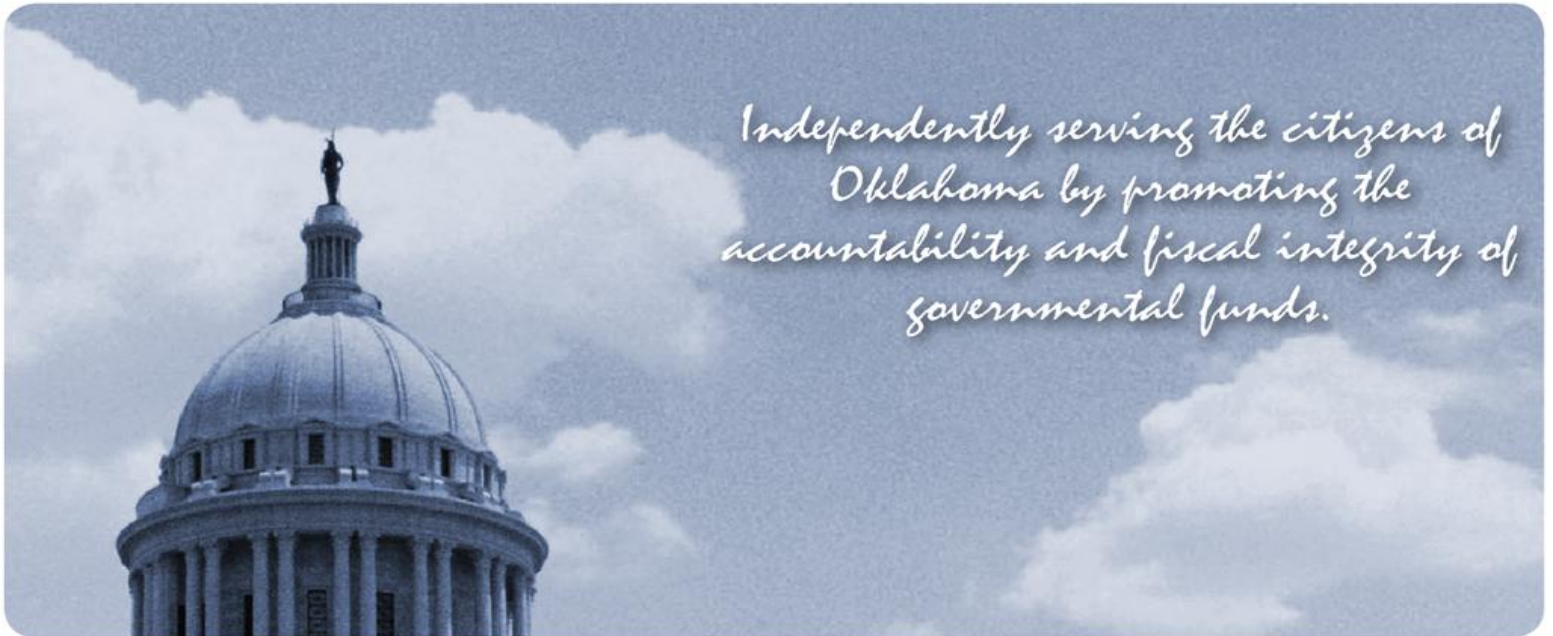


STATUTORY REPORT

LOVE COUNTY TREASURER

March 31, 2015



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

**LORRY STILLEY, COUNTY TREASURER
LOVE COUNTY, OKLAHOMA
TREASURER STATUTORY REPORT
MARCH 31, 2015**

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Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

June 2, 2015

BOARD OF COUNTY COMMISSIONERS
LOVE COUNTY COURTHOUSE
MARIETTA, OKLAHOMA 73448

Transmitted herewith is the Love County Treasurer Statutory Report for March 31, 2015. The engagement was conducted in accordance with 74 O.S. § 212.

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.

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

Lorry Stilley, Love County Treasurer
Love County Courthouse
Marietta, Oklahoma 73448

Dear Ms. Stilley:

For the purpose of complying with 74 O.S. § 212, we have performed the following procedures:

- Determine whether bank reconciliations are properly performed, visually verify the certificates of deposit, and confirm the investments.
- Determine whether subsidiary records are reconciled to the general ledger.
- Determine whether deposits and invested funds are secured by pledged collateral.

All information included in the bank reconciliations, the investment ledger, the subsidiary ledgers, and the general ledger is the representation of the County Treasurer.

Our county treasurer statutory engagement was limited to the procedures performed above and was less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an opinion on any basic financial statement of Love County.

Based on our procedures performed, we have presented our findings in the accompanying schedule.

This report is intended for the information and use of the management of the County. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in blue ink that reads "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

May 27, 2015

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2015-01 – Bank Reconciliation

Condition: The General Fund Account reconciliation for March 31, 2015, reflected an unidentified credit card receipt in the amount of \$710.50. A credit card payment was received by the Treasurer’s office for payment of ad valorem taxes. Receipts were not promptly issued and applied as payment to the tax parcels. As a result, the Treasurer cannot determine where these funds should be credited.

Cause of Condition: Receipts were not timely issued when the payments were made.

Effect of Condition: Ad valorem collections have not been properly receipted and credited to the respective tax parcels. Further, this amount has not been apportioned to the taxing entities and \$710.50 is held as a balance by the Treasurer.

Recommendation: OSAI recommends that receipts be timely and accurately prepared to identify source of collections. OSAI also recommends that ad valorem collections be properly remitted to taxing entities on a timely basis. OSAI further recommends that all unknown variances be promptly investigated and reconciled.

Management Response: We are not able to credit the payment to the respective tax parcels due to a change in the credit card systems. Since we had a change in credit card systems we do not have access to the credit card information to obtain the card users information to credit the respective tax parcel.

Criteria: Safeguarding controls are an aspect of internal control. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as preparing receipts for all ad valorem collections with details of parcel number, name, date, and amounts, and reconciling bank balances to the general ledger, are deficiencies in internal control.

Further, 68 O.S. Code Section 2923, requires the ad valorem tax collections to be apportioned and distributed monthly among the different funds to which they belong.

Finding 2015-02 – Bank Reconciliation

Condition: The General Fund Account reconciliation for March 31, 2015, reflected an unidentified credit card deduction in the amount of \$339.50. A credit card payment was rejected and not removed from the tax parcel payments. Returns were not promptly issued and deducted to the tax parcels; as a result, the Treasurer cannot determine where these funds should be debited.

Cause of Condition: Returns were not reconciled in a timely manner.

**LORRY STILLEY, COUNTY TREASURER
LOVE COUNTY, OKLAHOMA
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Effect of Condition: Ad valorem collections have not been properly debited to the respective tax parcels when returns were issued. Further, this amount has been apportioned to the taxing entities and \$339.50 is held as a reconciling item by the Treasurer.

Recommendation: The Oklahoma State Auditor & Inspector's Office (OSAI) recommends that receipt of returns be timely and accurately prepared to identify source of collections. OSAI also recommends that ad valorem collections be properly remitted to taxing entities on a timely basis. OSAI further recommends that all unknown variances be promptly investigated and reconciled.

Management Response: We are not able to debit the payment to the respective tax parcels due to a change in the credit card systems. Since we had a change in credit card systems we do not have access to the credit card information to obtain the card users information to debit the respective tax parcel.

Criteria: Safeguarding controls are an aspect of internal control. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as reconciling the credit card statement in a timely manner can detect variances in a timely manner.

Finding 2015-03 – Official Depository Subsidiary Ledger

Condition: The Official Depository Fund did not reconcile to the Official Depository bank account. The bank balance reflected \$22.32 more than the official depository ledger.

Cause of Condition: The County Treasurer's subsidiary ledgers do not reconcile to the bank account.

Effect of Condition: This condition resulted in inaccurate records, and incomplete information.

Recommendation: OSAI recommends that the County Treasurer reconcile the subsidiary ledgers to the general ledger on a monthly basis.

Management Response: This variance is due to a misapportion to the general fund that should have been to the official depository fund. This variance is being corrected as of May 6, 2015.

Criteria: Safeguarding controls are an aspect of internal controls. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failures to perform tasks that are part of internal controls, such as reconciling subsidiary ledgers to general ledgers, are deficiencies in internal control. Further, Reconciliations should be performed on a monthly basis.



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