

**TOWN OF
LONGDALE -
BLAINE COUNTY**

JULY 1, 2003 THROUGH
JUNE 30, 2006

**SPECIAL
AUDIT**



Jeff A. McMahan

Oklahoma State Auditor
& Inspector



Town of Longdale / Longdale
Municipal Authority
Blaine County
Special Audit Report
July 1, 2003 – June 30, 2006

JEFF A. McMAHAN, CFE

OKLAHOMA OFFICE
OF THE
STATE AUDITOR & INSPECTOR

Why the audit was performed

The District Attorney
requested the audit pursuant to
74 O.S. 2001 § 212(H).

Audit Summary:

- ✓ There is a lack of segregation between the Town of Longdale and the LMA. **Pg 8**
- ✓ Land was sold to adjacent property owners in accordance with **66 O.S. § 65. Pgs 9 - 10**
- ✓ We found no statute requiring advertising or bidding. **Pgs 9 - 10**
- ✓ We found no statute requiring fair market value be obtained for the property sold. **Pgs 9 - 11**
- ✓ LMA board members purchased land from the LMA resulting in a possible conflict of interest. **Pgs 11 - 12**
- ✓ Relatives of board members that purchased land do not appear to be immediate family. **Pgs 11 - 13**
- ✓ Since all the land was accounted for, the two missing receipts would appear to be for a purpose other than the sale of abandoned railroad right-of-way. **Pg 13**
- ✓ The railroad land cannot be platted. **Pg 13**
- ✓ It is the responsibility of the land purchaser to record their deed with the county clerk. **Pg 14**
- ✓ There are a total of 5 tracts that were not sold. **Pgs 14 -15**
- ✓ There are inconsistencies between the amount charged for the sale of the railroad property. **Pg 16**
- ✓ Documentation for the price charged could not be located. **Pg 16**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

March 19, 2008

Mr. Barry Retherford
Assistant District Attorney-Dist. No. 4
Blaine County Courthouse
Watonga, Oklahoma 73772

Transmitted herewith is the Special Audit Report of the Town of Longdale and the Longdale Municipal Authority. We performed our special audit in accordance with the requirements of **74 O.S. § 212(H)**.

A report of this type tends to be critical in nature. Failure to report commendable features in the present accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

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

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

Sincerely,

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

Michelle R. Day, Esq.
Deputy State Auditor and Inspector

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Town Of Longdale / Longdale Municipal Authority

Herb Hoskins Mayor/Chairman (Starting 4/05)

Jacque Steinbach Mayor/Chairman (Ended 4/05)

Archie Farrand Trustee (Starting 4/05)

Jackie Barns Trustee (12/03 - 4/05)

Jeff Holland..... Trustee (Ended 11/03)

Janet Woods Trustee

James McGuire Trustee

Tony Taylor Trustee (Starting 11/05)

Amy Sessions Trustee (Ended 10/05)



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan
State Auditor and Inspector

Mr. Herb Hoskins, Mayor / Chairman of the Board
Town of Longdale / Longdale Municipal Authority
P.O. Box 249
Longdale, Oklahoma 73755-0249

Dear Mr. Hoskins:

Pursuant to the District Attorney's request and in accordance with the requirements of **74 O.S. § 212(H)**, we performed a special audit with respect to the Town of Longdale and the Longdale Municipal Authority, for the period July 1, 2003 through June 30, 2006.

The objectives of our special audit primarily included, but were not limited to, concerns expressed by the District Attorney. Our findings and recommendations are presented in the accompanying report.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on the account balances or financial statements of the Town of Longdale and the Longdale Municipal Authority. Further, due to the test nature and other inherent limitations of a special audit report, together with the inherent limitations of any internal control structure, there is an unavoidable risk that some material misstatements may remain undiscovered. This report relates only to the accounts and items specified above and do not extend to any financial statements of the Town of Longdale and the Longdale Municipal Authority.

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

Sincerely,

Handwritten signature of Michelle R. Day in blue ink.

Michelle R. Day, Esq.
Deputy State Auditor and Inspector

January 10, 2008

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INTRODUCTION:

The Town of Longdale, Oklahoma is organized under the statutory town board of trustees form of government, as outlined in **11 O.S. § 12-101, et seq.**

11 O.S. § 12-101, states:

“The form of government provided by Sections 11-12-101 through 11-114 of this title shall be known as the statutory town board of trustees form of government. Towns governed under the statutory town board of trustees form shall have all the powers, functions, rights, privileges, franchises and immunities granted, or which may be granted, to towns. Such powers shall be exercised as provided by law applicable to towns under the town board of trustees form, or if the manner is not thus prescribed, then in such manner as the board of trustees may prescribe.”

The Longdale Municipal Authority is a public trust established under **60 O.S. § 176 et seq.** The trust was created on February 27, 1971. The Town of Longdale is the beneficiary of the Trust.

A private, independent audit firm audits the Town and the Authority annually. In addition, the Town prepares an annual financial statement, presenting the financial condition of the Town at the close of the previous fiscal year, in accordance with the requirements of **68 O.S. § 3002.**

Pursuant to the District Attorney’s request, the State Auditor and Inspector conducted an audit of the records of the Town of Longdale and the Longdale Municipal Authority, primarily those records relating to the concerns expressed by the District Attorney. The results of the audit are in the following report.

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BACKGROUND

The Oklahoma Department of Transportation (ODOT) acquired the abandoned railway line from the Santa Fe Railroad in June of 1994. Documentation indicates the property was divided into three separate tracts. On July 21, 1995, Mayor Barbara Pannell issued a letter to ODOT requesting that the Town of Longdale have first option to purchase the abandoned railroad right of way.

This letter is in regards to the Railroad Right of Way that goes through Longview and Longdale (Longdale as it is known now). When the property was purchased from Carrie Long - it was Longview on the South side and Longdale on the North side.

If and when the Department of Transportation decides to sale this piece of property. The Town of Longdale is requesting first option to purchase this property.

The ODOT, through their contracting company Cinnabar Service Company, sent letters for each tract of land notifying the Town of their offer to sell the railroad right-of-way.

The Oklahoma Department of Transportation is offering for sale the railroad right-of-way adjoining your property in the above described section.

The property is being offered for sale at the minimum price shown above and title will be transferred by Quit Claim Deed, subject to existing easements and encumbrances of record.

The Oklahoma Department of Transportation reserves the right to accept or reject any offer and may elect to split the property if more than one offer is received from adjoining owners.

Cashiers or certified checks, made payable to The Oklahoma Department of Transportation, must accompany the offer to purchase and must be received no later than November 18, 1996. All inquiries and offers should be directed to:

On November 19, 1996, the Longdale Municipal Authority (LMA) voted to purchase the railroad right-of-way from the Department of Transportation for \$6,070.00. The LMA purchased the 12.79 acres in three separate tracts. On December 3, 1996, three Quit Claim deeds were executed between the Town of Longdale and ODOT for the three tracts of land. The deeds were filed with the county clerk.

CONCERNS, FINDINGS AND RECOMMENDATIONS

FINDING:

- **There is a lack of separation between the Town of Longdale and LMA.**

The Longdale Municipal Authority (LMA) was created under Title 60 of the Oklahoma State Statutes. The Board of Trustees for LMA and the Board of Trustees for the Town should operate as distinct and separate entities.

60 O.S. § 176.1(A), states:

A. Except as provided in subsection F of this section and if the conditions set out in subsection B of this section are satisfied in compliance with Section 176 et seq. of this title, a public trust duly created in accordance with the provisions of Section 176 et seq. of this title shall be presumed for all purposes of Oklahoma law to:

1. Exist for the public benefit;
2. Exist as a legal entity separate and distinct from the settlor and from the governmental entity that is its beneficiary; and
3. Act on behalf and in the furtherance of a public function or functions for which it is created even though facilities financed by the public trust or in which the public trust has an ownership interest may be operated by private persons or entities pursuant to contract.

60 O.S. § 176.1(D), states, in relevant part:

Except where the provisions of the trust indenture or of Section 176 et seq. of this title, or of any other law written specifically to govern the affairs of public trusts, expressly requires otherwise, the affairs of the public trust shall be separate and independent from the affairs of the beneficiary in all matters or activities authorized by the written instrument creating such public trust including, but not limited to, the public trust's budget, expenditures, revenues and general operation and management of its facilities or functions; provided, that either the public trust or the beneficiary may make payment of money to the other unless prohibited by the written instrument creating such public trust or by existing state law.

It appears the intent was for the LMA to administer the purchase and the sale of the railroad right-of-way.

- The payment for the railroad land was issued by the LMA.
- The LMA Board voted to offer adjacent property owners the option to purchase the railroad land.
- The LMA Board voted to hire a surveyor to survey the railroad right-of-way.
- Collections for the sale of land were ultimately deposited to the LMA.

However, the Town of Longdale Board, not the LMA, voted to sell right-of-way not wanted by adjoining property owners. Also, the Town of Longdale is named on the deeds for the purchase of the railroad land from ODOT and deeds for sale of the land to the adjacent property owners.

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RECOMMENDATION: We recommend the Town of Longdale and the LMA operate as distinct and separate entities as required by state statutes.

CONCERNS:

- **The sale of abandoned railroad right-of-way was not open to the public, the sale was not advertised, and the land was sold without bids.**
- **The abandoned railroad right-of-way was sold below market value**
- **The Board chose whom they sold the right-of-way land to.**

FINDINGS:

- **Land was sold to owners of property adjacent to the railroad right-of-way in accordance with 66 O.S. § 65.**
- **We found no statute requiring advertising and bidding.**
- **We found no statute requiring fair market value be obtained for the property sold.**

On June 9, 2003, the LMA voted to offer property owners adjacent to the railroad right-of-way the option to purchase the additional property. The minutes reflect in relevant part:

A motion was made by Jeff Holland and seconded by James McGuire to offer the owners of the property adjoining the railroad right-of-way, if they are interested, in the purchase of it or if they do not want the additional property then the property will be offered to the general public with the restriction that the water rights will be retained by the Town of Longdale. The Town of Longdale will be responsible for the surveying the RR right-of-way and plotting the areas to be sold. These expenses will be included in the cost to the purchaser. The amount will not exceed the original amount paid for the property with the exception of the expenses to be included for the surveying and platting. Jacques Steinbach, abstain James McGuire, aye Amy Sessions, aye Jeff Holland, aye Janet Woods, aye Motion carried.

The Town hired Felder & Associates to survey the railroad right-of-way at a cost of \$2,812.50. The surveyor appeared to divide the property into 31 tracts. We were informed that the Town only wanted to recoup the costs of the land purchase and the survey expenses. In order to recover the expenses, the price to be charged was .045 cents a square foot.

Letters were sent to the adjacent property owners notifying them of the option to purchase the additional property. Following is an example of the letter sent to the property owners.

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I am informing you that the railroad right-of-way, that is adjacent to your property in Longdale, Oklahoma is going to be put up for sale. The people with the adjacent land will have the first opportunity to purchase this land. The contour of the land MUST remain as is to protect the Longdale flood plan. The Contour CAN NOT BE CHANGED

If you do not take it, it will be put up for sealed bids. The Town of Longdale has retained some of the land for future use. There is approximately 7540.00 square feet of land in your parcel and the price will be \$288.50.

If you are interested in this property, could you please let me know so we can get the Quick Claim Deeds done and we can turn the property over to you. You can contact me at (580) 274-3375 during the hours of 9:00 A.M. to 12:00 A.M., or send me a letter to the address above. Your cooperation in this matter will be appreciated; I would like to hear from you by April 15, 2004,

The LMA clerk used the legal description prepared by the surveyor to draft the Quit Claim deeds. Quit Claim deeds were then provided to the property owners that desired to purchase right-of-way property.

66 O.S. § 65 provides in relevant part:

A. 1. Any person who owns real property adjacent to real property owned by a railroad company shall have first priority to purchase such real property, at the price provided by subsection D of this section, from the railroad company upon the bankruptcy of the railroad company or the abandonment of the real property as determined by the Interstate Commerce Commission and offered for sale if such real property is not purchased within one (1) year by:

- a. Another railroad company;
- b. Businesses operated on such railroad property pursuant to a lease or other agreement which was in effect at the time bankruptcy or abandonment occurred;
- c. The State Department of Transportation under the authority of the Railroad Revitalization Act, Section 302.1 [66-302.1] et seq. of this title;
- d. Other federal entities for valid public purposes; or
- e. In counties of over five hundred thousand (500,000) population, municipalities or counties, or joint agreements between municipalities and counties for valid public purposes.

We were informed that LMA used **66 O.S. § 65** as the guideline for the sale of the railroad land. However, this statute appears to apply only to the sale of property owned by the railroad company. According to Town officials, only the owners of the adjacent property purchased the railroad land.

The abandoned railroad property was purchased and administered by the LMA and not the Town of Longdale. Although both Boards consist of the same individuals, these are considered different and distinct entities. Different statutes and the Trust Indenture govern the LMA. We found no statutes or any condition in the Trust Indenture that would require the LMA to advertise the sale and seek bids for the property.

Based on a visual inspection, there is limited access to the property; therefore, it appears that there would be little benefit for someone other than adjacent property owners to purchase any of the land.

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The intent of the LMA was to sell the railroad property to the adjacent property owners for an amount that would enable them to recoup the costs that were incurred. We found no statute requiring that fair market value be obtained for the land sold.

The LMA purchased the property for \$6,070.00 and incurred surveyor costs of \$2,812.50, which total \$8,882.50. Since the revenue collected from the property sales totaled \$10,169.15, it appears the LMA's intent of recovering costs was achieved.

RECOMMENDATION: No recommendation is necessary.

CONCERNS:

- **Two board members purchased land from the LMA resulting in a possible conflict of interest.**
- **Relatives of two Board members purchased land.**

FINDINGS:

- **LMA board members Jacque Steinbach and Jackie Barns purchased land from the LMA.**
- **The relatives in question do not appear to be immediate family members.**

Jacque Steinbach was a LMA board member until April 2005. Receipt number 17702 was issued in the amount of \$514.02 on 3/22/04. A Quit Claim Deed, dated March 30, 2004, was issued to Jacque Steinbach for the purchase of a tract of land lying in abandoned railroad right-of-way. The land description is as follows:

DESCRIPTION: A tract of land lying in the abandoned railway right-of-way located in the Town of Longdale, a part of the Southeast Quarter (SE/4) of Section Eleven (11), Township Nineteen North (T19N), Range Thirteen West of the Indian Meridian (R13WIM), Blaine County, Oklahoma, more particularly described as BEGINNING at the Northwest Corner of Lot Five (5), Block Two (2), Town of Longdale; THENCE 125.75 feet along and following the South line of the alley of Block 2 bearing N 89°48'54" W to a ½" rebar capped CA 980; THENCE 140.00 feet along and following the East line of Elm Street bearing S 00° W to a ½" rebar capped CA 980; THENCE 110.84 feet along and following the North line of Second Street bearing N 89°48'54" E to a ½" rebar capped CA 980 located on the Southwest Corner of Lot 5, Block 2; THENCE 140.75 feet along and following the Westerly line of Lot 5, Block 2 bearing N 06°05'01" E to the point of beginning. This tract contains 16561.00 square feet more or less.

It appears that Jacque Steinbach was a member of the LMA board at the time she purchased property from the LMA.

Subsequently, Jacque Steinbach also purchased a tract of land from a property owner on March 17, 2005; however, this transpired after Jacque was no longer on the board.

Jackie Barns was an LMA board member from December 2003 through February 2005. Receipt number 177022 was issued in the amount of \$351.32 on August 24, 2004. A Quit Claim Deed, dated September 27, 2004, was issued to Jackie Barns for the purchase of a tract of land lying in abandoned railroad right-of-way. The land description is as follows:

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DESCRIPTION OF land lying in the abandoned railway right-of-way located in the Town of Longview, a part of the Southeast Quarter (SE/4) of Section Eleven (11), Township Nineteen North (T19N), Range Thirteen West of the Indian Meridian (R13WIM), Blaine County, Oklahoma, more particularly described as BEGINNING at the Northeast Corner of Lot Three (3), Block Fifteen (15), Town of Longview; THENCE 201.06 feet along and following the Easterly line of Lots 3, 4, 5, and 6, Block 15 bearing S 06°05'01" W to a ½" rebar capped CA 980 located at the Southeast Corner of Lot 6, Block 15; THENCE 50.27 feet along and following the North line of Sixth Street bearing S 89°48'54" E to a ½" rebar capped CA 980; THENCE 201.06 feet along and following the centerline of the abandoned railway right-of-way bearing N 06°05'01" E to a ½" rebar capped CA 980; THENCE 50.27 feet bearing N 89°48'54" W to the point of beginning. This tract contains 10053.00 square feet more or less.

Article X, § 11 of the Constitution of Oklahoma states:

The receiving, directly or indirectly, by any officer of the State, or of any county, city, or town, or member or officer of the Legislature, of any interest, profit, or perquisites, arising from the use or loan of public funds in his hands, or moneys to be raised through his agency for State, city, town, district, or county purposes shall be deemed a felony. Said offense shall be punished as may be prescribed by law, a part of which punishment shall be disqualification to hold office.

It appears that Jackie Barns was a member of the LMA board at the time she purchased property from the LMA.

Although the two former LMA board members owned adjacent property to the railroad right-of-way and purchased this property in a manner similar to purchases made by other adjacent property owners, their positions on the LMA board may preclude them from purchasing the property. This appears to be a conflict of interest.

62 O.S. § 371(A) states, in relevant part:

Except as otherwise provided in this section, no board of county commissioners, nor city council, nor board of trustees of any town, nor any district board of any school district in this state, nor any board of any local subdivision of this state shall make any contract with any of its members, or in which any of its members shall be directly or indirectly interested. All contracts made in violation of this section shall be wholly void.

60 O.S. § 178.8 states, in relevant part:

Except with regard to residents of a facility for aged persons operated by a public trust, who are trustees of the public trust operating the facility and who comprise less than a majority of the trustees, a conflict of interest shall be deemed to exist in any contractual relationship in which a trustee of a public trust, or any for-profit firm or corporation in which such trustee or any member of his or her immediate family is an officer, partner, principal stockholder, shall directly or indirectly buy or sell goods or services to, or otherwise contract with such trust. Upon a showing thereof, such trustee shall be subject to removal and such contract shall be deemed unenforceable as against such trust unless the records of such trust shall reflect that such trustee fully and publicly disclosed all such interest or interests, and unless such contractual relationship shall have been secured by competitive bidding following a public invitation to bid.

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21 O.S. § 344(A) states, in relevant part:

Except as otherwise provided in this section, every public officer, being authorized to sell or lease any property, or make any contract in his or her official capacity, who voluntarily becomes interested individually in such sale, lease or contract, directly or indirectly, is guilty of a misdemeanor.

We were informed that one relative of a board member is a cousin and the relative of the other board member is an uncle. It appears a cousin and an uncle would not be considered an immediate family member as described in **60 O.S. § 178.8**.

RECOMMENDATION: We recommend the proper authorities review these findings to determine what action, if any, may be required.

CONCERN:

- **Two receipts are missing, which may be an attempt to hide land purchases.**

FINDING:

- **Since all land was accounted for, the two missing receipts would appear to be for purposes other than the sale of abandoned railroad right-of-way.**

Receipts for the purchase of railroad right-of-way were traced to deposits. We traced all deeds to the receipts to insure payment had been received. The survey map shows the railroad land identified by the surveyor. Using the legal description prepared by the surveyor, we traced each tract of land that was purchased from the Quit Claim Deeds to the survey map. With the exception of Tract 25, we were able to account for all the railroad land by tracing deeds. Because Tract 25 did not appear to be suitable to offer for sale, the Town/LMA retained the property. Because all tracts within the right-of-way were traceable to receipts of ownership remaining with the Town, the missing receipts appear to be for a purpose unrelated to railroad right-of-way.

We did note that the receipts obtained for the railroad land had been removed from the receipt book.

RECOMMENDATION: To ensure proper internal controls, we recommend all receipts issued be maintained in the receipt book.

CONCERN:

- **Because of the way it was handled, the railroad land can never be platted.**

FINDING:

- **The railroad land cannot be platted.**

In an interview with the Blaine County Assessor's office, it was explained that the railroad land could not be platted since it was done by metes and bounds and not divided into lots and blocks. This only means that the land is considered rural and not part of the city limits. According to the Blaine County Assessor's Office, the fact that the land cannot be platted is of little consequence.

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RECOMMENDATION: No recommendation is necessary.

CONCERN:

- **Some of the deeds are not recorded with the county clerk.**

FINDING:

- **It is the responsibility of the land purchaser to record their deed with the county clerk.**

When we attempted to trace the deeds to the receipts, it was apparent that we did not have all the deeds. We had only obtained the deeds that were filed with the county clerk. We had to obtain the remainder of the deeds from the LMA clerk. Based on documentation and interviews, it appears that it is the landowner's responsibility to record the deeds with the county clerk. According to the Assessor's Office, assessments are made against owners of record as filed with the county clerk.

RECOMMENDATION: Property owners should record all deeds with the county clerk to ensure proper ownership of the property. The county has an interest in getting deeds filed so they can assess taxes.

CONCERN:

- **Has all of the railroad right-of-way been sold?**

FINDING:

- **There are a total of five tracts that have not been sold; the Town/LMA retained two tracts, two adjacent property owners declined to purchase tracts, and one tract is not suitable for occupancy.**

The Town/LMA retained the following two tracts:

Tract 19 containing the following legal description:

DESCRIPTION: A tract of land lying in the abandoned railway right-of-way located in the Town of Longdale, a part of the Southeast Quarter (SE/4) of Section Eleven (11), Township Nineteen North (T19N), Range Thirteen West of the Indian Meridian (R13WIM), Blaine County, Oklahoma, more particularly described as BEGINNING at the Northeast Corner of Lot One (1), Block Seventeen (17), Town of Longdale; THENCE 140.75 feet along and following the Easterly line of Lot 1, Block 17 bearing S 06°05'01" W to the Southeast Corner of Lot 1 which is a ½" rebar capped CA 980; THENCE 193.62 feet along and following the North line of the alley in Block 17 bearing S 89°48'54" E to a ½" rebar capped CA 980; THENCE 140.00 feet along and following the West line of Elm Street bearing N 00° E to a ½" rebar capped CA 980; THENCE 178.70 feet along and following the South line of Main Street bearing N 89° 48'54" W to the point of beginning. This tract contains 26062.00 square feet more or less. This tract contains 13265.00 square feet

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Tract 7 containing the following legal description:

DESCRIPTION: A tract of land lying in the abandoned railway right-of-way located in the Town of Longview, a part of the Southeast Quarter (SE/4) of Section Eleven (11), Township Nineteen North (T19N), Range Thirteen West of the Indian Meridian (R13WIM), Blaine County, Oklahoma, more particularly described as BEGINNING at the Northeast Corner of Lot One (1), Block Three (3), to the Town of Longview; THENCE 140.75 feet along and following the Easterly line of Lot 1 bearing S 06°05'01" W to a ½" rebar capped CA 980 which is located at the Southeast corner of Lot 1; THENCE 102.21 feet along and following the North line of Broadway Street bearing S 89°48'54" E to a ½" rebar capped CA 980; THENCE 140.00 feet along and following the West line of Elm Street bearing N 00° E to a ½" rebar capped CA 980; THENCE 87.29 feet along and following the South line of the alley between Block 26, Town of Longdale and Block 3, Town of Longview bearing N 89°48'54" W to the point of beginning. This tract contains 13265.00 square feet more or less.

There were two tracts in which the adjacent landowners declined to purchase:

Tract 29 containing the following legal description:

DESCRIPTION: A tract of land lying in the abandoned railway right-of-way located in the Town of Longview, a part of the Southeast Quarter (SE/4) of Section Eleven (11), Township Nineteen North (T19N), Range Thirteen West of the Indian Meridian (R13WIM), Blaine County, Oklahoma, more particularly described as BEGINNING at the Northwest Corner of Lot Four (4), Copeland Subdivision to the Town of Longview; THENCE 50.27 feet bearing N 89°48'54" W to a ½" rebar capped CA 980; THENCE 75.40 feet along and following the centerline of the abandoned railway right-of-way bearing S 06°05'01" W to a ½" rebar capped CA 980; THENCE 50.27 feet bearing S 89°48'54" E to a ½" rebar capped CA 980 located at the Southwest Corner of Lot 4; THENCE 75.40 feet along and following the Westerly line of Lot 4 bearing N 06°05'01" E to the point of beginning. This tract contains 3770.00 square feet more or less.

Tract 17 containing the following legal description:

DESCRIPTION: A tract of land lying in the abandoned railway right-of-way located in the Town of Longdale, a part of the Southeast Quarter (SE/4) of Section Eleven (11), Township Nineteen North (T19N), Range Thirteen West of the Indian Meridian (R13WIM), Blaine County, Oklahoma, more particularly described as BEGINNING at the Northwest Corner of Lot Seven (7), Block Twenty-seven (27), Town of Longdale; THENCE 24.54 feet along and following the South line of Third Street bearing N 89°48'54" W to a ½" rebar capped CA 980; THENCE 177.40 feet along and following the East line of Elm Street bearing S 00° W to a ½" rebar capped CA 980; THENCE 5.46 feet along and following the North line of the alley between Block 27, Town of Longdale, and Block 2, Town of Longview bearing S 89°48'54" E to a ½" rebar capped CA 980 located at the Southwest Corner of Lot 7, Block 27; THENCE 178.34 feet along and following the Westerly line of Lot 7, Block 27 bearing N 06°05'01" E to the point of beginning. This tract contains 2677.00 square feet more or less.

As previously stated, this Tract 25 did not appear to be suitable to offer for sale. The Town/LMA also retained this property.

RECOMMENDATION: No recommendation necessary.

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OTHER FINDINGS AND RECOMMENDATIONS

FINDINGS:

- **Inconsistencies exist in the amount charged for the sale of the railroad property.**
- **Documentation for price charged per square foot could not be located.**

It appears .045 cents per square foot was to be charged for the sale of the railroad right-of-way. We obtained the receipts issued for the sale of the railroad right-of-way to determine the amount paid by the adjacent property owners. The square footage for each tract of land was obtained from the legal descriptions on the Quit Claim Deeds. For each piece of property, we divided the amount paid by the total square footage to determine the price paid per square foot. Based on the procedures performed, the following inconsistencies in the amount charged were noted:

Receipt #	Tract	Amount	Square Ft Purchased	Price Per Square Ft
177001	21	\$234.37	5,375.00	0.044
177002	9	\$514.02	16,651.00	0.031
177005	13	\$665.80	22,632.00	0.029
177005	15	\$379.89	11,192.00	0.034
177006	16	\$1,104.57	40,183.00	0.027
177007	8	\$573.70	18,948.00	0.030
177008	3	\$288.50	7,540.00	0.038
177009	18,30	\$488.27	11,531.00	0.042
177010	26	\$162.85	2,514.00	0.065
177011	4	\$288.50	7,540.00	0.038
177012	10	\$471.87	14,875.00	0.032
177013	20	\$810.87	28,435.00	0.029
177014	23	\$288.50	7,540.00	0.038
177015	1	\$225.65	5,026.00	0.045
177016	24	\$225.67	5,027.00	0.045
177017	11	\$531.55	17,262.00	0.031
177018	14	\$439.37	13,579.00	0.032
177019	12	\$606.12	20,245.00	0.030
177020	28	\$194.25	3,770.00	0.052
177021	5	\$275.92	7,037.00	0.039
177022	2	\$351.32	10,053.00	0.035
177023	27	\$194.25	3,770.00	0.052
177024	22,31	\$564.93	14,577.50	0.039
177025	6	\$288.50	7,540.00	0.038

Although we were informed that .045 cents per square foot was intended to be the amount charged, no documentation could be found reflecting this price or any price. We calculated prices per square foot ranging from a low of .027 cents to a high of .052

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cents. Jacque Steinbach was charged .031 cents per square foot and Jackie Barns was charged .035 cents per square foot. We were unable to confirm the reason for the inconsistencies.

RECOMMENDATIONS: We recommend the proper authorities review the inconsistencies and determine if additional amounts should be owed to the LMA.

We recommend any actions, such as the amount to charge property owners, be documented and reflected in the board minutes.

* * * *

Throughout this report there are numerous references to state statutes and legal authorities, which appear to be potentially relevant to issues raised and reviewed by this Office. The State Auditor and Inspector has no jurisdiction, authority, purpose or intent by the issuance of this report to determine the guilt, innocence, culpability or liability, if any, of any person or entity for any act, omission, or transaction reviewed and such determinations are within the exclusive jurisdiction of regulatory, law enforcement, and judicial authorities designated by law.

The inclusion of cites to specific statutes or other authorities within this report does not, and is not intended to, constitute a determination or finding by the State Auditor and Inspector that any of the entities, agencies or individuals named in this report acting on behalf of any of the agencies or entities named in this report have violated any statutory requirements or prohibition imposed by law. All cites and/or references to specific legal provisions are included within this report for the sole purpose of enabling the Administration and other interested parties to review and consider the cited provisions, independently ascertain whether or not the entities policies, procedures or practices should be modified or discontinued, and to independently evaluate whether or not the recommendations made by this Office should be implemented.



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