

**LOGAN COUNTY TRUST AUTHORITY**

**INDEPENDENT AUDITOR'S REPORT**

**2012**

John R. Storm, C.P.A.  
Karen L. Hauser, C.P.A.

*Storm & Hauser, P.C.*  
Certified Public Accountants

405.375.4152  
FAX 405.375.5023

213 N. Main - P.O. Box 449 - Kingfisher, OK 73750  
stormhauser@pdi.net

INDEPENDENT AUDITOR'S REPORT

October 2, 2012

Logan County Trust Authority  
Guthrie, Oklahoma

We have audited the accompanying statement of the net assets – modified cash basis of the Logan County Trust Authority, a component unit of the County of Logan, as of June 30, 2012, and the related statement of revenues, expenses, and changes in net assets – modified cash basis and cash flows – modified cash basis for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note A, the Logan County Trust Authority prepares its financial statements on the modified cash basis with the allowance for depreciation, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the Logan County Trust Authority as of June 30, 2012 and the changes in financial position-modified cash basis and cash flows-modified cash basis for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2012, on our consideration of the Authority'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.

The Authority has not presented the Management's Discussion and Analysis required by the Governmental Accounting Standards Board (GASB) that the GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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**LOGAN COUNTY TRUST AUTHORITY**  
**STATEMENTS OF NET ASSETS**  
**MODIFIED CASH BASIS**  
**June 30, 2012**

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**ASSETS:**

Cash and cash equivalents	\$	13,609
Property and Equipment		
Building and Improvements		760,964
Accumulated depreciation		(483,413)
Net Property and Equipment		277,551
Total assets		291,160

**LIABILITIES:**

Liabilities		
Accounts payable		-
Due to other Funds		-
Total liabilities		-

**NET ASSETS:**

Net Assets:		
Invested in capital assets		277,551
Unrestricted		13,609
Total net assets	\$	291,160

LOGAN COUNTY TRUST AUTHORITY  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 MODIFIED CASH BASIS  
 For the year ended June 30, 2012

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**Operating Revenues:**

Rental income	\$ 17,221
Total Operating Revenues	<u>17,221</u>

**Operating Expenditures:**

Audit expense	1,650
Janitor	
Maintenance and Repair	951
Office and Postage	137
Travel	
Utilities	7,307
Depreciation Expense	22,074
Total Operating Expenditures	<u>32,119</u>

**Operating Income** (14,898)

**Nonoperating Revenues (Expenses):**

Investment Income	21
Total Nonoperating Revenues	<u>21</u>

**Change in Net Assets** (14,877)

**Fund balances - beginning** 306,037

**Fund balances - ending** \$ 291,160

**LOGAN COUNTY TRUST AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**MODIFIED CASH BASIS**  
**For the year ended June 30, 2012**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Rental Income	\$ 17,221
Cash payments to suppliers of goods and services	(10,045)
	7,176
Net Cash Provided by (Used in) Operating Activities	7,176

**CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES**

Improvements to Capital Assets	-
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment Income Received	21
	21
Net Cash Provided by (Used in) Investing Activities	21

<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	7,197
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<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	6,412
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<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<b>\$ 13,609</b>
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**Reconciliation of operating income (loss) to net cash provided by operating activities:**

Operating income (loss)	(14,898)
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Adjustments to reconcile operating income to net cash provided (used) by operating activities:

Depreciation	22,074
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Net Cash Provided by (Used in) Operating Activities	<b>\$ 7,176</b>
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**LOGAN COUNTY TRUST AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**A. Organization and Significant Accounting Policies**

1. Organization -Logan County Trust Authority is a public trust established under the provisions of Title 60, Oklahoma Statutes 1961, and the Oklahoma Trust Act in July 1972 and is governed by the acting members of the legally constituted governing body of the beneficiary, the Logan County Commissioners.
  
2. Basis of Accounting – All funds are accounted for using the modified cash basis of accounting. Under this basis of accounting, revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when incurred. The Authority has chosen to capitalize assets and depreciate them.

**B. Cash**

For purposes of the statements issued, cash includes cash on deposit with the Logan County Treasurer.

The Authority's cash consists of the following:

Logan County Treasurer	<u>June 30, 2012</u> \$ <u>13,609</u>
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**C. Property and Equipment**

Property and equipment acquired is recorded at cost. Depreciation is calculated using the straight-line method over useful lives of the assets as summarized below:

Buildings	40 years
Building Improvements	20-40 years
Equipment	10 years

**D. Rentals**

The Authority's primary source of income is from rental of two buildings in Logan County. Rental contracts are maintained with government agencies; Central Oklahoma Workforce, Payne County Drug Court and central Oklahoma Community Action Agency.

**LOGAN COUNTY TRUST AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012**

**E. Interest Income**

Logan County Trust Authority earns interest on its cash deposited in the Logan County Treasurer's office. The amount of interest received for the period was \$ 21.

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

October 2, 2012

Logan County Trust Authority  
Guthrie, Oklahoma

We have audited the financial statements of the Logan County Trust Authority, a component unit of the County of Logan, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 2, 2012. The Logan County Trust Authority prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Authority did not present the Management's Discussion and Analysis required by the Governmental Accounting Standards Board (GASB) that the GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements. 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

Management of Logan County Trust Authority is responsible for establishing and maintain effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, board members, administrative personnel, and applicable regulatory agencies, and is not intended to be and should not be used by anyone other than these specified parties.

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