



LOVE COUNTY

Financial Report

For the fiscal year ended June 30, 2022

Cindy Byrd, CPA
State Auditor & Inspector

**LOVE COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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OKLAHOMA
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov

February 7, 2025

TO THE CITIZENS OF
LOVE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Love County, Oklahoma for the fiscal year ended June 30, 2022. The audit was conducted in accordance with 19 O.S. § 171.

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

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

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

This report is 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,

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

**LOVE COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Board of County Commissioners

District 1 – David Magee
District 2 – Linda Hyman
District 3 – John Stacy Rushing

County Assessor

Missy Tunnell

County Clerk

Shelly Russell

County Sheriff

Marty Grisham

County Treasurer

Karla Smith

Court Clerk

Wendy Holland

District Attorney

Craig Ladd

**LOVE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
LOVE COUNTY, OKLAHOMA

Report on the Audit of the Financial Statement

Opinion

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Love County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the regulatory basis total receipts, disbursements, and changes in cash balances for all county funds of Love County, as of and for the year ended June 30, 2022, in accordance with the financial reporting provisions of Title 19 O.S. § 171 of Oklahoma Statutes described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles (U.S. GAAP) section of our report, the financial statement referred to above does not present fairly, in accordance with U.S. GAAP, the financial position of Love County as of June 30, 2022, or changes in financial position for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Love County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statement is prepared by Love County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than U.S. GAAP to meet the requirements of the State of Oklahoma. The effects on the financial statement of the variances

between the regulatory basis of accounting described in Note 1 and U.S. GAAP, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting prescribed or permitted by Oklahoma state law, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Love County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Love County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Love County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the total of all county funds on the financial statement. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statement.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024, on our consideration of Love 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 solely 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Love County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

November 25, 2024

REGULATORY BASIS FINANCIAL STATEMENT

LOVE COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Beginning Cash Balances July 1, 2021	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2022
County Funds:						
County General	\$ 419,691	\$ 2,134,964	\$ 352,441	\$ 350,000	\$ 2,084,863	\$ 472,233
County Highway Unrestricted	3,218,626	2,809,275	350,000	350,000	2,704,059	3,323,842
Health	487,092	302,386	-	-	361,254	428,224
Resale Property	436,782	264,876	-	-	164,041	537,617
Treasurer Mortgage Certification	18,557	1,920	-	-	200	20,277
County Clerk Lien Fee	48,846	10,451	-	-	15,249	44,048
Sheriff Commissary	54,375	138,812	-	-	30,756	162,431
Sheriff Service Fee	115,289	364,279	-	-	228,406	251,162
Sales Tax Revolving Fund	3,138,383	5,273,693	1,019	160,384	4,506,099	3,746,612
Sheriff Donation	400	-	-	-	-	400
Sheriff Drug Buy	414	1,542	-	-	158	1,798
Assessor Revolving Fee	16,989	2,458	-	-	1,528	17,919
Election Board SEC Cash Fund	2,172	-	-	2,172	-	-
Love County Health Center Remittance	1,019	-	-	1,019	-	-
Child Abuse Prevention	269	-	-	269	-	-
County Clerk Records Management and Preservation Fund	38,698	43,535	-	-	11,459	70,774
General Expenditures/Use Tax	819,019	41,999	-	861,018	-	-
County Bridge and Road Improvement	1,209,101	336,985	-	106,834	186,245	1,253,007
Court Clerk Payroll	19,796	84,709	-	-	102,641	1,864
E-911 Land Line	373	-	-	373	-	-
911 Phone Fees	50,346	126,158	373	-	142,272	34,605
Courthouse Improvement-ST	128,244	-	44,304	-	7,036	165,512
Courthouse Maintenance-ST	22,830	-	116,080	-	50,335	88,575
County Donations	1,036,046	156,361	-	-	56,362	1,136,045
Use Tax-ST	249,647	896,936	861,018	-	817,147	1,190,454
COVID Aid and Relief	389,324	-	-	-	187,184	202,140
Emergency Management Performance Grant	2,500	2,500	-	-	2,450	2,550
Rural Economic Action Plan Revolving Fund	-	32,023	-	-	32,023	-
American Rescue Plan Act 2021	-	995,995	-	-	26,553	969,442
Total - All County Funds	\$ 11,924,828	\$ 14,021,857	\$ 1,725,235	\$ 1,832,069	\$ 11,718,320	\$ 14,121,531

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

**LOVE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Love County is a subdivision of the State of Oklahoma created by the Oklahoma Constitution and regulated by Oklahoma Statutes.

The accompanying financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds under the control of the primary government. 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, where its use is restricted for a specified purpose. Other funds established by statute and under the control of the primary government are also presented.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical service districts, libraries, 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. Any trust or agency funds maintained by the County are not included in this presentation.

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 county funds included within the financial statement:

County General – accounts for revenue derived mostly from ad valorem tax as directed by the Oklahoma Constitution and state statutes. Other revenue includes fees, in-lieu taxes, and other miscellaneous collections. Disbursements are for general operations of the County.

County Highway Unrestricted – accounts for revenue from motor fuel and motor vehicle taxes and is designated for those activities associated with building and maintaining county roads and bridges.

Health – accounts for ad valorem tax collections and fees for services collected, disbursements are for the operation of the County Health Department.

Resale Property – accounts for interest and penalties assessed on delinquent ad valorem tax payments as well as proceeds of selling real property in the County which has remained delinquent in ad valorem tax payments for three years. The fund is utilized by the County Treasurer for offsetting the costs associated with the collection of delinquent ad valorem taxes.

**LOVE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Treasurer Mortgage Certification – accounts for the collection of fees by the County Treasurer for mortgage tax certificates and disbursements of funds as restricted by state statute.

County Clerk Lien Fee – accounts for lien collections and disbursements as restricted by state statute.

Sheriff Commissary – accounts for profits on commissary sales in the County jail. Disbursements are for jail operations as defined by state statute.

Sheriff Service Fee – accounts for the collection of fees and reimbursements for revenues such as process fees, courthouse security, contracts for housing and feeding prisoners, and disbursements as restricted by state statute.

Sales Tax Revolving Fund – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Sheriff Donation – accounts for donations made to the Love County Sheriff to be disbursed specifically for which the donation was made.

Sheriff Drug Buy – accounts for a program for investigating illegal drug activities. Revenue source consists of proceeds from the sale of property seized during such investigations as ordered by the district court. This fund and disbursements from it must be authorized by the District Attorney.

Assessor Revolving Fee – accounts for the collection of fees for copies as restricted by state statute.

Election Board SEC Cash Fund – accounts for reimbursement of elections and disbursed for refunds of election fees and maintenance and operation of the office.

Love County Health Center Remittance – accounts for donations made to the Health Center and disbursed for the operation of the Love County Health Center.

Child Abuse Prevention – accounts for monies received from jurors to aid in the prevention of child abuse.

County Clerk Records Management and Preservation Fund – accounts for special fees collected on all documents filed of record in the County Clerk's office. Expenditures are restricted to activities related to preservation of records in the County Clerk's office as restricted by state statute.

General Expenditures/Use Tax – accounts for the use tax remitted to the County by the Oklahoma Tax Commission and disbursements are for the general operation of the County.

County Bridge and Road Improvement – accounts for state receipts and disbursements for the improvement of county bridges and roads.

**LOVE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Court Clerk Payroll – accounts for funds collected by the Court Clerk and disbursements for payroll of Court Fund employees.

E-911 Land Line – accounts for the collection of fees from private telephone companies and disbursed for the operation of the emergency 911 services.

911 Phone Fees – accounts for fees collected by phone service providers in accordance with state statute to support 911 emergency operations.

Courthouse Improvement-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Courthouse Maintenance-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

County Donations – accounts for donations to the County for specified projects as restricted by resolution approved by the Board of County Commissioners.

Use Tax-ST – accounts for the collection of use tax revenue and the disbursement of funds as restricted by the use tax resolution.

COVID Aid and Relief – accounts for federal grant monies received from the Coronavirus Relief Fund for the reimbursement of COVID related expenditures. Disbursements are for any lawful purpose of the County as directed by Board of County Commissioners' resolution.

Emergency Management Performance Grant – accounts for federal grant monies received from the United States Department of Homeland Security to be disbursed in accordance with the grant requirements.

Rural Economic Action Plan Revolving Fund – accounts for revenue from the State of Oklahoma for the purpose of economic development.

American Rescue Plan Act 2021 – accounts for monies received from the United States Department of Treasury and disbursed for responding to the COVID-19 public health emergency and its negative economic impact, premium pay to eligible workers, the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency, and investments in water, sewer, and broadband infrastructure as restricted by federal requirements.

C. Basis of Accounting

The 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

**LOVE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

accepted in the United States of America (U.S. GAAP), 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 regulatory basis financial presentation is not a comprehensive measure of economic condition or changes therein.

Title 19 O.S. § 171 allows Oklahoma counties to present their financial statement in accordance with U.S. GAAP or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171, which specifies the format and presentation of such regulatory basis financial statements: county governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue with all other funds included in the audit presented in the aggregate in a combining statement. However, the County has elected to present all funds included in the audit in the Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis.

D. Budget

Under current Oklahoma Statutes, a general fund and a 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 and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

E. Cash and Investments

For the purposes of financial reporting, “Ending Cash Balances, June 30” includes cash and cash equivalents and investments as allowed by statutes. 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).

The County Treasurer has been authorized by the County’s governing board to make investments. Allowable investments are outlined in statutes 62 O.S. § 348.1 and § 348.3.

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. All investments as classified by

**LOVE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

state statute are nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are not subject to interest rate risk or credit risk.

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."

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. The County Treasurer, according to the law, shall give notice of delinquent taxes and special assessments by publication once a week for two consecutive weeks at any time after April 1, but prior to the end of September following the year the taxes were first due and payable. Unpaid real property taxes become a lien upon said property after the treasurer has perfected the lien by public notice.

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

3. Other Information

A. 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.

**LOVE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

B. 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.

C. 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; however, 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.

D. Sales Tax

Sales Tax of October 8, 2013

The voters of Love County approved a continuation of a one percent (1%) sales tax on October 8, 2013, for the duration of ten years, commencing January 1, 2014 and expiring December 31, 2023. This sales tax was established to provide revenue for the equipping, maintaining, and operating of the Love County Health Center. The Love County Health Center is a twenty-five bed, short-term, acute care, critical access hospital owned by Love County, Oklahoma, located in Marietta, Oklahoma. These funds are accounted for in the Sales Tax Revolving Fund.

Sales Tax of November 10, 2015

The voters of Love County approved a one-half (1/2%) percent sales tax on November 10, 2015 for the design, construction, financing, furnishing and equipping, capital facilities and improvements, equipment, fixtures, site preparation, street improvements, and continuing maintenance and operation expenses for a new detention facility to be located in Love County, with one quarter (1/4) cent to terminate at fifteen years from the effective date of January 1, 2016 or at the date of retirement of all debt related thereto, whichever occurs earlier; one quarter (1/4) of the one half cent to remain for an unlimited term for operations and maintenance of the new detention facility and any other lawful purpose relating to the same; authorizing the irrevocable pledging of said sales tax for payment of debt service and costs of issuance, fixing and effective date; making provisions severable; and declaring an emergency be approved. These funds are accounted for in the Sales Tax Revolving Fund.

**LOVE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Sales Tax of July 11, 2017

The voters of Love County approved a continuation of a one (1%) percent sales tax on July 11, 2017, for the duration of five years commencing April 1, 2018, and ending April 1, 2023. The sales tax was established to provide revenue for the following: 10% for County Fire protection, 5% for ambulance service, 5% for County Senior Citizens Centers, 5% for County OSU Extension Office, 5% for the County Clerk, 5% for the County Sheriff, 5% for the County Assessor, 5% for the County Treasurer, 5% for the Court Clerk, and 50% for maintenance and operation of county-owned property and operating expenses. These funds are accounted for in the Sales Tax Revolving Fund, Courthouse Improvement-ST fund, and the Courthouse Maintenance-ST fund.

E. Interfund Transfers

During the fiscal year, the County made the following transfers between cash funds:

- \$350,000 was transferred to the County General fund from the County Highway Unrestricted fund by Board of County Commissioner (BOCC) resolution for the purpose of funding operating expenses as allowed by 68 O.S. § 3021.
- \$350,000 was transferred to the County Highway Unrestricted fund from the County General fund by BOCC resolution for the purpose of reimbursement of the funding provided for operating expenses as allowed by 68 O.S. § 3021.
- \$2,441 was transferred to the County General fund by BOCC resolution to close the following funds:
 - \$2,172 from the Election Board SEC Cash Fund,
 - \$269 from the Child Abuse Prevention fund.
- \$1,019 was transferred to the Sales Tax Revolving Fund from the Love County Health Center Remittance fund by BOCC resolution to close the fund.
- \$44,304 was transferred to the Courthouse Improvement-ST fund from the Sales Tax Revolving Fund by Excise Board and BOCC approval to appropriate funding.
- \$116,080 was transferred to the Courthouse Maintenance-ST fund from the Sales Tax Revolving Fund by Excise Board and BOCC approval to appropriate funding.
- \$861,018 was transferred to the Use Tax-ST fund from the General Expenditures/Use Tax fund by BOCC resolution to establish the Use Tax-ST fund.
- \$106,834 was transferred to the Emergency Transportation Revolving Fund (a trust and agency fund) from the County Bridge and Road Improvement fund to repay borrowed funds for a road project.
- \$373 was transferred to the 911 Phone Fees fund from the E-911 Land Line fund by BOCC resolution to close the fund.

F. Special Items

The State of Oklahoma initially filed two counts of Embezzlement by the County Treasurer on September 4, 2020. On October 20, 2020, the State of Oklahoma dismissed the Indictments and requested that the Oklahoma State Bureau of Investigation further investigate any and all

**LOVE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

allegations of embezzlement by the Treasurer. The State Auditor and Inspector's Office has been requested to conduct a special investigative audit to be performed on the County Treasurer's office. This audit and any findings will be issued in a separate report and are not expected to have a material effect on the basic financial statement as of and for the year ending June 30, 2022. The BOCC accepted the resignation of the County Treasurer under investigation on September 8, 2020, and they appointed a new County Treasurer on the same date. On August 23, 2024, the Multi-County Grand Jury issued seven indictments for embezzlement of \$21,499 by the former Love County Treasurer.

SUPPLEMENTARY INFORMATION

LOVE COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund		
	Budget	Actual	Variance
District Attorney - State	\$ 15,000	\$ 14,933	\$ 67
District Attorney - County	5,000	-	5,000
County Sheriff	519,750	502,702	17,048
County Treasurer	124,619	121,800	2,819
County Commissioners	100	-	100
County Clerk	195,263	193,032	2,231
County Court Clerk	90,202	87,083	3,119
County Assessor	90,202	87,083	3,119
Visual Inspection	129,848	123,216	6,632
Juvenile Shelter/Bureau	15,000	870	14,130
General Government	162,005	114,504	47,501
Excise Board	16,000	3,400	12,600
Election Board	80,115	77,725	2,390
Emergency Management	7,077	7,077	-
Building Maintenance	6,540	6,540	-
County Jail	387,400	386,993	407
E-911	259,416	209,229	50,187
Safety	360	190	170
County Audit Budget	26,805	21,470	5,335
Free Fair	500	496	4
Free Fair Improvement	7,354	6,897	457
Fire Departments	7,500	6,992	508
Detention Maintenance	104,827	97,979	6,848
Provision for Interest on Warrants	3,000	-	3,000
Total Expenditures, Budgetary Basis	<u>\$ 2,253,883</u>	<u>\$ 2,070,211</u>	<u>\$ 183,672</u>

LOVE COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—HEALTH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 625,087	\$ 319,784	\$ 305,303
Total Expenditures, Budgetary Basis	\$ 625,087	\$ 319,784	\$ 305,303

**LOVE COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

1. Budgetary Schedules

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health Fund presents comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances 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.

INTERNAL CONTROL AND COMPLIANCE SECTION



**Independent Auditor's 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
LOVE COUNTY, OKLAHOMA

We have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Love County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise Love County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated November 25, 2024.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 2022, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Love County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Love County's internal control. Accordingly, we do not express an opinion on the effectiveness of Love County's internal control.

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 and correct, 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses: 2022-003.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Love County's financial statement is free from 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 financial statement. 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* and which are described in the accompanying schedule of findings and responses as items 2022-003.

We noted certain matters regarding statutory compliance that we reported to the management of Love County, which are included in Section 2 of the schedule of findings and responses contained in this report.

Love County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Love County's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Love County's response was not subjected to the other auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

November 25, 2024

LOVE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION 1—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 2022-003 – Lack of Internal Controls and Noncompliance Over the Disbursement Process

Condition: The test of sixty-eight (68) disbursements reflected five (5) disbursements totaling \$38,085, that were not properly encumbered in accordance with state statute.

Cause of Condition: Policies and procedures have not been designed and implemented to strengthen internal controls and ensure compliance with state statutes.

Effect of Condition: This condition resulted in noncompliance with state statute which could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends the County implement a system of internal controls over the disbursement process. Such controls should include ensuring that funds are encumbered prior to the receipt of goods and/or services, implementing a review process with adequate documentation to support the review, and implementing procedures to ensure authorized personnel requisition, receive, and approve cash disbursements in accordance with 19 O.S. § 1505.

Management Response:

Chairman of the Board of County Commissioners: The Board of County Commissioners will express to fellow county officials the importance of county funds being encumbered prior the receipt of goods and/or services and comply with state statute.

Criteria: The United States Government Accountability Office's *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.23 states in part:

Objectives of an Entity – Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Further, effective internal controls require that management properly implement procedures to ensure that purchases comply with 19 O.S. § 1505.

**LOVE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

SECTION 2—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management’s attention. We recommend that management consider these matters and take appropriate corrective action.

Finding 2022-006 – Lack of Internal Controls and Noncompliance Over Fixed Assets

Condition: Upon inquiry and observation of fixed asset inventory, it was noted a current fixed asset listing was not on file with the County Clerk in accordance with 19 O.S. § 178.1 for the following departments:

- County Treasurer
- County Sheriff
- Sheriff-ST
- EMS 522-ST
- General Government-ST
- Fire Departments-ST
 - Criner Hills VFD
 - Courtney VFD
 - Eastman VFD
 - Eastside VFD
 - Enville VFD
 - Falconhead VFD
 - Greenville VFD
 - Jimtown VFD
 - Leon VFD
 - Orr VFD
 - Thackerville VFD
 - Loves Valley VFD

Cause of Condition: Policies and procedures have not been designed and implemented by county offices/departments to ensure the accurate reporting of fixed assets.

Effect of Condition: These conditions result in noncompliance with state statute. Opportunities for loss and misappropriation of county assets may be more likely to occur when the County does not have procedures in place to account for fixed assets.

Recommendation: OSAI recommends the County adopt policies and procedures to implement a system of internal controls over the fixed assets to ensure compliance with 19 O.S. § 178.1.

Management Response:

Board of County Commissioners: We will work to ensure all departments, including those funded by tax monies, perform a fixed assets count within each fiscal year. We will perform a review of fixed

**LOVE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

assets on hand and ensure that each item is visually verified, the individual performing the visual verification and the individual maintaining the list are separate individuals and file that copy with the County Clerk.

County Treasurer: We will perform a review of fixed assets on hand and ensure that each item is visually verified, the individual performing the visual verification and the individual maintaining the list are separate individuals and file that copy with the County Clerk.

County Assessor: We will perform a review of fixed assets on hand and ensure that each item is visually verified, the individual performing the visual verification and the individual maintaining the list are separate individuals and file that copy with the County Clerk.

County Sheriff: We will perform a review of fixed assets on hand and ensure that each item is visually verified, the individual performing the visual verification and the individual maintaining the list are separate individuals and file that copy with the County Clerk.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. An important aspect of internal controls is the safeguarding of assets. Internal controls over safeguarding of assets constitutes a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation.

The GAO Standards – Principle 10 – Design Control Activities: 10.03 states in part:

Physical control over vulnerable assets

Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.

Title 19 O.S. § 178.1, which requires the board of county commissioners in each county of this state to take or cause to be taken, an inventory of all working tools, apparatus, machinery, and equipment.

Finding 2022-010 – Lack of Internal Controls Over the Inmate Trust Fund Checking Account and Noncompliance Over Reporting Requirements of the County Sheriff Commissary and Board of Prisoners

Condition: Upon inquiry and observation of records, the following was noted:

- Although the Inmate Trust Fund Checking Account is reconciled monthly, audit evidence does not exist to show that the collection and reconciliation processes are performed and reviewed by separate individuals.
- The County Sheriff did not prepare an annual Sheriff Commissary report to file with the Board of County Commissioners by January 15th of each year.

**LOVE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

- The County Sheriff did not prepare an annual Sheriff Board of Prisoners report to file with the Board of County Commissioners by January 15th of each year.
- Inmate Trust Fund balances are not reconciled to the Inmate Trust Fund Checking Account.
- Governmental expenditures were made from the Inmate Trust Fund Checking Account.

Cause of Condition: Policies and procedures have not been designed and implemented to strengthen internal controls and ensure compliance with state statutes.

Effect of Condition: This condition resulted in noncompliance with state statutes and could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and implement procedures to ensure compliance with state statutes.

- Collections and monthly reconciliations should be prepared and reviewed by separate individuals and evidence with initials and dates should exist to show the design and implementation of internal controls.
- An annual Sheriff Commissary report should be filed with the BOCC by January 15 of each year and balance to the general ledger of the County Treasurer.
- An annual Sheriff Board of Prisoners report should be filed with the BOCC by January 15 of each year documenting incarceration recovery costs and disbursements.
- Inmate Trust Fund balances should be reconciled monthly to the Inmate Trust Fund Checking Account. Reconciliations should be prepared and reviewed by separate individuals and evidence with initials and dates should exist to show the design and implementation of internal controls.
- Governmental expenditures should not be made from the Inmate Trust Fund Checking Account.

Management Response:

County Sheriff: A review process on collections and reconciliations processes will be implemented. Checks issued from the checking account will comply with state statutes. An annual Sheriff Commissary Report and an annual Sheriff Board of Prisoners Report will be filed with the Board of County Commissioners for review and approval by January 15 of each year.

Criteria: The GAO Standards – Principal 10 – Design Control Activities – 10.03 states in part:

Segregation of duties

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

The GAO Standards – Section 2 – Objectives of an Entity – OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations

**LOVE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

apply to the entity. Management is expected to set objectives that incorporate these requirements.

The GAO Standards – Principle 16 – Perform Monitoring Activities – 16.05 states in part:

Internal Control System Monitoring

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions.

Title 19 O.S. § 180.43A states in part, “Each county sheriff may contract with any public or private entity engaged in the business of transportation of prisoners, the Department of Justice of the United States of America, the Department of Corrections, or any municipality of this state for the feeding, care, housing, and upkeep of federal, state, or municipal prisoners, or alien detainees incarcerated in the county jail..... The sheriff shall file an annual report with the board of county commissioners no later than January 15 of each year. The State Auditor and Inspector shall conduct an audit of the report as on other public records of the county.

Title 19 O.S. § 180.43D states in part, “Each county sheriff may operate...a commissary for the benefit of persons lawfully confined in the county jail under the custody of the county sheriff. Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff's Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff's Commissary Account for administering expenses for training equipment, travel or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The sheriff shall receive no compensation for the operation of said commissary. The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year...”

Title 19 O.S. § 531 states, “A. Notwithstanding any other provisions of law, the county sheriff may establish a checking account, to be designated the "Inmate Trust Fund Checking Account", to be managed by the county sheriff and maintained separately from regular county funds. The checking account shall be subject to audit by the State Auditor and Inspector. The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge.



Cindy Byrd, CPA | State Auditor & Inspector

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