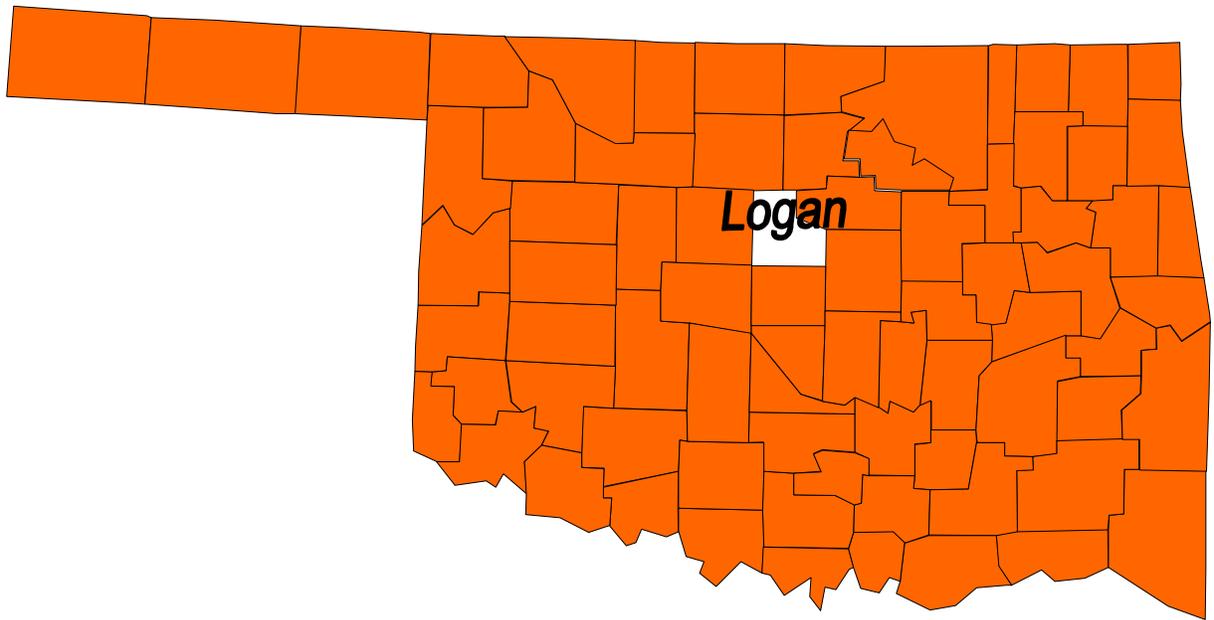


# Taxpayer's Guide To The Logan County Budget



# **Taxpayer's Guide to the Logan County Budget**

## **Introduction**

This document is intended to guide taxpayers a basic understanding of the annual budget adopted by Logan County. The Board of County Commissioner's budget is a plan to pay for services to the residents and businesses located in Logan County, Oklahoma.

There are three sections to this document:

Section I – This section is an overview of basic issues related to the budget. These are useful issues in understanding the complexities of the budget. It also gives a general description of the duties of the county staff. It outlines the services funded by the Logan County budget - the services local officials provide.

Section II – This section examines the fiscal year 2008-2009 finances for Logan County, and how and why the operating budget changed since fiscal year 2003-2004. Charts help visualize what “drives” the budget.

Section III – This section outlines the process used to adopt the County's fiscal year 2009-2010 budget. It describes what documents are available to interested parties and how the budget documents are reviewed to ensure they provide adequate information for the various users of budget documents.

## Section I – An Introduction to County Budgeting

### **Structure and Process for the Budget**

The County Budget is produced under rules and regulations developed for local government. It should be understood that a budget has to be developed in accordance with uniform accounting principles, which sometimes make the budget difficult to comprehend. There are several accounting standards to follow in the accounting process: National Accounting Standards, State of Oklahoma Standards, and Local Standards for Budgeting.

### **National Accounting Standards**

Governments follow national standards for financial reporting by governments just as businesses follow what is known as generally accepted accounting principles (GAAP). Governments that use consistent standards over time can be examined to measure degree of financial progress. They can also be compared to other units of government to measure their comparative strength, much as the financial strength of a business can be examined over time or compared to other businesses.

### **State of Oklahoma Standards for Budgeting**

The State Auditor and Inspector prescribes the standards and forms in keeping with the Oklahoma Constitution, Article 6, Section 19. Also, Title 74, sections 212, 214, and 215 of the Oklahoma Statutes, give the State Auditor this duty. State law also provides guidelines for each fund.

### **Local Standards for Budgeting**

Local standards also play a role for how the county budget is structured. Elected and non-elected county officials greatly impact the way the budget is derived and used each year. The Board of County Commissioners

establish plans for revenues received by the county to ensure they are spent appropriately.

### **Federal and State Grant Requirements**

Federal and State agencies require certain grant dollars be separated from other county revenues to ensure they are used to pay for specific programs. This segregation requires a more complex financial structure to manage these “restricted” dollars.

### **Fund Accounting**

There are restrictions placed on how certain funds or revenues may be spent. Again, some are imposed by accounting standards, some by the federal government, others by the state, and still others by the governing board. As a result, the county maintains a variety of funds and sub-funds. The funds and sub-funds are used to separate revenues held for different purposes.

### **Funds and Sub-funds**

There are major categories of the county budget that are known as “funds.” The two largest funds are the General Fund and the Highway Fund. There are several smaller “cash funds.” These categories are further broken down into “sub-funds” that account for each restricted pool of revenue. The sub-funds are used to separate dollars used to pay off different types of county obligations and to track fees collected to pay for certain county services. The wide varieties of county services, which are discussed later, are a reason for the large number of sub-funds. This structure of funds and sub-funds might be compared to doing business with a financial institution like a bank with the sub-funds being represented by the different checking accounts set up through that bank. The County Budget adopted each year by the Board of County Commissioners, is actually the total of the separate sub-funds or accounts – each of which is separately

monitored. When we talk about “balancing the budget,” the process actually involves balancing each of these sub-funds within the primary funds.

### **Transfers**

Further complicating the process are movements of dollars between sub-funds, known as “transfers.” These movements of dollars provide additional money to programs that require more than originally anticipated. Furthermore, supplemental appropriations are additional monies added to the original budget when needs arise and collections are adequate.

### **County Services Provided**

County Services are provided by elected and non-elected county officials. Elected officials are elected by eligible voters within the county. Non-elected officials are county residents who have been appointed to their positions. In order to understand the budget, one needs to understand the positions held by county official, because they are the ones who manage the monies flowing in and out of the budget.

### **Elected County Officials**

By Oklahoma law, there are eight county officials elected by eligible voters. These include three county commissioners, a county clerk, county assessor, county treasurer, county sheriff, and court clerk.

#### *County Commissioners*

There are three county commission districts in every county. The Board of County Commissioners is the main administrative body for the county. It is responsible for maintaining and constructing county roads and bridges, for setting and administering policies for the county, and for major financial decisions and transactions. Commissioners have the official duty to ensure the fiscal responsibility of the other

county officers who handle county funds. The board also has a role in the county budget process. The board must collect from each elected and non-elected official a financial statement showing expenditures and remaining revenues for the current fiscal year, and their estimate of needs for the upcoming fiscal year. The board meets regularly in open meetings to conduct the county’s business. It also appoints citizens to serve on a number of trusts and other public bodies.

#### *County Clerk*

The county clerk is basically the record keeper. All legal instruments, such as deeds and mortgages, are filed with the county clerk. The County Clerk also holds county records and account information. On a financial note, the county clerk reviews claims for payment of goods and services purchased or contracted by the county, and prepares for the Board the proper warrants for payment. *Also it should be noted the treasurer and county clerk work together to reconcile the county check and balance system.* The clerk often acts as a purchasing agent for the county as well as being record keeper for receipts and expenditures of the county, and official custodian of the commissioner minutes. The clerk is also secretary to the Excise Board and Tax Roll Corrections Board.

#### *County Assessor*

The assessor appraises and assesses real and personal property within the county for the purpose of ad valorem taxation. The assessor is responsible for the calculation of the ad valorem taxes due on all taxable property. The assessor prepares the annual property tax rolls, keeps an accurate list of all land descriptions and names of owners, and determines the taxable and non-taxable status of property.

### *County Treasurer*

The Treasurer is the county's banker. The treasurer prepares and mails tax statements, collects and deposits ad valorem taxes as well as other revenues for the county. All funds received by the treasurer are recorded in the Treasurer's daily report and general ledger and credited to the proper fund. Daily deposits are made into accounts in banks designated by the board of county commissioners as county depositories. The treasurer is required by law to maintain an accurate record of all the monies received and disbursed, and to prepare a financial statement for review by state and county officials. By law, county finances are audited twice per year.

### *Court Clerk*

The court clerk has the primary responsibility to record, file and maintain as permanent records the proceedings of the district court. The clerk also functions as a processor and licensing agent. Fees for licenses and payments for court costs are paid to the clerk. They are recorded and deposited by the clerk into the court fund.

### *County Sheriff*

The county sheriff is responsible for preserving the peace and protecting life and property within the county's jurisdiction. The county sheriff is accountable for all fees received by the sheriff's department. The sheriff also operates the county jail and is required to process and serve papers for the courts.

### *District Attorney*

The district attorney is the chief prosecutor for the district and is required to prosecute in the district court the crimes committed within counties of the district. The state's 27 district attorneys are elected by district rather than by county.

## **Non-Elected County Officials**

### *Budget and Tax Boards*

The *county Board of Equalization* is responsible for equalizing the assessment roll. The board is empowered to hear and settle protests on the taxable value of ad valorem taxed property. The *county Excise Board* reviews and approves the budgets of the political subdivisions within the county, and sets the ad valorem tax rate. The excise board performs the following duties: determines the fiscal condition, ensures proper funding, and fixes tax levies.

The *Board of Tax Roll Corrections* is authorized to hear complaints or reports of errors on the tax roll after it has been certified and delivered by the county assessor to the county treasurer. The *county election board* takes all the necessary steps in organizing and carrying out primary elections, runoff elections, general elections, school district, municipal and special elections.

### *County Cooperative Extension Service*

The extension service is a "local door" to information available on new developments and improvements in agricultural practices and management, local government, small business and community development, family resource management, and youth programs. Extension is an arm of Oklahoma State University.

### *County Free Fair Board*

Oversees county and township fairs, livestock shows, and other agricultural shows where no fee is charged for entry or exhibition.

### *County Health Department*

This county-wide agency operates independently of the Board of County Commissioners. It works closely with the State Departments of Health and Environmental Quality to enforce health laws and implement state and federal programs. It is funded by a separate property tax levy.

## **Section II—Fiscal Year Adopted Budget for Logan County**

This section compares the current year budget with the most recently completed fiscal year and with five years ago. The comparisons show the changes that have occurred over time. The charts show different fund categories including: General Fund, Road Fund, and Cash Funds.

### **General Funds**

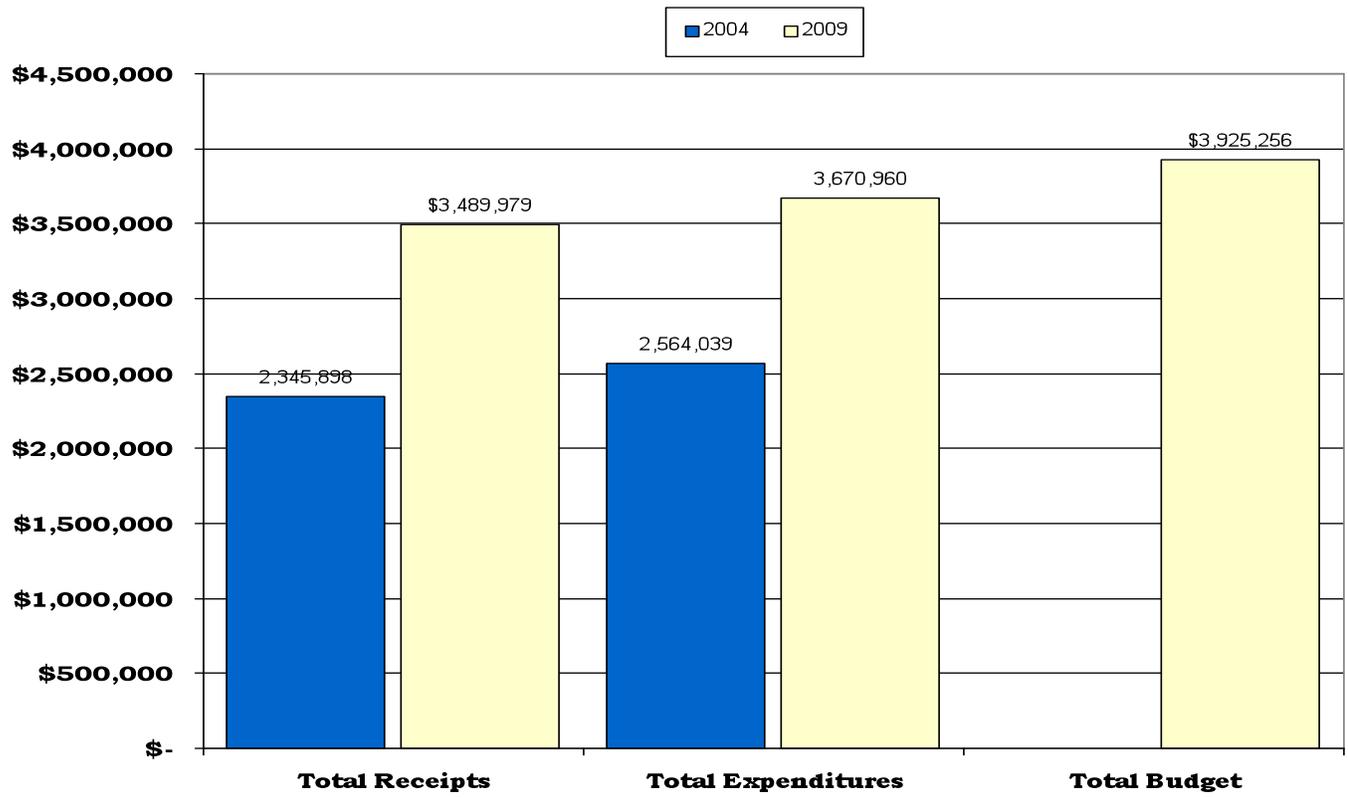
The General Fund category contains three descriptive charts to help one understand the General Fund. The first chart compares Total Receipts and Expenditures. The second compares Property Taxes with all other revenues. The third chart compares the three largest sub-funds.

### **Total Receipts and Expenditures**

The total General Fund receipts and expenditures from the county are shown in the chart below. Total receipts are the revenues carried over from prior year plus current year ad valorem tax collections, plus all other revenue collected. The expenditures are all the monies spent out of the county budget. Between fiscal 2004 and 2009, county general fund receipts increased **48.8%** to **\$3,489,979**. During this five-year period, prices in the U.S. economy increased **1.9%**. The fiscal year budget is **\$3,925,256**, a **12.5%** change relative to the year **2009** receipts.

Expenditures per person were **\$73.32** in **2004**, **\$96.35** in **2009**, and budgeted at **\$103.02** in **2010**.

## **Total Receipts & Expenditures & General Fund Budget**



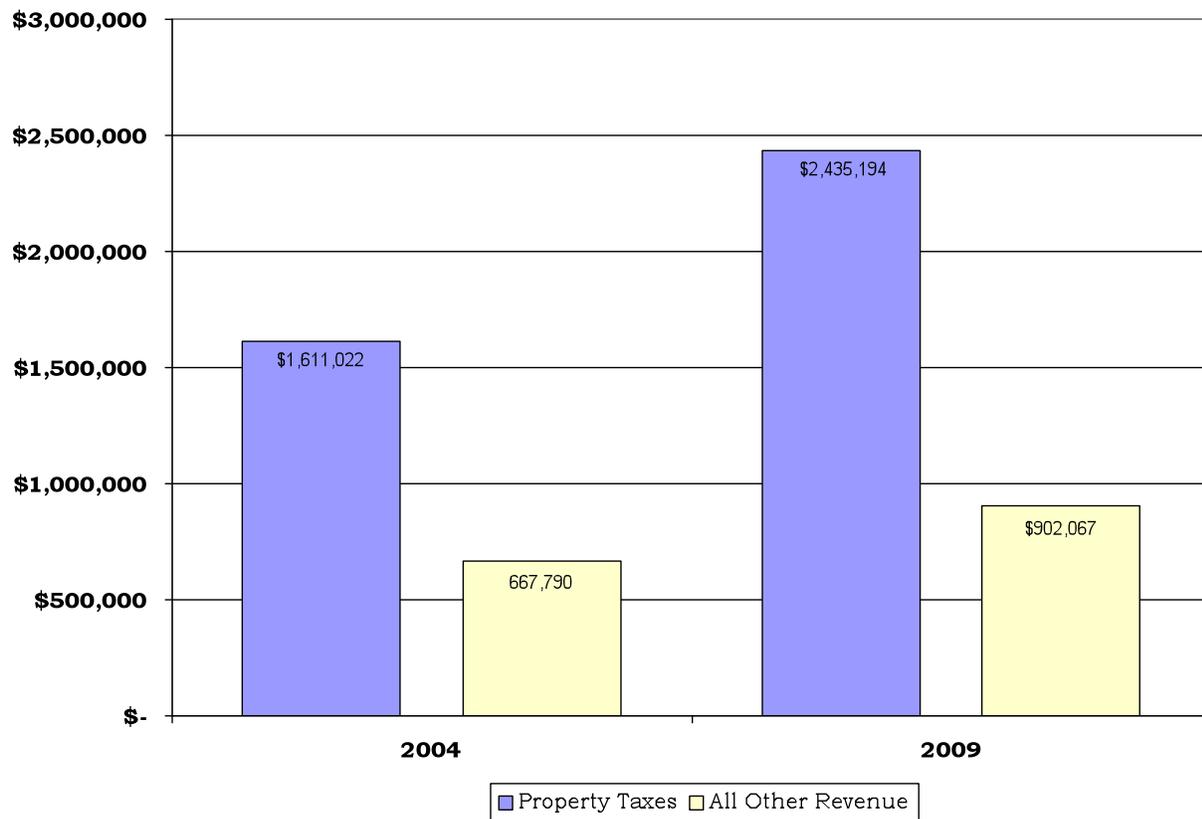
**Revenue: Property Tax vs. All Other**

This graph compares the ad valorem taxes or property taxes with all other revenues from the county. All other revenues includes various fees, reimbursements, and interest earned on invested funds. Fees include the county clerk document filing fees and the county's portion of vehicle registration fees. Reimbursements include state funding for the district attorney, election board secretary, and property tax exemptions.

Reimbursements also include the pro rata shares of the revaluation of real property budget. These shares are paid by all local governments that levy property taxes. Property tax collections increased **51.2%** between **2004** and **2009** to **\$2,435,194**. The sum of all other sources of general fund revenue increased **35.1%** to **\$902,067** during the same period.

Property tax per person (on average) went from **\$46.07** in **2004** to **\$63.91** in **2009**, a change of **38.7%**.

**Revenue: Property Tax &  
All Other Sources**

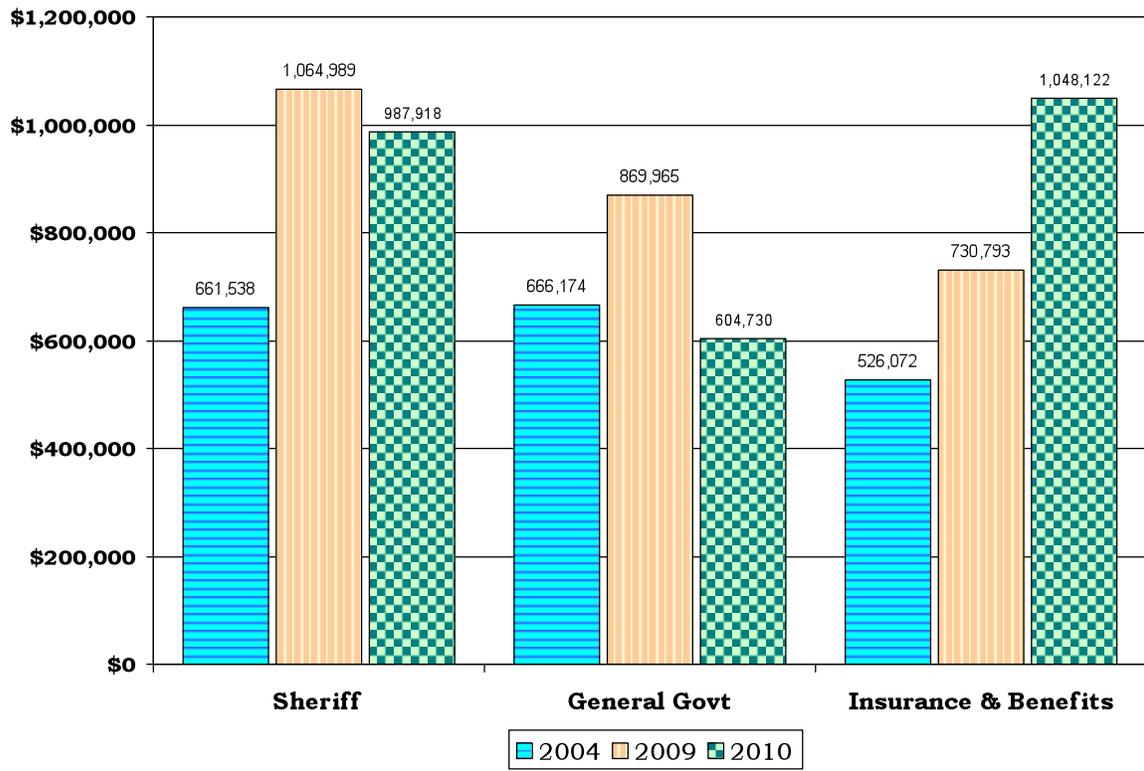


### **Largest Sub-funds**

As stated in the first section, there are sub-funds that are brought together to form the General Fund. Normally, there is at least one sub-fund for each county officer and department head. For example, the county sheriff, county clerk, county assessor, county excise board, and county fair board may each have a fund within the General Fund. The three largest sub-funds accounted for **72.6%** of general fund expenditures in fiscal **2009**.

The chart below compares the three largest current year sub-funds, showing **2004** and **2009** year expenditures, plus their **2010** approved budget. The **Sheriff** has the largest sub-fund in **Logan** County. Between **2004** and **2009**, it experienced a **61.0%** increase in expenditures. The year **2010** budget is **\$987,918** - a change of **25.2%** over **2009** expenditures.

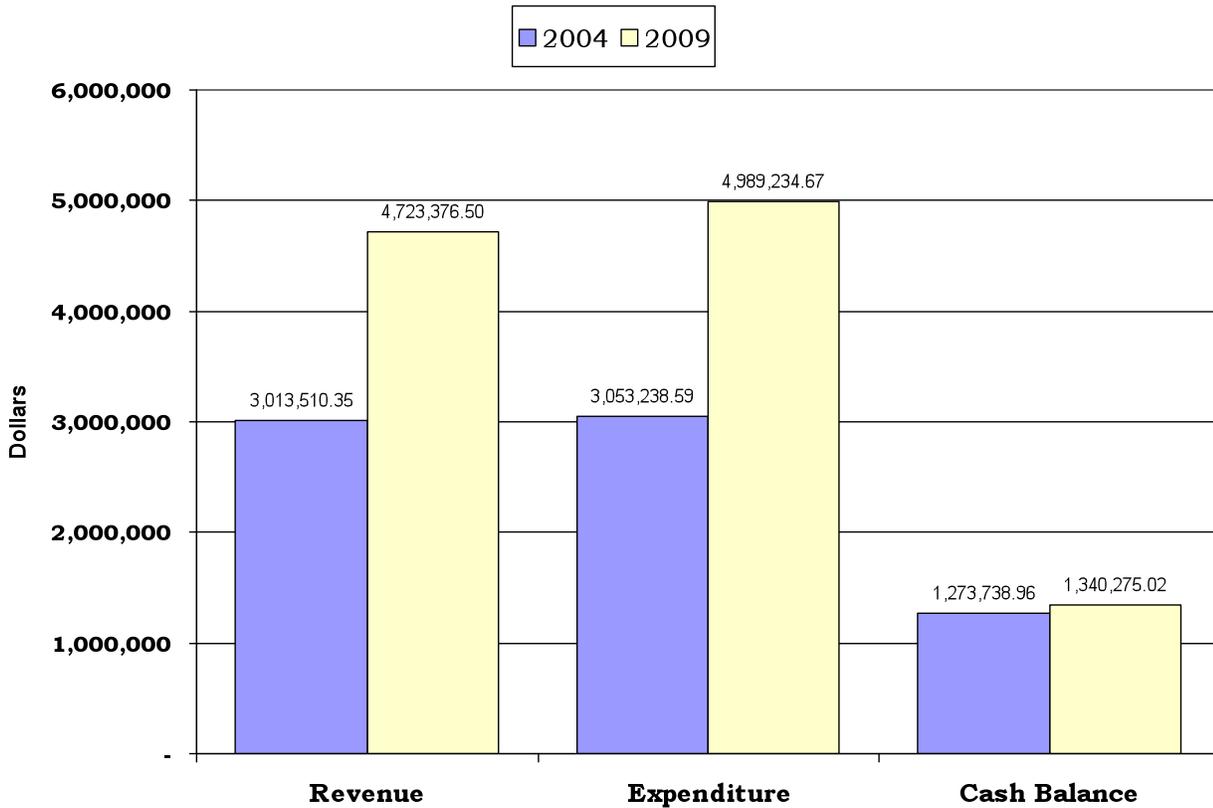
### **Largest Sub-Fund Accounts, Expenditures 2004 & 2009, Budget 2010**



### Highway Fund

The road fund, (referred to in statutes as the Highway Fund) is the fund related to the funding of the county road system. The road chart shows the revenues, expenditures, and the cash balances carried forward for each year. The following percent changes occurred for the years in comparison: revenue, **56.7%**, expenditure, **63.4%**, and cash balance, **5.2%**

Miles of road in **2009** were **1,205.09** and in **2004** were **1,184.66**. Expenditures per mile were **\$4,140** and **\$2,577** respectively.

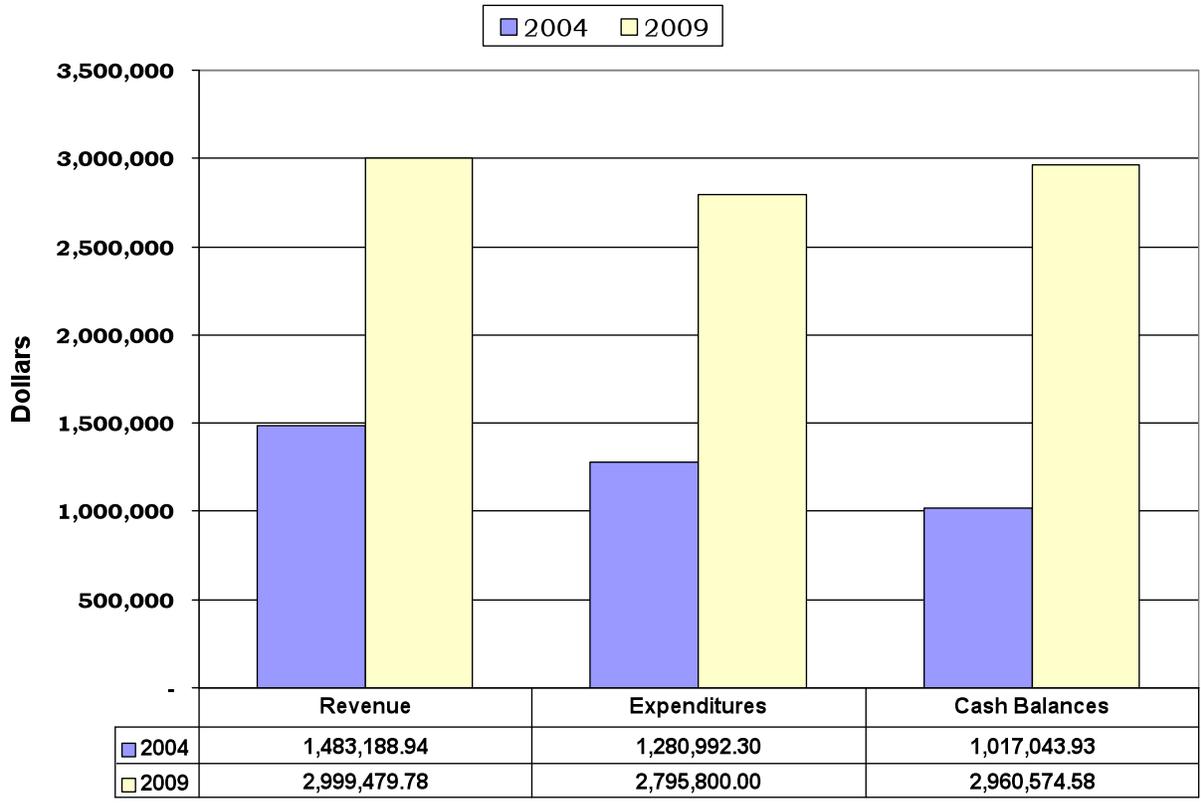


### **Cash Funds**

Also known as Special Revenue Funds, cash funds, are those receiving funding from specific, restricted sources and which may only be expended for restricted, specific uses. Revenue, shown below, is the sum of all cash fund revenues. The expenditures are the sum of all cash fund spending.

The cash balance is the difference between revenues and expenditures over time. In the chart below, the percentage change in revenue between fiscal **2004** and fiscal **2009** is **102.2%**, expenditure is **118.3%**, and cash balance is **191.1%**. Some of the change in the cash fund totals is explained by the number of cash funds. During fiscal year **2004**, there were **19** cash funds. During fiscal year **2009** there were **18**.

## **Cash Funds**



### **Section III—Looking Ahead to the Budget**

#### **How the Budget is Developed: A review of the process**

The annual budget process encompasses much of the year. The process is based on a framework of statutory deadlines established by the State. The remainder of the process is established by the Board of County Commissioners and County Excise Board.

County government can function in one of two ways when it is to prepare the annual budget. One, the Board of County Commissioners can recommend a budget to the County Excise Board. Ultimately, the excise board is responsible for reviewing and finalizing the county budget. The other method requires county officers as a unit, under the title “county budget board,” to prepare a county budget. With this method, the county excise board is primarily responsible for ensuring the budget is within the revenues available for financing county government in the new fiscal year.

#### **Role of the County Excise Board**

The county excise board is an agency of the state as part of a system of checks and balances. In this role, the county excise board has the responsibility to require the following:

1. Adequate and accurate reporting of revenues and expenditures for all budget and supplemental purposes.
2. Adequate provisions for the performance of mandatory constitutional and statutory governmental functions within the available revenues.

The budget process begins with the county excise board holding an annual budget planning conference with each county officer and department head. The budget

planning conferences are held before July 1. At the conference, the excise board provides the principal officers with an estimate of probable revenues for the upcoming fiscal year.

#### **County Officers Annual Report**

Each county officer prepares the county officer’s annual report. The report is made on a budget form provided by the county clerk. The report consists of an estimate of earnings, a report of prior expenditures, and an estimate of needs. The estimate of earnings and the report of prior expenditures show the income received along with the cost of operating the office in the outgoing fiscal year. The estimate of needs is an itemized statement of the revenue needed to operate the office during the upcoming fiscal year. Items included are personal services, salaries, travel expense, maintenance and operation and capital outlay.

#### **Roles of the Board of County Commissioners**

On the first Monday in August, the Board of County Commissioners is required to begin reviewing the county officers’ annual reports, preparing the county’s annual financial statement as of June 30, and preparing the county’s annual estimate of needs. The county’s annual financial statement and annual estimate of needs make up the county’s annual budget report. The board should submit the annual financial statement and estimate of needs to the county excise board by August 17.

#### **Finalizing the Annual Budget**

The county excise board is charged with providing each county officer with adequate funds to carry out the constitutional and statutory duties of the office while remaining within the estimate of available funds. The excise board is empowered to

require all revenue and expenses be reported adequately and accurately. In approving the county budget, the excise board proceeds as follows:

1. Examine the financial statements of the county officers.
2. Examine the estimate of needs.
3. Estimate the total revenues available to each fund.
4. Revise the budget in whole or part when the total estimate of needs exceeds the total revenues available.

If needs exceed the available funds, county services authorized by statute, yet not required by statute, are to be reduced. If these reductions do not balance the budget, county services required by statute but not required by the state constitution, are to be reduced. The final budget must be within the available funds.

Once the budget document is finalized, it is signed by the approving board members and official copies filed with the State Auditor and Inspector and in the county clerk's office. It is available for public viewing at all times in the clerk's office. Citizens also have the right to protest "alleged illegal levies" coming out of the budget process.

**For more information, contact your county clerk or other county government official.**

## **Services NOT Provided by County Government in Oklahoma**

Given the numerous public services provided by many different government or quasi-government organizations, it is not surprising that there is sometimes confusion as to what county government does and does not provide. County government does not provide utilities commonly provided by incorporated cities, such as electricity, water, sewer, garbage pickup, or natural gas. For rural residents, rural water districts and rural electric cooperatives provide these utilities. County government does not provide public school services like kindergarten through twelfth grade or career technology training. County government does not provide local police service such as is commonly found in incorporated towns and cities. However, the county sheriff does provide law enforcement in rural areas and some very small towns that do not have a police force. Counties do not typically provide public parks and recreational facilities. County government has links to, but does not administer or manage, county health departments. Likewise, some counties have a city-county library, but county government does not administer or manage it. Some counties have special districts such as a rural subdivision road district. These are not a function of county government.

## **Other information for Logan County Residents**

**Ad Valorem tax** is based on state statute. School districts get the bulk of the funding and the county receives approximately 10% for operations.

**County sales tax** is voted by the public to be split for redistribution by state statute. The county sales tax is collected by the Oklahoma Tax Commission and is redistributed back to the county as specified by the voters.

County Sales Tax is split:

¾ to Logan County Medical Center (no sunset)

¼ to the 13 fire departments within the county (sunset clause of 5 years ending 2010)

¾ to the county jail (sunset clause of 10 years ending 2015)

The **Highway Fund** is funded by fuel tax collected by the state. It is popularly believed ad valorem or property taxes are involved in county road improvement, but this is not the case.

**Cash Funds** and the **Highway Fund** are not fiscal year budget items. The value of any excess funds, at the end of the year, are “rolled over” into the specific fund.

**General Fund** accounts do not “roll over” if an excess is determined to exist at the end of the year. Any excess funds are put back into the General Fund “pot” for redistribution to all accounts.

**Fiscal Year** runs from July 1 to June 30 of any given year. Ad Valorem tax is dedicated to the General Fund only. Fees collected by any office within the county are set by state

statute and disbursed to either General Fund or dedicated Cash Fund.

### **District 1**

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### **District 3**

#### **Commissioner Monty Piearcy**

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