

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

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

August 25, 2005

TO THE CITIZENS OF
LOGAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Logan County, Oklahoma, for the fiscal year ended June 30, 2004. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

A handwritten signature in cursive script that reads "Jeff A. McMahan".

JEFF A. McMAHAN
State Auditor and Inspector

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

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Report to the Citizens of Logan County	iii
County Officials and Responsibilities	iv
Ad Valorem Tax Distribution.....	ix

FINANCIAL SECTION

Report of State Auditor and Inspector	1
Special-Purpose Financial Statements:	
Statement of Receipts, Disbursements, and Changes in Cash Balances - All Funds	3
Comparative Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - General Fund.....	4
Comparative Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - County Health Department Fund	6
Detailed Statement of Receipts, Disbursements, and Changes in Cash Balances - Sinking Fund	7
Detailed Statement of Receipts, Disbursements, and Changes in Cash Balances - Official Depository Accounts.....	8
Notes to the Financial Statements	9

INTERNAL CONTROL AND COMPLIANCE SECTION

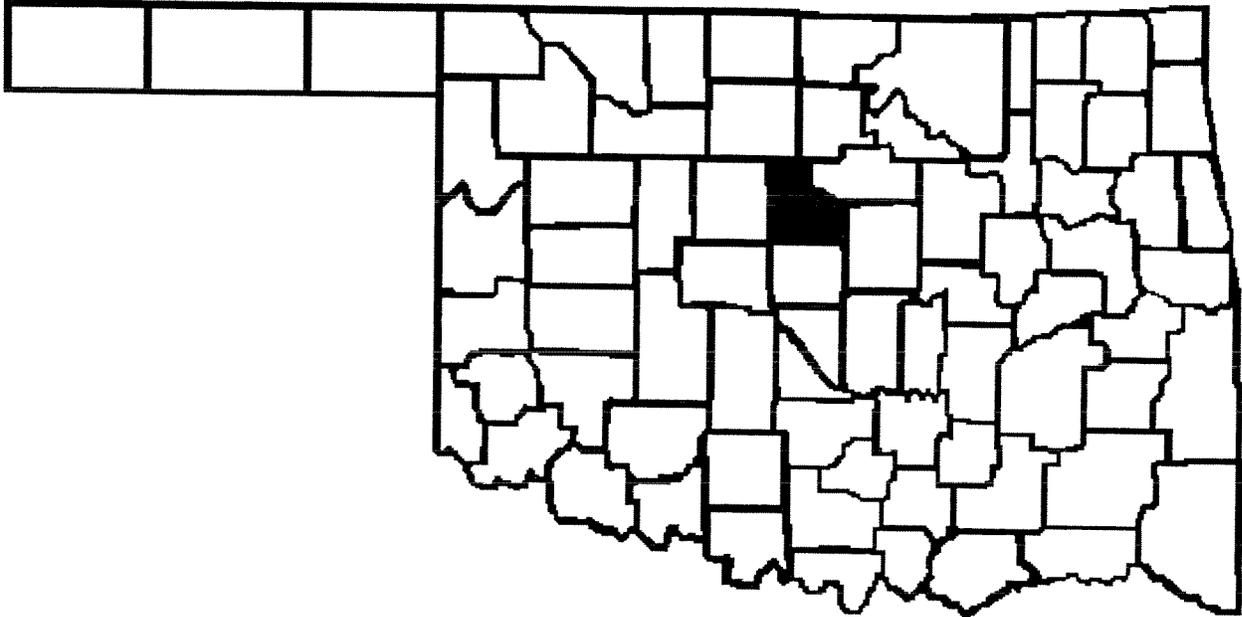
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	18
Schedule of Findings	20

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

STATISTICAL SECTION (Unaudited)

Top Ten Taxpayers	21
Computation of Legal Debt Margin.....	22
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	23
Assessed Value of Property	24

REPORT TO THE CITIZENS
OF
LOGAN COUNTY, OKLAHOMA



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

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

County Seat – Guthrie

Area – 744.6 Square Miles

County Population – 33,924
(2000 est.)

Farms – 983

Land in Farms – 380,529 Acres

Primary Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**LOGAN COUNTY OFFICIALS
AND RESPONSIBILITIES**

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

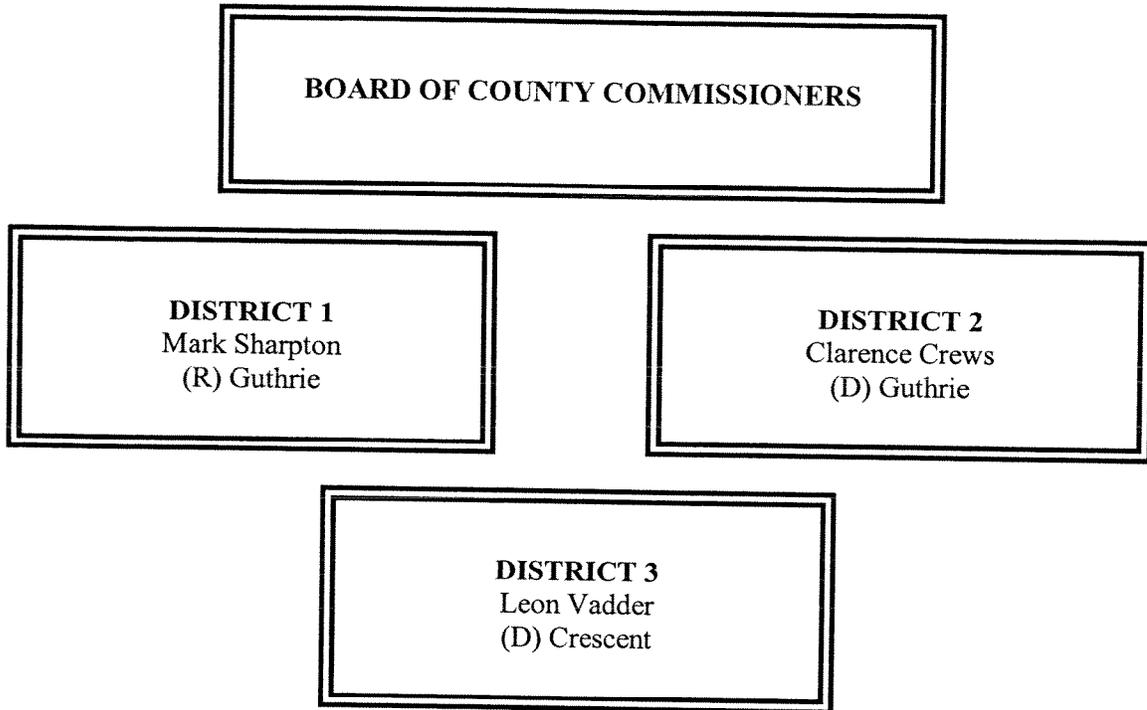
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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**



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**

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**

COURT CLERK
Rejeania Zmek
(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.

See independent auditor's report.

**LOGAN COUNTY OFFICIALS
AND RESPONSIBILITIES**

ELECTION BOARD SECRETARY

Dondee Klein

(D) Guthrie

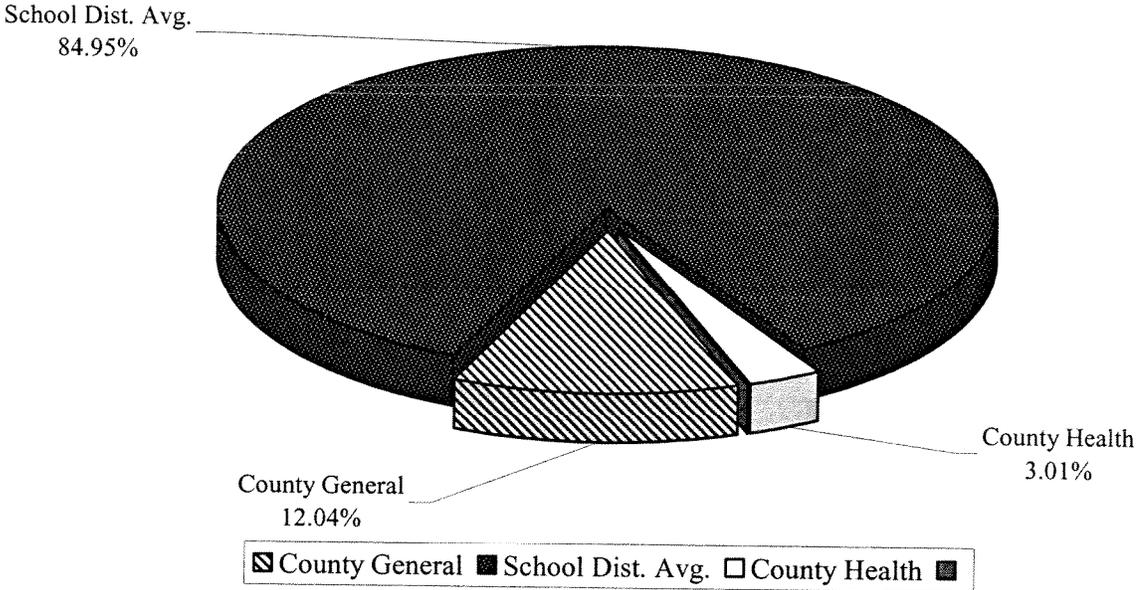
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within 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.

See independent auditor's report.

**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	
Co. General	10.24
Co. Health	2.56
<hr/>	
Other	
I-1 EMS	3.07
I-2 EMS	3.08

	School District Millages						Total
	Gen.	Bldg.	Skg.	Career-Tech	Common		
Guthrie I-1	35.84	5.12	9.54	15.37	4.09	69.96	
Crescent I-2	35.90	5.13	10.96	14.72	4.09	70.80	
Mulhall-Orlando I-3	36.20	5.17	15.01	15.37	4.09	75.84	
Coyle I-4	36.42	5.20	7.35		4.09	53.06	
Oklahoma I-3	36.32	5.19	4.52	15.57	4.09	65.69	
Oklahoma I-6	35.70	5.10	34.21	14.72	4.09	93.82	
Oklahoma I-12	35.69	5.10	23.97	14.72	4.09	83.57	
Payne I-56	36.79	5.26	18.53	15.37	4.09	80.04	
Kingfisher I-89	35.32	5.05	6.20		4.09	50.66	
Garfield I-94	35.84	5.12	9.69	15.34	4.09	70.08	
Lincoln I-4	36.76	5.25	19.33	15.60	4.09	81.03	

See independent auditor's report.

FINANCIAL SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Independent Auditor's Report

TO THE OFFICERS OF
LOGAN COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Logan County, Oklahoma, as of and for the year ended June 30, 2004, as listed in the table of contents. These special-purpose financial statements are the responsibility of 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. Oklahoma Statutes, in addition to audit responsibilities, assign other responsibilities to the State Auditor and Inspector's Office. Those responsibilities include providing various information technology (IT) support for county government.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of 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 the county health department fund of the County, as of and for the year ended June 30, 2004, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 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, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

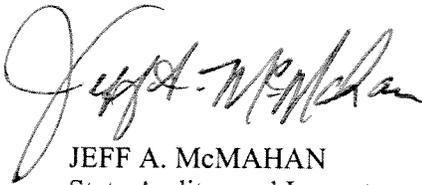
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Logan County, Oklahoma, taken as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements. The information listed in the table of contents under *Introductory Section* and *Statistical Section* has not been audited by us, and accordingly, we express no opinion on it.

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, appearing to read "Jeff A. McMahon". The signature is written in a cursive, flowing style with a large initial "J".

JEFF A. McMAHAN
State Auditor and Inspector

December 13, 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, 2004**

All County Funds	Beginning Cash Balances July 1, 2003	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2004
General Fund	\$ 687,314	\$ 2,341,654	\$ 2,545,340	\$	\$ 483,628
Highway Cash	1,693,554	2,978,767	2,856,993		1,815,328
County Health	232,970	441,810	418,261		256,519
Schools	64,154	12,267,748	12,271,144		60,758
Resale Property	188,281	119,348	113,975		193,654
Fee Cash	639,479	1,144,846	981,246		803,079
Logan County Narcotics	529				529
Law Library	11,448	29,567	26,375		14,640
Cities and Towns	6,594	187,097	184,602		9,089
Free Fair	250	21,715	21,765		200
Sheriff Revolving	3		3		
JTPA	330				330
County Sinking	396	572			968
I-1 EMS	893	222,286	222,610		569
I-2 EMS	189	39,613	39,598		204
Hospital Special Election		2,045,143	2,045,143		
Visual Inspection	352				352
Evergreen Hills Road	1,211	17,918	18,000		1,129
Springridge Reap Grant		41,505	41,505		
Drug Buy	716				716
Hardware Upgrade	9,490				9,490
Woodcrest Road District	780	11,313	10,691		1,402
Reward Fund	815				815
D.A. Revolving	24,512	71,653	35,000		61,165
Robinwood Hills Road	3,114				3,114
Flood Plain	240	380	146		474
Sherwood Road	4,767	2,082			6,849
OCFD	209	267,560	267,260		509
Individual Redemption	10,813	187,686	195,346		3,153
Free Fair Flood	1				1
Sheriff Training	1,151				1,151
Oaksprings Road	5,986	5,722			11,708
Child Abuse	297				297
County Sales Tax	790,905	514,618	390,029		915,494
Sooner VFD	8				8
Drug Forfeiture	11,528	1,380			12,908
Court Fund	21,533	723,427	660,285	1,529	86,204
Official Depository	346,456	4,888,164	4,686,849	56,144	603,915
Balance Unapportioned	219,436	22	219,458		
Commissary		5,337			5,337
Total County Funds	<u>\$ 4,980,704</u>	<u>\$ 28,578,933</u>	<u>\$ 28,251,624</u>	<u>\$ 57,673</u>	<u>\$ 5,365,686</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, 2004

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 687,314	\$ 687,314	\$ 687,314	\$ -
Less: Prior Year Outstanding Warrants	(173,430)	(173,430)	(173,430)	
Less: Prior Year Encumbrances	(151,776)	(151,776)	(147,532)	4,244
Beginning Cash Balances, Budgetary Basis	<u>362,108</u>	<u>362,108</u>	<u>366,352</u>	<u>4,244</u>
Receipts:				
Ad Valorem Taxes	1,625,761	1,625,761	1,673,864	48,103
Sales Tax	244,080	244,080	122,878	(121,202)
Charges for Services	211,551	211,551	253,827	42,276
Intergovernmental Revenues	171,667	171,667	172,462	795
Miscellaneous Revenues	55,873	58,014	118,623	60,609
Total Receipts, Budgetary Basis	<u>2,308,932</u>	<u>2,311,073</u>	<u>2,341,654</u>	<u>30,581</u>
Expenditures:				
District Attorney	17,000	17,000	17,000	
Capital Outlay	3,500	3,500	3,500	
Total District Attorney	<u>20,500</u>	<u>20,500</u>	<u>20,500</u>	<u>-</u>
County Sheriff	647,323	647,323	645,930	1,393
Capital Outlay	16,360	16,360	15,608	752
Total County Sheriff	<u>663,683</u>	<u>663,683</u>	<u>661,538</u>	<u>2,145</u>
County Treasurer	93,008	93,008	93,002	6
Capital Outlay	5	5	5	5
Total County Treasurer	<u>93,013</u>	<u>93,013</u>	<u>93,002</u>	<u>11</u>
County Commissioners	165,237	165,237	164,184	1,053
Capital Outlay	2,300	2,300	2,300	2,300
Total County Commissioners	<u>167,537</u>	<u>167,537</u>	<u>164,184</u>	<u>3,353</u>
OSU Extension	33,105	33,105	32,988	117
Capital Outlay	2,991	2,991	2,989	2
Total OSU Extension	<u>36,096</u>	<u>36,096</u>	<u>35,977</u>	<u>119</u>
County Clerk	178,518	178,518	177,233	1,285
Capital Outlay	8,900	8,900	8,900	
Total County Clerk	<u>187,418</u>	<u>187,418</u>	<u>186,133</u>	<u>1,285</u>
Court Clerk	95,013	95,013	92,501	2,512
Total Court Clerk	<u>95,013</u>	<u>95,013</u>	<u>92,501</u>	<u>2,512</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, 2004

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Assessor	84,912	84,984	82,974	2,010
Capital Outlay	4,000	4,000	2,703	1,297
Total County Assessor	<u>88,912</u>	<u>88,984</u>	<u>85,677</u>	<u>3,307</u>
Revaluation of Real Property	113,648	113,648	103,909	9,739
Capital Outlay	2,047	2,047	1,600	447
Total Revaluation of Real Property	<u>115,695</u>	<u>115,695</u>	<u>105,509</u>	<u>10,186</u>
General Government	334,775	278,275	276,224	2,051
Capital Outlay	90,000	132,000	132,000	
Total General Government	<u>424,775</u>	<u>410,275</u>	<u>408,224</u>	<u>2,051</u>
Excise-Equalization Board	4,800	4,800	3,725	1,075
Total Excise-Equalization Board	<u>4,800</u>	<u>4,800</u>	<u>3,725</u>	<u>1,075</u>
County Election Board	97,879	95,162	94,991	171
Capital Outlay	1,000	5,613	5,410	203
Total County Election Board	<u>98,879</u>	<u>100,775</u>	<u>100,401</u>	<u>374</u>
Insurance	598,500	607,173	526,072	81,101
Total Insurance	<u>598,500</u>	<u>607,173</u>	<u>526,072</u>	<u>81,101</u>
Charity	1,000	1,000	1,000	
Total Charity	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Civil Defense	14,400	14,400	13,725	675
Capital Outlay	400	400		400
Total Civil Defense	<u>14,800</u>	<u>14,800</u>	<u>13,725</u>	<u>1,075</u>
County Audit Budget	17,464	23,464	22,947	517
Total County Audit Budget	<u>17,464</u>	<u>23,464</u>	<u>22,947</u>	<u>517</u>
Free Fair	35,655	35,655	35,653	2
Capital Outlay	7,300	7,300	7,270	30
Total Free Fair	<u>42,955</u>	<u>42,955</u>	<u>42,923</u>	<u>32</u>
Total Expenditures, Budgetary Basis	<u>2,671,040</u>	<u>2,673,181</u>	<u>2,564,038</u>	<u>109,143</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	143,968	<u>\$ 143,968</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			188,988	
Add: Current Year Outstanding Warrants			150,672	
Ending Cash Balance			<u>\$ 483,628</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 FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	County Health Department Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 232,970	\$ 232,970	\$ 232,970	\$ -
Less: Prior Year Outstanding Warrants	(3,693)	(3,693)	(3,693)	
Less: Prior Year Encumbrances	(90,881)	(90,881)	(89,205)	1,676
Beginning Cash Balances, Budgetary Basis	<u>138,396</u>	<u>138,396</u>	<u>140,072</u>	<u>1,676</u>
Receipts:				
Ad Valorem Taxes	406,440	406,440	421,762	15,322
Charges for Services		14,873	14,873	
Intergovernmental Revenues			36	36
Miscellaneous Revenues			5,139	5,139
Total Receipts, Budgetary Basis	<u>406,440</u>	<u>421,313</u>	<u>441,810</u>	<u>20,497</u>
Expenditures:				
Health and Welfare	480,300	495,173	364,590	130,583
Capital Outlay	64,536	64,536	2,976	61,560
Total Expenditures, Budgetary Basis	<u>544,836</u>	<u>559,709</u>	<u>367,566</u>	<u>192,143</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	214,316	<u>\$ 214,316</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			4,846	
Add: Current Year Outstanding Warrants			37,357	
Ending Cash Balance			<u>\$ 256,519</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, 2004**

Beginning Cash Balance	\$ 396
Receipts:	
Ad Valorem Taxes	572
Miscellaneous	
Total Receipts	<u>572</u>
Disbursements:	
Interest Paid	
Total Disbursements	<u>-</u>
Ending Cash Balance	<u>\$ 968</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, 2004**

Official Depository Accounts	Beginning Cash Balances July 1, 2003	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2004
Court Clerk	\$ 197,206	\$ 2,155,971	\$ 1,988,161	\$ 50,638	\$ 415,654
County Clerk	33,163	483,704	470,362	39	46,544
Treasurer	49,929	1,590,608	1,588,742	3,098	54,893
Election Board	1,654	36,964	32,037	1,154	7,735
Health Department	989	26,564	26,861		692
County Sheriff	(3,250)	244,132	242,882		(2,000)
D.A. Restitution	7,466				7,466
D.A. Bogus Check	39				39
D.A. Criminal Restitution	1,233	65,266	67,041	1,052	510
Logan County Trust	43,021	25,125	24,272	163	44,037
Sheriff Service Fee		230,582	237,542		(6,960)
Court Clerk Revolving	14,699	22,881	3,292		34,288
Assessor Fees	127	4,410	4,288		249
Sheriff Estray Livestock					
Total Official Depository Accounts	<u>180</u>	<u>1,957</u>	<u>1,369</u>		<u>768</u>
	<u>\$ 346,456</u>	<u>\$ 4,888,164</u>	<u>\$ 4,686,849</u>	<u>\$ 56,144</u>	<u>\$ 603,915</u>

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash balances of all funds of 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 the county health department fund are the only funds required to adopt a formal budget. The budget presented for the general fund and county health department fund includes the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. Appropriations for the highway funds and other funds are made on a monthly basis, according to the funds then available.

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

Summary of Significant Accounting Policies (continued)

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

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

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

E. Cash and Investments

The County pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Investments are carried at cost, which approximates market value. All funds were fully invested or deposited in interest-bearing demand accounts at June 30, 2004.

F. Risk Management

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

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

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Worker's Compensation - Employees' Injuries	The County carries commercial insurance for these types of risk.	A judgment could be assessed for claims in excess of coverage.
Employee - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of coverage.	None

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$50,000 deductible for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amount for replacement value up to \$100,000 for property, and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool's risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

Commercial Insurance - The County obtains commercial insurance coverage to pay legitimate worker's compensation claims and employees' insurance. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

Management believes coverage is sufficient to preclude any significant uninsured losses to the County.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

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

3. Detailed Notes on Funds and Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$5,365,686 and the bank balance was \$5,406,407. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

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

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district
- Negotiable certificates of deposit
- Prime bankers acceptance which are eligible for purchase by the Federal Reserve System
- Prime commercial paper with a maturity of 180 days or less
- Repurchase agreements
- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments

B. Description of Funds

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.

Detailed Notes on Funds and Account Balances (continued)

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.

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.

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.

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

Detailed Notes on Funds and Account Balances (continued)

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.

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.

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.

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

Detailed Notes on Funds and Account Balances (continued)

The following narrative details the official depository accounts.

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.

Treasurer - accounts for all collection of pre-paid ad valorem taxes, pre-paid mobile home taxes, and the sale of motor vehicle tax stamps. Disbursements are for the purpose of refunds, tax payments, Oklahoma Tax Commission, and Treasurer's Mortgage Tax Certification Fees.

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.

Sheriff Estray Livestock – holding account for stray livestock sold.

Detailed Notes on Funds and Account Balances (continued)

C. Ad Valorem Tax

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

The assessed property value as of January 1, 2003, was approximately \$174,642,351.

Per Article 10, § 8A, 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, 2.56 mills for the county health department, and 3.07-3.08 mills for emergency medical service. In addition, the County also collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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

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

Current year tax collections for the year ended June 30, 2004, were approximately 98 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.

Detailed Notes on Funds and Account Balances (continued)

E. Capital Leases

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

F. 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.

INTERNAL CONTROL AND COMPLIANCE SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

TO THE OFFICERS OF
LOGAN COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Logan County, Oklahoma, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 13, 2004. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation, and describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 an opinion 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 1998-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 1998-2 to be a material weakness.

Compliance and Other Matters

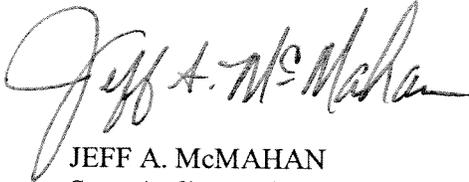
As part of obtaining reasonable assurance about whether Logan County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

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

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

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

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

December 13, 2004

LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

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 1998-2 - Segregation of Duties

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

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

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

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

STATISTICAL SECTION
(Unaudited)

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

<u>TAXPAYER NAME</u>	<u>JANUARY 1, 2003 NET ASSESSED VALUATION</u>	<u>% OF TOTAL NET VALUATION</u>
Oneok (all systems).	\$ 29,799,953	17.06%
OG&E	6,122,240	3.51%
Southwestern Bell Telephone	3,935,723	2.25%
Duke Energy Field Services	2,463,193	1.41%
Burlington Northern and Santa Fe R.R.	1,982,107	1.13%
Enogex, Inc.	1,306,075	0.75%
CMS Cherokee Gas Processing LLC	1,067,477	0.61%
Koch (all systems)	977,273	0.56%
Edward K. Gaylord, II	922,808	0.53%
Conoco Pipeline Co.	909,053	0.52%
Total	<u>\$ 49,485,902</u>	<u>28.33%</u>

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

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

Total net assessed value as of January 1, 2003		<u>\$ 174,642,351</u>
Debt limit - 5% of total assessed value		8,732,118
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>968</u>	<u>-</u>
Legal debt margin		<u>\$ 8,732,118</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, 2004
(UNAUDITED)

	2004
Estimated population	33,924
Net assessed value as of January 1, 2003	\$ 174,642,351
Gross bonded debt	-
Less available sinking fund cash balance	968
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

**LOGAN COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 FOR THE YEAR ENDED JUNE 30, 2004
 (UNAUDITED)**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2003	\$27,610,644	\$38,539,606	\$116,334,999	\$7,842,898	\$174,642,351	\$1,455,352,925