

# LOGAN COUNTY

FOR THE YEAR ENDED  
JUNE 30, 2006

# COUNTY AUDIT



Oklahoma State Auditor  
& Inspector

**LOGAN COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

This publication is printed and issued by the State Auditor and Inspector as authorized by 19 O.S. § 171. Pursuant to 74 O.S. § 3105.B, thirty-five (35) copies have been prepared and distributed at a cost of \$93.13. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



**STATE OF OKLAHOMA**  
**OFFICE OF THE AUDITOR AND INSPECTOR**

Steve Burrage, CPA  
State Auditor and Inspector

August 18, 2008

TO THE CITIZENS OF  
LOGAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Logan County, Oklahoma, for the fiscal year ended June 30, 2006. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

A handwritten signature in blue ink that reads "Michelle R. Day".

MICHELLE R. DAY, Esq.  
Deputy State Auditor and Inspector

**LOGAN COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

**TABLE OF CONTENTS**

INTRODUCTORY SECTION (Unaudited)

Report to the Citizens of Logan County .....	iii
County Officials and Responsibilities.....	iv
Ad Valorem Tax Distribution .....	ix
Computation of Legal Debt Margin.....	x
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita.....	xi
Assessed Value of Property .....	xii

FINANCIAL SECTION

Report of State Auditor and Inspector .....	1
Basic Financial Statement:	
Combined Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information) .....	3
Notes to the Financial Statement.....	4

OTHER SUPPLEMENTARY INFORMATION

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund.....	11
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund .....	14
Detailed Schedule of Receipts, Disbursements, and Changes in Cash Balances—Sinking Fund.....	15
Notes to Other Supplementary Information .....	16

**LOGAN COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

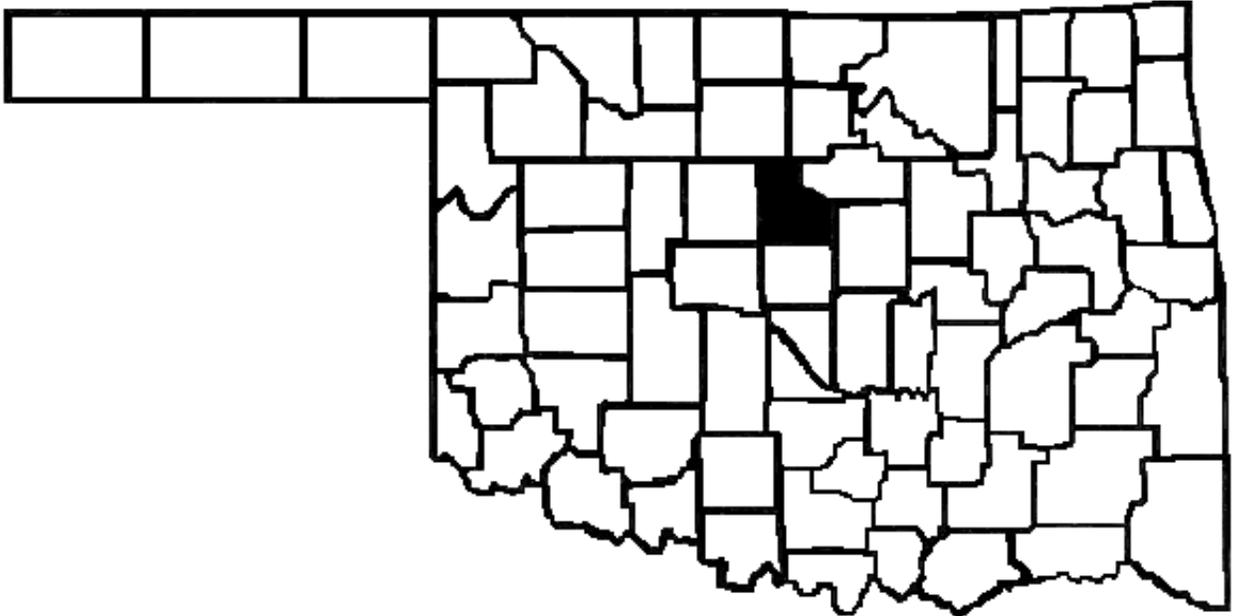
INTERNAL CONTROL AND COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards* ..... 17

Schedule of Findings and Responses ..... 19

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

---



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

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

County Seat – Guthrie

Area – 748.92 Square Miles

County Population – 36,301  
(2004 est.)

Farms – 1,205

Land in Farms – 365,671 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor's report.

**LOGAN COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

**COUNTY ASSESSOR**  
Jacquelyn Gooch

The County Assessor has the responsibility to appraise and assess the real and personal property within the county for the purpose of ad valorem taxation. Also, the County Assessor is required to compute the ad valorem taxes due on all taxable property. The County Assessor appraises all the taxable real and personal property according to its fair cash value for which the property is actually being used as of January 1 of the taxable year at the percentages provided for in Article 10, § 8 of the Oklahoma Constitution.

The County Assessor is required to build and maintain permanent records of the taxable real property and tax exempt real property within the county. Information entered on each record includes the property's legal description, owner's name and address, and the homestead exemption status of the owner.

**COUNTY CLERK**  
Mary Lou Orndorff

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

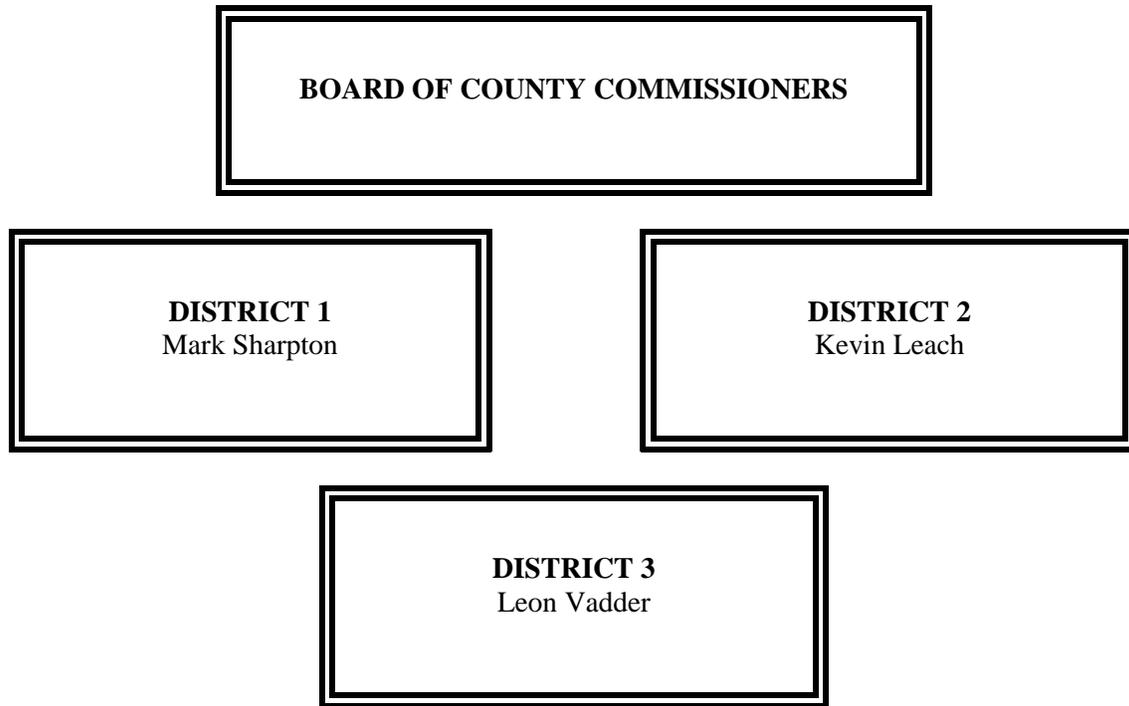
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. This system is a means to ensure the public that tax dollars are being spent appropriately.

Various records within the different county offices are classified as "open records." As such, they can be reviewed and mechanically copied by the public.

See independent auditor's report.

**LOGAN COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---



The Board of County Commissioners is the chief administrative body for the county. County Commissioners are also responsible for maintaining and constructing the county roads and bridges.

The Commissioners must act as a Board when entering into contracts or other agreements affecting the county's welfare. Thus, actions taken by the Board are voted on and approved by a majority of the Commissioners. The Board of County Commissioners' business meetings are open to the public.

As the county's chief administrative body, the three County Commissioners must make major financial decisions and transactions. The Board has the official duty to ensure the fiscal responsibility of the other county officers who handle county funds. The review and approval procedures empowered to the Board of County Commissioners are a means to provide the public with a fiscally efficient system of county government.

See independent auditor's report.

**LOGAN COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

**COUNTY SHERIFF**  
Randy Richardson

The County Sheriff is responsible for preserving the peace and protecting life and property within the county's jurisdiction. As the county's chief law enforcement officer, the Sheriff has the power and authority to suppress all unlawful disturbances, to apprehend and secure persons charged with felony or breach of peace, and to operate the county jail.

The County Sheriff has the responsibility of serving warrants and processing papers ordered by the District Court.

**COUNTY TREASURER**  
Sherri Longnecker

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

To account for county collections and disbursements, the County Treasurer is required to maintain an accurate record of all the monies received and disbursed. 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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

**COURT CLERK**  
ReJeania Zmek

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

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

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

Monies from the court fund are identified for distribution by the Court Clerk to the appropriate units of county and state government. 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

As the chief attorney for county government, the District Attorney acts as the legal advisor to the county officers on matters related to their duties. The District Attorney represents the county in civil litigation. County officials may call upon the District Attorney to clarify a law or request an official interpretation from the Attorney General.

See independent auditor's report.

**LOGAN COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

**ELECTION BOARD SECRETARY**  
Dondee Klein

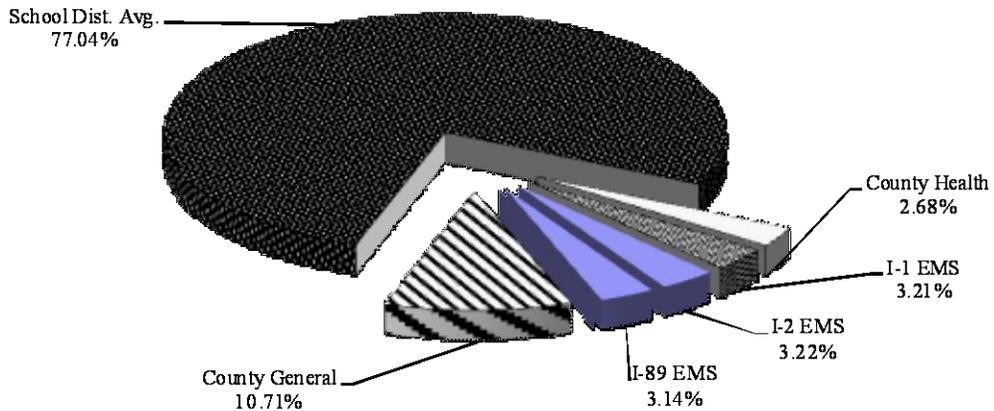
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

To finance the operation of the County Election Board, the County Excise Board must appropriate sufficient funds annually. The state and counties split the election costs, but counties must pay for any county elections not held concurrently with state elections.

See independent auditor's report.

**LOGAN COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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	
County General	10.24							
County Health	2.56							
<u>Other</u>								
I-1 EMS	3.07							
I-2 EMS	3.08							
I-89 EMS	3.00							
		Guthrie I-1	35.84	5.12	20.60	15.37	4.09	81.02
		Crescent I-2	35.90	5.13	16.94	15.33	4.09	77.39
		Mulhall-Orlando I-3	36.20	5.17	13.11	15.37	4.09	73.94
		Coyle I-4	36.42	5.20	13.03		4.09	58.74
		Oklahoma I-3	36.32	5.19	2.82	15.57	4.09	63.99
		Oklahoma I-6	35.70	5.10	33.76	15.33	4.09	93.98
		Oklahoma I-12	35.69	5.10	23.69	15.33	4.09	83.90
		Payne I-56	36.79	5.26	19.05	15.37	4.09	80.56
		Kingfisher I-89	35.32	5.05	5.76		4.09	50.22
		Garfield I-94	35.84	5.12	8.88	15.34	4.09	69.27
		Lincoln I-4	36.76	5.25	15.34	15.60	4.09	77.04

See independent auditor's report.

**LOGAN COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(UNAUDITED)**

---

---

Total net assessed value as of January 1, 2005		<u><u>\$ 202,576,058</u></u>
Debt limit - 5% of total assessed value		10,128,803
Total bonds outstanding		
Total judgments outstanding	-	
Less cash in sinking fund	<u>999</u>	<u>-</u>
Legal debt margin		<u><u>\$ 10,128,803</u></u>

See independent auditor's report.

**LOGAN COUNTY, OKLAHOMA  
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED  
VALUE AND NET BONDED DEBT PER CAPITA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(UNAUDITED)**

---

	2006
Estimated population	36,301
Net assessed value as of January 1, 2005	\$ 202,576,058
Gross bonded debt	-
Less available sinking fund cash balance	999
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

**LOGAN COUNTY, OKLAHOMA  
ASSESSED VALUE OF PROPERTY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(UNAUDITED)**

---

---

<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2005	\$30,733,820	\$37,746,711	\$142,212,527	\$8,117,000	\$202,576,058	\$1,688,133,816

See independent auditor's report.

## **FINANCIAL SECTION**



**STATE OF OKLAHOMA**  
**OFFICE OF THE AUDITOR AND INSPECTOR**

Steve Burrage, CPA  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
LOGAN COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Logan County, Oklahoma, as of and for the year ended June 30, 2006, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Logan County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

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

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Logan County as of June 30, 2006, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Logan County, for the year ended June 30, 2006, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2008, on our consideration of Logan County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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



MICHELLE R. DAY, Esq.  
Deputy State Auditor and Inspector

July 28, 2008

## **Basic Financial Statement**

**LOGAN COUNTY, OKLAHOMA  
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 (WITH COMBINING INFORMATION)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

Combining Information:	Beginning Cash Balances July 1, 2005	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2006
General Fund	\$ 559,819	\$ 2,631,192	\$ 2,546,084	\$ 644,927
Highway Cash	1,921,688	3,878,456	3,972,805	1,827,339
County Health	380,316	507,507	487,911	399,912
Resale Property	217,405	126,545	139,530	204,420
County Sinking	981	18		999
Reward Fund	915			915
Visual Inspection	352			352
Fee Cash	1,002,463	818,959	904,986	916,436
City of Meridian CDBG	32,100	30,000	62,100	
Commissary	6,728	9,300	6,636	9,392
Sheriff Training	1,151			1,151
County Sales Tax	1,071,095	534,436	402,407	1,203,124
Drug Forfeiture	11,208	4,678	425	15,461
<b>Combined Total--All County Funds</b>	<u>\$ 5,206,221</u>	<u>\$ 8,541,091</u>	<u>\$ 8,522,884</u>	<u>\$ 5,224,428</u>

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

**LOGAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

The accompanying basic financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of Logan County, Oklahoma. The funds presented as line items are not a part of the basic financial statement, but have been included as supplementary information within the basic financial statement. These separate funds are established by statute, and their operations are under the control of the County officials. The general fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

**B. Fund Accounting**

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

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

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.

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.

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

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

**LOGAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

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

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

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

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

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

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

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

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

**C. Basis of Accounting**

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

**D. Budget**

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

**LOGAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

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

**E. Cash**

The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

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

**F. Investments**

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

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

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

**G. Compensated Absences**

Vacation benefits are earned by the employee during the year and may not be accumulated. Employees with service years up to 10 years earn 10 days per year. Employees with service years exceeding 10 years earn 15 days per year. Vacation leave is accrued monthly.

**LOGAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

Sick leave benefits are accrued at 5 days per year with a maximum accumulation of 30 days. Sick leave is not paid upon termination.

**2. Ad Valorem Tax**

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

The assessed property value as of January 1, 2005, was approximately \$202,576,058.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.24 mills for general fund operations, 2.56 mills for county health department, and 3.00, 3.07 and 3.08 mills respectively, for emergency medical service districts. In addition, the County 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, 2006, were approximately 92.73 percent of the tax levy.

**3. Fuel Tax**

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

**LOGAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

**4. Risk Management**

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

<b>Types of Loss</b>	<b>Method of Management</b>	<b>Risk of Loss Retained</b>
General Liability <ul style="list-style-type: none"> <li>• Torts</li> <li>• Errors and Omissions</li> <li>• Law Enforcement Officers Liability</li> <li>• Vehicle</li> </ul>	The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
Physical Plant <ul style="list-style-type: none"> <li>• Theft</li> <li>• Damage to Assets</li> <li>• Natural Disasters</li> </ul>		
Workers' Compensation <ul style="list-style-type: none"> <li>• Employees' Injuries</li> </ul>	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee <ul style="list-style-type: none"> <li>• Medical</li> <li>• Disability</li> <li>• Dental</li> <li>• Life</li> </ul>	The County carries commercial insurance.	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 \$10,000 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 workers' 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.

**LOGAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

**5. Long-term Obligations**

**Capital Leases**

The County acquires road machinery and equipment through lease-purchase agreements financed by the Oklahoma Department of Transportation and/or the equipment vendors or their assignees pursuant to the provisions of 69 O.S. § 636.1 through § 636.7. Lease agreements entered into 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 pieces of machinery subsequently acquired.

**6. Pension Plan**

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

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 6.5% and 11.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 11.5% of earned compensation for elected officials. The County's contributions to the plan for the years ending June 30, 2006, 2005, and 2004, were \$344,577, \$218,082, and \$207,303, respectively, equal to the required contributions for each year.

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

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

**LOGAN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

**8. Contingent Liabilities**

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

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

**9. Sales Tax**

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  $\frac{1}{4}$  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.

On March 1, 2005, the voters of Logan County approved a  $\frac{3}{4}$  of 1% sales tax, effective July 1, 2005, and terminating after ten (10) years or at the date of retirement of any debt incurred for land acquisition, construction, financing, furnishing, and equipping a new county jail and related facilities.

**OTHER SUPPLEMENTARY INFORMATION**

**LOGAN COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 559,819	\$ 559,819	\$ 559,819	\$ -
Less: Prior Year Outstanding Warrants	(148,872)	(148,872)	(148,872)	
Less: Prior Year Encumbrances	(30,959)	(30,959)	(26,654)	4,305
Beginning Cash Balances, Budgetary Basis	<u>379,988</u>	<u>379,988</u>	<u>384,293</u>	<u>4,305</u>
Receipts:				
Ad Valorem Taxes	1,885,799	1,885,799	1,893,814	8,015
Charges for Services	221,036	221,036	281,700	60,664
Intergovernmental Revenues	194,439	204,304	246,594	42,290
Miscellaneous Revenues	56,521	56,521	209,084	152,563
Total Receipts, Budgetary Basis	<u>2,357,795</u>	<u>2,367,660</u>	<u>2,631,192</u>	<u>263,532</u>
Expenditures:				
District Attorney	20,500	20,500	20,361	139
Total District Attorney	<u>20,500</u>	<u>20,500</u>	<u>20,361</u>	<u>139</u>
County Sheriff	780,366	780,366	776,778	3,588
Capital Outlay	16,908	16,908	16,908	
Total County Sheriff	<u>797,274</u>	<u>797,274</u>	<u>793,686</u>	<u>3,588</u>
County Treasurer	103,479	103,479	102,286	1,193
Capital Outlay	5	5		5
Total County Treasurer	<u>103,484</u>	<u>103,484</u>	<u>102,286</u>	<u>1,198</u>
County Commissioners	190,740	190,740	187,366	3,374
Capital Outlay	3,000	3,000	450	2,550
Total County Commissioners	<u>193,740</u>	<u>193,740</u>	<u>187,816</u>	<u>5,924</u>
OSU Extension	21,385	21,385	20,769	616
Capital Outlay	7,924	7,924	7,919	5
Total OSU Extension	<u>29,309</u>	<u>29,309</u>	<u>28,688</u>	<u>621</u>
County Clerk	190,917	190,917	189,693	1,224
Capital Outlay	100	100		100
Total County Clerk	<u>191,017</u>	<u>191,017</u>	<u>189,693</u>	<u>1,324</u>

continued on next page

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

**LOGAN COUNTY, OKLAHOMA  
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND  
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Court Clerk	102,913	102,913	102,831	82
Total Court Clerk	102,913	102,913	102,831	82
County Assessor	91,513	91,513	91,186	327
Capital Outlay	7,000	7,000	5,200	1,800
Total County Assessor	98,513	98,513	96,386	2,127
Revaluation of Real Property	126,388	126,388	120,536	5,852
Capital Outlay	500	500		500
Total Revaluation of Real Property	126,888	126,888	120,536	6,352
General Government	358,999	368,864	364,535	4,329
Capital Outlay	183,114	183,114	123,815	59,299
Total General Government	542,113	551,978	488,350	63,628
Excise-Equalization Board	5,100	5,100	3,557	1,543
Total Excise-Equalization Board	5,100	5,100	3,557	1,543
County Election Board	112,526	112,526	107,987	4,539
Capital Outlay	1,000	1,000		1,000
Total County Election Board	113,526	113,526	107,987	5,539
Insurance	328,149	328,149	322,463	5,686
Total Insurance	328,149	328,149	322,463	5,686
Charity	2,500	2,500	399	2,101
Total Charity	2,500	2,500	399	2,101
Civil Defense	14,280	14,280	14,209	71
Capital Outlay	1,020	1,020	1,020	
Total Civil Defense	15,300	15,300	15,229	71
County Audit Budget	20,257	20,257	20,257	
Total County Audit Budget	20,257	20,257	20,257	-

continued on next page

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

**LOGAN COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Free Fair Budget	38,450	38,450	38,446	4
Capital Outlay	8,750	8,750	8,729	21
Total Free Fair Budget	<u>47,200</u>	<u>47,200</u>	<u>47,175</u>	<u>25</u>
Provision for Interest on Warrants	-	-	-	-
Total Expenditures, Budgetary Basis	<u>2,737,783</u>	<u>2,747,648</u>	<u>2,647,700</u>	<u>99,948</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	367,785	<u>\$ 367,785</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			139,178	
Add: Current Year Outstanding Warrants			<u>137,964</u>	
Ending Cash Balance			<u>\$ 644,927</u>	

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

**LOGAN COUNTY, OKLAHOMA  
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND  
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—  
COUNTY HEALTH DEPARTMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	County Health Department Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 380,316	\$ 380,316	\$ 380,316	\$ -
Less: Prior Year Outstanding Warrants	(74,662)	(74,662)	(74,662)	
Less: Prior Year Encumbrances	(9,075)	(9,075)	(4,744)	4,331
Beginning Cash Balances, Budgetary Basis	<u>296,579</u>	<u>296,579</u>	<u>300,910</u>	<u>4,331</u>
Receipts:				
Ad Valorem Taxes	471,450	471,450	473,454	2,004
Charges for Services	24,560	24,560	32,177	7,617
Intergovernmental Revenue			35	35
Miscellaneous Revenues			1,841	1,841
Total Receipts, Budgetary Basis	<u>496,010</u>	<u>496,010</u>	<u>507,507</u>	<u>11,497</u>
Expenditures:				
Health and Welfare	606,938	606,938	493,858	113,080
Capital Outlay	185,651	185,651	3,065	182,586
Total Expenditures, Budgetary Basis	<u>792,589</u>	<u>792,589</u>	<u>496,923</u>	<u>295,666</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	311,494	<u>\$ 311,494</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			44,201	
Add: Current Year Outstanding Warrants			44,217	
Ending Cash Balance			<u>\$ 399,912</u>	

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

**LOGAN COUNTY, OKLAHOMA  
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES—SINKING FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

---

Beginning Cash Balance	<u>\$ 981</u>
Receipts:	
Ad Valorem Tax	<u>18</u>
Total Receipts	<u>18</u>
Disbursements:	
Total Disbursements	<u>-</u>
Ending Cash Balance	<u>\$ 999</u>

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

**LOGAN COUNTY, OKLAHOMA  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

**1. Budgetary Schedules**

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

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

**2. Sinking Fund Schedule**

Debt service revenues are derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

**INTERNAL CONTROL AND COMPLIANCE SECTION**



**STATE OF OKLAHOMA**  
**OFFICE OF THE AUDITOR AND INSPECTOR**

Steve Burrage, CPA  
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 combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Logan County, Oklahoma, as of and for the year ended June 30, 2006, which comprises Logan County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated July 28, 2008. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report 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 financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 Logan County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying schedule of findings and responses as items 2006-1, 2006-3, 2006-4, and 2006-6.

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 statement 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, of the reportable conditions described above, we consider item 2006-1 to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Logan County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2006-2 and 2006-5.

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



MICHELLE R. DAY, Esq.  
Deputy State Auditor and Inspector

July 28, 2008

**LOGAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

**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 2006-1—Segregation of Duties (Repeat Finding)**

Criteria: Demonstration of accountability and stewardship are goals used in evaluating management's accounting for funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing cash and checks should be segregated.

Condition: Based on inquiries of County personnel, it was noted that the duties of receiving, receipting, recording, and depositing collections were not adequately segregated. Payroll preparation, review and distribution are not adequately segregated.

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

Recommendation: We recommend management be aware of this condition and realize the concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. Under these conditions, 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: It is the desire of Logan County to perform all duties as prescribed by the State Auditor & Inspector. However, due to lack of funds, it is not possible to totally segregate all the duties required. We are cognizant of the problem and will manage it to the best of our ability.

**Finding 2006-2 - Collateral**

Criteria: Title 62 O.S. § 511 states, "Any custodian of public funds of any kind or character, required by law to secure proper collateral before depositing public funds in a bank or trust company, shall hereafter, in depositing public funds in a bank or trust company whose deposits are insured by the Federal Deposit Insurance Corporation, be required to secure proper collateral only for sums deposited in excess of the amount of deposit insured by such Federal Deposit Insurance Corporation."

Condition: During our review of the County's pledged collateral it was noted that funds deposited with First Capital Bank were undercollateralized by \$61,307.40 at December 31, 2005.

Effect: If the bank defaulted, the County would not be able to recover all of their funds. This is also a violation of state statutes.

**LOGAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

Recommendation: We recommend the Treasurer keep all county funds sufficiently collateralized at all times.

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

**Finding 2006-3 – Inmate Trust Bank Reconciliations**

Criteria: Safeguarding controls are an aspect of internal controls. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as reconciliations not performed or not timely prepared, are deficiencies in internal control. Further, reconciliations should be performed on a monthly basis.

Condition: The Inmate Trust account bank reconciliations for March – June 2006 were not performed.

The Inmate Trust account bank reconciliations that were performed were not reviewed or approved by someone other than the preparer.

Discrepancies in check numbers between the performed bank reconciliations/check register and the bank statement were noted on seven checks (1808, 1809, 1816, 1817, 1877, 1878, and 1879).

Effect: These conditions could result in undetected errors and in some instances could result in misappropriation of cash.

Recommendation: We recommend that all inmate trust bank reconciliations be performed on a timely basis and reviewed and approved by someone other than the preparer. We further recommend that any discrepancies in check numbers be investigated and resolved.

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

**Finding 2006-4 – Certification of Purchase Orders**

Criteria: Statutory control requirements have been established for county government for expenditure of county funds. Title 19 O.S. § 1505 states, “The following procedures shall be used by counties for the requisition, purchase, lease-purchase, rental, and receipt of supplies, materials, and equipment for the maintenance, operation, and capital expenditures of county government unless otherwise provided for by law... The procedures for the receipt of items should be as follows: 10. Upon receipt of an invoice, the county clerk shall compare the following documents:

- a. requisition,
- b. purchase order,
- c. invoice with non-collusion affidavit as required by law,

**LOGAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

- d. receiving report, and
- e. delivery document.

The documents shall be available for public inspection during regular business hours; and 11. If the documents conform as to the quantity and quality of the items, the county clerk shall prepare a warrant for payment according to procedures provided for by law...”

Condition: During our review of 75 purchase orders, we noted seven instances (# 60765, #63887, #62829, #61073, #60322, #602993, and #54232) or 9.33%, where the certification section of the purchase order had not been signed by the County Clerk or designate.

Effect: The County is not following control procedures established by state statutes, which could result in undetected errors and in some instances could result in misappropriation of expenditures.

Recommendation: We recommend the County Clerk, after ensuring that the invoice, receiving report, and delivery documentation supports the purchase order, sign the certification section approving the purchase order for consideration for payment by the Board of County Commissioners.

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

**Finding 2006-5 – Encumbrances**

Criteria: Statutory control requirements have been established for county government for encumbrance of funds. Title 19 O.S. § 1505.D.4 requires funds be encumbered prior to the ordering or receiving of goods and services.

Condition: During our review of 75 purchase orders, we noted four instances (P.O. #61073, #5172FD, #60322, and #62993) where funds were not encumbered before ordering or purchasing materials or supplies.

Effect: The County is not following control procedures established by state statutes, which could result in undetected errors and overspending of appropriations.

Recommendation: We recommend funds be encumbered prior to the ordering and/or receiving of goods and services and to ensure funds are available for all purchases made.

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

**LOGAN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

---

**Finding 2006-6 – Consumable Inventories**

Criteria: Title 19 O.S. § 1502.A.1.b.(2) states that an inventory system shall be administered for all supplies and materials of a county purchased in lots of Five Hundred Dollars (\$500.00) or more for use in the construction and maintenance of roads and bridges.

Condition: Based on our test work performed for consumable inventory, we noted the following items concerning consumable inventory records:

- a. Consumable records are not being maintained for District 2.
- b. Transfer documents maintained for District 3 are not complete.
- c. Fuel records are inconclusive and do not always contain the gallons purchased, gallons used, and gallons on hand. In addition, the fuel records are not reconciled to the fuel on hand.

Effect: The County is not being accountable for its consumable inventory, which could result in undetected errors and misappropriation of inventory.

Recommendation: We recommend management take steps to ensure that consumable inventory records be maintained and updated on a daily basis. We also recommend management take steps to ensure that fuel records reconcile to fuel on hand. This process should include sign-up sheets that are signed by the individual receiving the fuel, sticking the tanks weekly and documenting those results on the fuel records to determine records are accurate.

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



**OFFICE OF THE STATE AUDITOR AND INSPECTOR  
2300 N. LINCOLN BOULEVARD, ROOM 100  
OKLAHOMA CITY, OK 73105-4896**

**[WWW.SAI.STATE.OK.US](http://WWW.SAI.STATE.OK.US)**