the County would have to pay its share of the pool deficit.
Physical Plant - Theft - Damage to Assets - Natural Disasters	The County participates in a public entity risk pool. (See ACCO-SIG.)	If claims exceed authorized deductibles, the County would have to pay its share of the pool deficit.

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Worker's Compensation - Employees' Injuries	The County participates in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insurance Fund. (See ACCO-SIF.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
Health and Life - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of risk.	None

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating County will pay a deductible amount (\$1,000 to \$10,000; the County has a \$2,500 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 amounts up to and including \$50,000 per insured event. The pool has acquired commercial reinsurance to cover claims in excess of \$50,000 up to \$1,000,000 limit per insured event. The pool, established in 1986, has never had to assess additional premiums to be paid by its members.

ACCO-SIF - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. ACCO-SIF was set up in 1984 and will pay legitimate worker's compensation claims up to \$500,000 per incident. A reinsurance policy, with no limit, pays claims that exceed \$500,000 for a particular incident. The pool has not recently assessed additional premiums to be paid by its members.

The County continues to carry commercial insurance for employees' health and life insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the 2003 fiscal year.

G. Compensated Absences

The County does not accrue any liability for future vacation benefits. Vacation benefits are earned by the employee during the year and must be taken during the year earned. Leave must be used before December 31 of each year or it is lost.

Summary of Significant Accounting Policies (continued)

Annual leave is accrued at the following rates:	<u>Years of Service</u>	<u>Amount of Leave</u>
	0-6 Months	5 Days
	1 Year	10 Days
	10 Years	15 Days

This amount of accumulated unpaid vacation benefits is not material to the financial statements for the year ended June 30, 2003.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved by fund, office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

3. Detailed Notes on Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$4,980,704 and the bank balance was \$5,099,483. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

Title 62 O.S. § 348.1 and 348.3 allow the following types of investments:

- U. S. government obligations
- Certificates of deposit
- Saving 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

Detailed Notes on Account Balances (continued)

B. Description of Funds

General Fund – revenues are 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 – revenues are from state imposed fuel taxes and disbursements are for the maintenance and construction of county roads and bridges.

County Health – accounts for ad valorem tax and fee collections on behalf of the county health department.

Schools – All funds collected on behalf of the county schools are recorded in this fund and remitted to the individual schools monthly.

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

Fee Cash – accounts for clerk, treasurer, and sheriff fee collections and disbursements as restricted by statute.

Logan County Narcotics – accounts for Department of Justice collections and disbursements for fighting drugs.

Law Library – revenues are from an annual payment from the courts. Disbursements are for the operation of the county law library.

Cities and Towns – All funds collected on behalf of cities and towns are recorded in this fund and remitted to the individual cities and towns monthly.

Free Fair – accounts for fees collected and disbursed by the county fair board.

Sheriff Revolving – accounts for fee collections. Disbursed as restricted by statute.

JTPA – accounts for state collections. Disbursed to train low income people for jobs.

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

Alcohol Grant – accounts for state collections. Disbursed to prevent alcohol abuse.

Detailed Notes on Account Balances (continued)

I-1 EMS – accounts for ad valorem tax collections. Disbursed to emergency medical services each month.

I-2 EMS – accounts for ad valorem tax collections. Disbursed to emergency medical services each month.

Hospital Special Election – accounts for sales tax collections. Disbursed to maintain the county hospital.

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

Trash Cops – accounts for grant collections. Disbursed to enforce trash dumping laws.

Evergreen Hills Road – accounts for local tax assessments. Disbursed to maintain or improve roads.

Springridge Reap Grant – accounts for state collections. Disbursed for grant projects approved by the Board of County Commissioners.

Drug Buy – accounts for sheriff collections. Disbursed by undercover agents to fight drugs.

Hardware Upgrade – accounts for state collections. Disbursed by the Assessor to improve their computer systems.

Sub-Grant – accounts for state collections. Disbursed by the Sheriff for public safety.

Woodcrest Road District – accounts for local tax assessments. Disbursed to maintain or improve roads.

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

D.A. Revolving – accounts for fee collections. Disbursed as restricted by statute.

Robinwood Hills Road – accounts for local tax assessments. Disbursed to maintain or improve roads.

Flood Plain – accounts for federal collections. Disbursed to aid flood damage victims.

Sherwood Road – accounts for local tax assessments. Disbursed to maintain or improve roads.

OCFD – accounts for local tax assessments. Disbursed to maintain a local fire fighting district.

Detailed Notes on Account Balances (continued)

Individual Redemption – revenues are from taxpayers who redeem tax certificates previously sold on their property. Disbursements are to reimburse the certificate holders for taxes paid, interest penalties, and cost.

Free Fair Flood – accounts for federal collections. Disbursed for flood damage at the fairgrounds.

COPS Grant – accounts for Department of Justice grant. Disbursed to hire additional deputies.

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

Oaksprings Road – accounts for local tax assessments. Disbursed to maintain or improve roads.

Child Abuse – accounts for state collections. Disbursed to prevent child abuse.

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

Sooner VFD – accounts for local tax assessments. Disbursed to maintain a local fire fighting district.

Drug Forfeiture – accounts for collections from forfeited property. Disbursed for public safety.

Court Fund – accounts for court clerk fees collected. Disbursed according to state statutes.

Official Depository – All officers and agencies collecting fees deposit those fees to this account daily. At the end of each month the fees are distributed to the appropriate fund or agency.

Balance Unapportioned – accounts for tax collections held for apportionment to various entities.

The following narrative details the official depository accounts.

E.F.T.P.S. – holding account used to transfer tax and social security withholding to the federal government.

Court Clerk – accounts for the collection of bonds, fines, and fees. Money is disbursed for fees and restitution.

County Clerk – holding account for fees transferred to the county general fund.

County Treasurer – holding account for fees transferred to the county general fund.

Detailed Notes on Account Balances (continued)

Election Board – fund used to account for the collection and disbursement of fees from the election board.

County Health – holding account for fees transferred to the county health fund.

County Sheriff – holding account for fees transferred to the county general fund.

D.A. Restitution – fund used to reimburse merchants for bogus checks collected by the District Attorney.

D.A. Bogus Check – fund used for the collections of fees for bogus checks.

D.A. Criminal Restitution – fund used for victim restitution.

Logan County Trust – fund used for the collection and disbursement of rental fees.

Sheriff Service Fee – holding account for fees transferred to the sheriff's cash fund.

Court Clerk Revolving – fund used for the collection and disbursement of fees assessed on certain court cases.

County Assessor Fees – holding account for fees transferred to the county general fund.

Clerk's Lien Account – holding account for fees transferred to a cash fund.

Sheriff Estray Livestock – holding account for stray livestock sold.

Sheriff Drug Forfeiture – holding account for confiscated property to be transferred to a cash fund.

C. Ad Valorem Tax

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

Detailed Notes on Account Balances (continued)

The net assessed property value as of January 1, 2002, was approximately \$164,615,130.

The County voted to repeal the personal property tax. The initiative provided that real property tax levies would be increased to make up for the loss of taxable personal property; therefore, the levy is now 10.24 mills (the legal maximum) for general fund operations and 2.56 mills for the county health department. In addition, the County also collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

Taxes are due on November 1 following the levy date, although, they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. Unpaid real property taxes become a lien upon said property on October 1 of each year.

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

Current year tax collections for the year ended June 30, 2003, were approximately 88 percent of the tax levy.

D. Pension Plan

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

E. Capital Leases

The County acquires road machinery and equipment through lease-purchase agreements financed by the Oklahoma Department of Transportation and/or the equipment vendors or their assignees pursuant to the provisions of 69 O.S. § 636.1 through § 636.7. Lease agreements entered into with the Oklahoma Department of Transportation (ODOT) are interest free. However, starting in January 1997, ODOT began charging a one-time fee of 3% on all subsequent pieces of machinery acquired.

Detailed Notes on Account Balances (continued)

F. Fuel Tax

The County receives major funding for roads and highways from a state imposed fuel tax. Taxes are collected by the Oklahoma Tax Commission. Taxes are imposed on all gasoline, diesel, and special fuel sales statewide. The County's share is determined on formulas based on the County population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the county highway fund.

4. Contingent Liabilities

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in management's opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

5. Sales Tax

The voters of Logan County approved a 1% sales tax effective April 14, 1992. This sales tax is unlimited in duration. The sales tax was established to provide revenue for the operation and maintenance of the hospital owned by the County and leased to the Logan County Hospital and Medical Center Authority.

The voters of Logan County approved a ¼ of 1% sales tax, effective October 1, 2000, for the duration of five (5) years. The sales tax was established for the purpose of assisting county fire departments.

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



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

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

TO THE OFFICERS OF  
LOGAN COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Logan County, Oklahoma, as of and for the year ended June 30, 2003, and have issued our report thereon dated August 31, 2004. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Logan County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. The reportable condition is described in the accompanying schedule of findings as item 98-2.

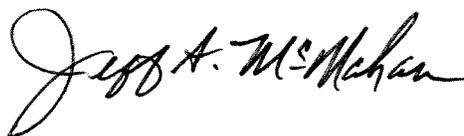
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 98-2 to be a material weakness.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report.

This report is intended solely for the information and use of the management of the County and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of the Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMahon". The signature is written in a cursive, flowing style.

JEFF A. McMAHAN  
State Auditor and Inspector

August 31, 2004

**LOGAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2003**

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

**Finding 98-2 - Segregation of Duties (Repeat Finding)**

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

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

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

**Statistical Data  
(Unaudited)**

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

<u>TAXPAYER NAME</u>	<u>JANUARY 1, 2002 NET ASSESSED VALUATION</u>	<u>% OF TOTAL NET VALUATION</u>
Oneok Power Marketing Co.	\$ 10,851,436	6.59%
Oneok Gas Storage LLC	9,565,892	5.81%
OG&E	5,967,537	3.63%
Southwestern Bell	5,795,198	3.52%
Oneok Gas Trans. LLC	3,310,328	2.01%
Oneok Energy Marketing and Trading	3,063,381	1.86%
Burlington Northern and Santa Fe R.R.	1,875,226	1.14%
Enogex, Inc.	1,333,961	0.81%
ONG	1,253,080	0.76%
Cherokee Gas Processing LLC	1,223,279	0.74%
Total	<u>\$ 44,239,318</u>	<u>26.87%</u>

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

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

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Total net assessed value as of January 1, 2002		<u>\$ 164,615,130</u>
Debt limit - 5% of total assessed value		8,230,756
Total bonds outstanding	0	
Total judgments outstanding	0	
Cash in sinking fund	<u>396</u>	<u>-</u>
Legal debt margin		<u>\$8,230,756</u>

**LOGAN COUNTY, OKLAHOMA  
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED  
 VALUE AND NET BONDED DEBT PER CAPITA  
 FOR THE YEAR ENDED JUNE 30, 2003  
 (UNAUDITED)**

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	2003
Estimated population	33,924
Net assessed value as of January 1, 2002	\$ 164,615,130
Gross bonded debt	-
Less available sinking fund cash balance	396
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0%
Net bonded debt per capita	\$ -

**LOGAN COUNTY, OKLAHOMA  
 ASSESSED VALUE OF PROPERTY  
 FOR THE YEAR ENDED JUNE 30, 2003  
 (UNAUDITED)**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/02	\$17,055,880	\$35,884,538	\$119,617,874	\$7,943,162	\$164,615,130	\$1,371,792,750