

**DEWEY
COUNTY**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2008**



**COUNTY
AUDIT**



Oklahoma State Auditor
& Inspector

**DEWEY COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



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February 25, 2010

TO THE CITIZENS OF
DEWEY COUNTY, OKLAHOMA

Transmitted herewith is the audit of Dewey County, Oklahoma for the fiscal year ended June 30, 2008. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

A handwritten signature in blue ink that reads "Steve Burrage".

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

**DEWEY COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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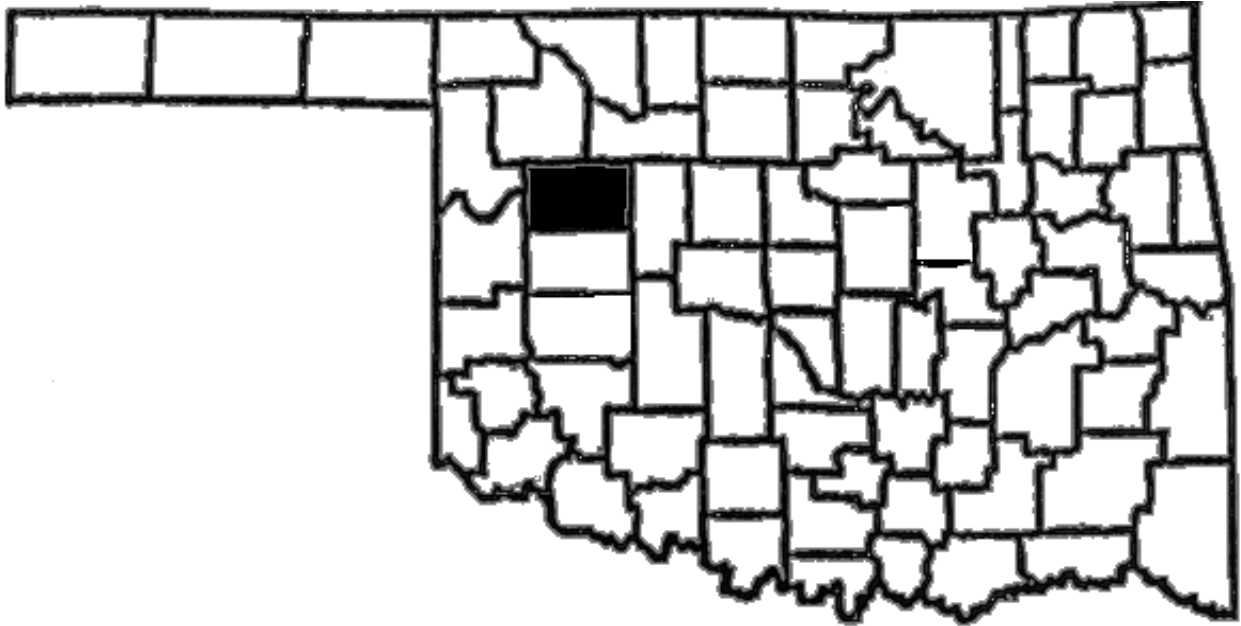
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**REPORT TO THE CITIZENS
OF
DEWEY COUNTY, OKLAHOMA**



Dewey County was part of the original Cheyenne-Arapaho Reservation, and was designated by Treaty of 1867 and opened to settlement by the Land Run of April 19, 1892. The county was named for Admiral George Dewey.

Divided from east to west by both the North and South Canadian rivers, the construction of bridges was important to the growth of the county and did not occur until later years. The development of transportation was slow and began with the construction of the Wichita Falls and Northwestern Railroad (later known as the KATY) in 1910. The KATY followed the old Western or Dodge Cattle Trail, which cut through the county in the 1870s to the railhead at Dodge City.

Sparsely populated, the land is used for agriculture and cattle raising with some horse ranches and many oil and gas wells. People of note who have lived in Dewey County are former Oklahoma Supreme Court Justice Pat Irvin, TV climatologist Gary England, and prohibitionist Carry Nation.

County Seat - Taloga

Area – 1008.26 Square Miles

County Population - 4,568
(2005 est.)

Farms - 774

Land in Farms - 584,368 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor's report.

**DEWEY COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

COUNTY ASSESSOR

Lennet Pisacka

The County Assessor has the responsibility to appraise and assess the real and personal property within the county for the purpose of ad valorem taxation. Also, the County Assessor is required to compute the ad valorem taxes due on all taxable property. The County Assessor appraises all the taxable real and personal property according to its fair cash value for which the property is actually being used as of January 1 of the taxable year at the percentages provided for in Article 10, § 8 of the Oklahoma Constitution.

The County Assessor is required to build and maintain permanent records of the taxable real property and tax exempt real property within the county. Information entered on each record includes the property's legal description, owner's name and address, and the homestead exemption status of the owner.

COUNTY CLERK

Sandra Clendenny

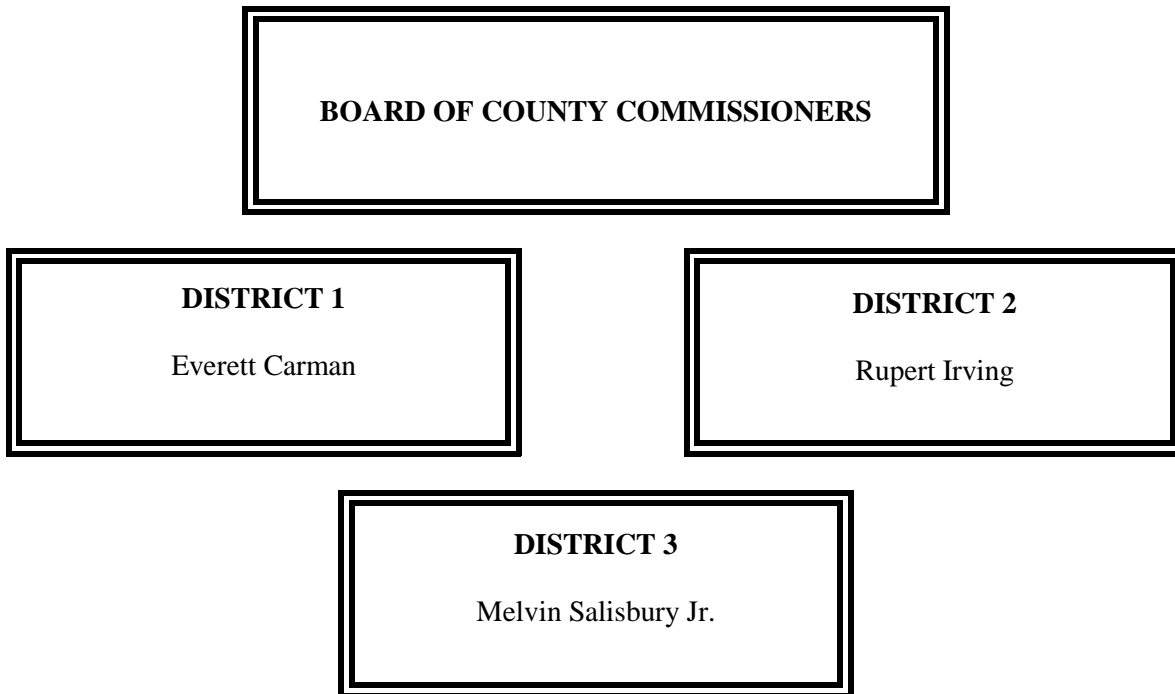
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. This system is a means to ensure the public that tax dollars are being spent appropriately.

Various records within the different county offices are classified as "open records." As such, they can be reviewed and mechanically copied by the public.

See independent auditor's report.

**DEWEY COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**



The Board of County Commissioners is the chief administrative body for the county. County Commissioners are also responsible for maintaining and constructing the county roads and bridges.

The Commissioners must act as a Board when entering into contracts or other agreements affecting the county's welfare. Thus, actions taken by the Board are voted on and approved by a majority of the Commissioners. The Board of County Commissioners' business meetings are open to the public.

As the county's chief administrative body, the three County Commissioners must make major financial decisions and transactions. The Board has the official duty to ensure the fiscal responsibility of the other county officers who handle county funds. The review and approval procedures empowered to the Board of County Commissioners are a means to provide the public with a fiscally efficient system of county government.

See independent auditor's report.

**DEWEY COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

COUNTY SHERIFF

Carl Freeman, Jr.

The County Sheriff is responsible for preserving the peace and protecting life and property within the county's jurisdiction. As the county's chief law enforcement officer, the Sheriff has the power and authority to suppress all unlawful disturbances, to apprehend and secure persons charged with felony or breach of peace, and to operate the county jail.

The County Sheriff has the responsibility of serving warrants and processing papers ordered by the District Court.

COUNTY TREASURER

Cindy Farris

All collections by county government from ad valorem taxes and other sources are deposited with the County Treasurer. The County Treasurer collects ad valorem taxes for the county and its political subdivisions. The County Treasurer is authorized to issue delinquent personal property tax warrants and to impose tax liens on real property for delinquent taxes.

To account for county collections and disbursements, the County Treasurer is required to maintain an accurate record of all the monies received and disbursed. The State Auditor and Inspector's Office prescribes all the forms used by the County Treasurer, and at least twice a year inspects the County Treasurer's accounts.

See independent auditor's report.

**DEWEY COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

COURT CLERK

Nancy Louthan

The Court Clerk has the primary responsibility to record, file, and maintain as permanent records the proceedings of the District Court.

Court proceedings are recorded in the appropriate journal or record docket. All the court proceedings are public information except those related to juvenile, guardianship, adoption, and mental health cases.

The Court Clerk issues marriage licenses, passports, notary certificates, beer and pool hall licenses, and private process server licenses.

Monies from the court fund are identified for distribution by the Court Clerk to the appropriate units of county and state government. Court Clerks use forms and follow procedures prescribed by the Court Administrator's Office, the Oklahoma Supreme Court, and the State Auditor and Inspector.

DISTRICT ATTORNEY

Hollis Thorp

As the chief attorney for county government, the District Attorney acts as the legal advisor to the county officers on matters related to their duties. The District Attorney represents the county in civil litigation. County officials may call upon the District Attorney to clarify a law or request an official interpretation from the Attorney General.

See independent auditor's report.

**DEWEY COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

ELECTION BOARD SECRETARY

Barbara Squires

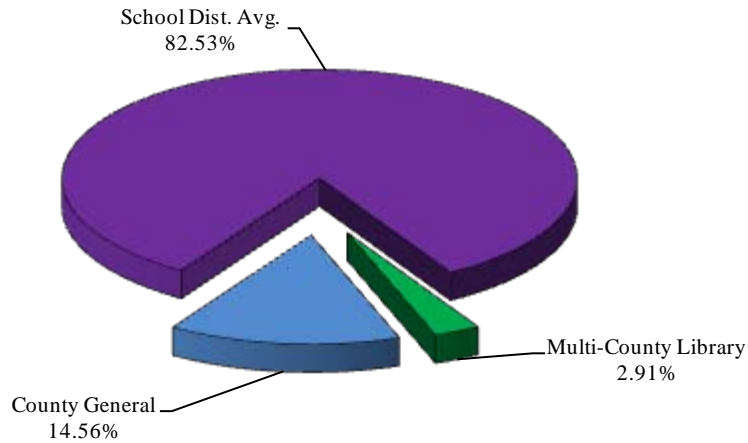
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within the county.

To finance the operation of the County Election Board, the County Excise Board must appropriate sufficient funds annually. The state and counties split the election costs, but counties must pay for any county elections not held concurrently with state elections.

See independent auditor's report.

**DEWEY COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the tax on that property is \$1.00. This chart shows the different entities of the County and their share of the various millages as authorized by the Constitution.



County-Wide Millages		School District Millages								
Co. General				County Gen	Common School	Sinking	EMS	Career Tech	Common	Total
Co. General	10.35									
Multi-County Library	2.07	Vici-Camargo	I-5	36.25	5.18	15.97	3.11		4.14	64.65
		Seiling	I-8	36.18	5.17	4.31	3.67		4.14	53.47
		Taloga	I-10	36.17	5.17				4.14	45.48
		Thomas/Custer/Fay	JT-7	36.26	5.18	17.86			4.14	63.44
		Canton	JT-105	36.60	5.23	10.17	3.00	13.56	4.14	72.70
		Sharon - Mutual	JT-3W	35.00	5.00	6.04		12.00	4.14	62.18
		Leedey	JT-1-3	36.30	5.19		3.11		4.14	48.74

See independent auditor's report.

**DEWEY COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

Total net assessed value as of January 1, 2007		<u>\$ 45,507,855</u>
Debt limit - 5% of total assessed value		2,275,393
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u>\$ 2,275,393</u>

See independent auditor's report.

**DEWEY COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

	2008
Estimated population	4,568
Net assessed value as of January 1, 2007	\$ 45,507,855
Gross bonded debt	-
Less available sinking fund cash balance	-
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

**DEWEY COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2007	\$17,590,364	\$8,566,760	\$20,574,059	\$1,223,328	\$45,507,855	\$384,440,591

See independent auditor's report.

FINANCIAL SECTION

STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA
State Auditor

MICHELLE R. DAY, ESQ.
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 www.sai.ok.gov

Independent Auditor's Report

TO THE OFFICERS OF
DEWEY COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Dewey County, Oklahoma, as of and for the year ended June 30, 2008, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Dewey County's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement was prepared using accounting practices prescribed or permitted by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Dewey County as of June 30, 2008, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Dewey County for the year ended June 30, 2008, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2010, on our consideration of Dewey 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 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.

Our audit was conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

January 4, 2010

Basic Financial Statement

**DEWEY COUNTY, OKLAHOMA
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 (WITH COMBINING INFORMATION)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Beginning Cash Balances July 1, 2007	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2008
Combining Information:				
County General Fund	\$ 612,821	\$ 1,641,534	\$ 1,080,370	\$ 1,173,985
County Highway	4,139,701	4,069,507	3,819,406	4,389,802
Local Emergency Management	12,779	4,051	1,591	15,239
County Clerk Records Preservation Fee	45,979	28,970	6,705	68,244
Sheriff Training	5,451	500	392	5,559
Sheriff Service Fee	23,286	41,271	30,301	34,256
Prisoner Revolving Fund	64,486	191,457	181,674	74,269
County Clerk Lien Fee	50,598	28,369	9,868	69,099
Treasurer Mortgage Tax Certification Fee	680	1,410	1,167	923
Resale Property	11,806	13,667	9,089	16,384
Assessor Revolving Fee	6,295	5,536	720	11,111
Assessor Visual Inspection Fee	4,023			4,023
CDBG Grant	1			1
CDBG 12595 Housing		117,494	104,469	13,025
OKOHS DHS 75016		16,489	11,527	4,962
Combined Total--All County Funds	\$ 4,977,906	\$ 6,160,255	\$ 5,257,279	\$ 5,880,882

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

**DEWEY COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Counties were created by the Constitution of Oklahoma. One county officer is appointed; however, most county officers are locally elected by their constituents. All county powers are delegated by the state.

The accompanying basic financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of Dewey County, Oklahoma. The funds presented as line items are not a part of the basic financial statement, but have been included as supplementary information within the basic financial statement. These separate funds are established by statute, and their operations are under the control of the County officials. 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. The other funds presented account for financial resources whose use is restricted for specified purposes.

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 funds included as supplementary information within the financial statement:

County General Fund - accounts for the general operations of the government.

County Highway - accounts for state, local and miscellaneous receipts and disbursements for the purpose of constructing and maintaining county roads and bridges.

Local Emergency Management – accounts for the proceeds received from the state to prepare an emergency awareness plan for the citizens of Dewey County.

County Clerk Records Preservation Fee – accounts for fees collected for instruments filed in the Registrar of Deeds as restricted by statute for preservation of records.

Sheriff Training - accounts for the collection of miscellaneous receipts and disbursements are for the training of Sheriff deputies.

Sheriff Service Fee - accounts for the collection and disbursement of sheriff process service fees as restricted by statute.

**DEWEY COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Prisoner Revolving Fund – accounts for the collection of monies from the Oklahoma Department of Corrections and disbursements are for the purpose of maintaining the jail.

County Clerk Lien Fee – accounts for fees collected by the County Clerk to be used for the operation of the office.

Treasurer Mortgage Tax Certification Fee - accounts for the collection of fees by the Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by statute.

Resale Property - accounts for the collection of interest and penalties on delinquent taxes and the disposition of same as restricted by statute.

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

Assessor Visual Inspection Fee - accounts for the collection and expenditure of monies by the Assessor as restricted by state statute for the visual inspection program.

CDBG Grant – accounts for the Community Development Block Grant funds received to be disbursed for the use of rural community improvements.

CDBG 12595 Housing – accounts for CDBG grant money from the Department of Commerce for housing revitalization with disbursements going to the contractors that were awarded contracts to for improvements to existing homes.

OKOHS DHS 75016 – accounts for federal funds received from the Department of Homeland Security to aid in terrorist prevention.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, 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.

C. Basis of Accounting

The basic 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 accepted in the United States of America, 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 cash

**DEWEY COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

basis financial presentation is not a comprehensive measure of economic condition or changes therein.

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.

For the highway funds and other funds, which are not required to adopt a formal budget, appropriations are made on a monthly basis, according to the funds then available.

E. Cash

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).

F. Investments

The County Treasurer has been authorized by the County's governing board to make investments. By statute (62 O.S. § 348.1 and § 348.3), the following types of investments are allowed:

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district
- Negotiable certificates of deposit
- Prime bankers acceptance which are eligible for purchase by the Federal Reserve System
- Prime commercial paper with a maturity of 180 days or less
- Repurchase agreements

**DEWEY COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments

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.

G. Compensated Absences

All full-time Dewey County employees shall be entitled to vacation leave with pay that is accrued on a monthly basis in accordance with the schedule outlined below:

<u>Years of Service</u>	<u>Annual Leave</u>	<u>Carry Over Limit</u>
1-5 years	10 days	20 days
6-10 years	12 days	24 days
11-20 years	14 days	28 days
Over 20 years	15 days	30 days

Vacation must be earned before it is taken. Employees are paid for vacation leave upon separation of employment from the County.

All full-time Dewey County employees shall be entitled to sick leave with pay that is accrued on a monthly basis. Sick leave benefits are accrued at the rate of 1 day for each full calendar month of service to the County. Sick leave may be accrued up to a maximum of 24 days. Employees are not paid for sick leave upon separation of employment from the County.

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."

The assessed property value as of January 1, 2007, was approximately \$45,507,855.

Per Article 10, § 8A, with the repeal of personal property tax, the millages with the adjustment factor are 10.35 mills for general fund operations and 2.07 mills for multi-county library. In

**DEWEY COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

addition, the County collects the ad valorem taxes assessed by emergency medical districts, cities and towns, and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

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. Unpaid real property taxes become a lien upon said property on October 1 of each year.

Current year tax collections for the year ended June 30, 2008, were approximately 98.99 percent of the tax levy.

3. Fuel Tax

The County receives major funding for roads and highways from a state imposed fuel tax. Taxes are collected by the Oklahoma Tax Commission. Taxes are imposed on all gasoline, diesel, and special fuel sales statewide. The County's share is determined on formulas based on the County population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the county highway fund.

4. Risk Management

The County is exposed to the various risks of loss shown in the following table:

Types of Loss	Method of Management	Risk of Loss Retained
General Liability <ul style="list-style-type: none"> • Torts • Errors and Omissions • Law Enforcement Officers' Liability • Vehicle 	The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
Physical Plant <ul style="list-style-type: none"> • Theft • Damage to Assets • Natural Disasters 		

**DEWEY COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Types of Loss	Method of Management	Risk of Loss Retained
Workers' Compensation <ul style="list-style-type: none"> • Employees' Injuries 	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee <ul style="list-style-type: none"> • Medical • Disability • Dental • Life 	The County carries commercial insurance.	None

ACCO-SIG – The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$10,000 deductible for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amount for replacement value up to \$100,000 for property and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool's risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

Commercial Insurance – The County obtains commercial insurance coverage to pay legitimate workers' compensation claims and employees' insurance. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

5. Long-term Obligations

Capital Leases

The County acquires road machinery and equipment through lease-purchase agreements financed by the Oklahoma Department of Transportation and/or the equipment vendors or their assignees pursuant to the provisions of 69 O.S. § 636.1 through § 636.7. Lease agreements entered into with the Oklahoma Department of Transportation (ODOT) are interest free, but have a one-time fee of 3% on all pieces of machinery acquired.

**DEWEY COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

6. 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. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 8.5% and 13.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 13.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2008, 2007, and 2006, were \$230,745, \$193,287, and \$186,775, respectively, equal to the required contributions for each year.

7. 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.

8. 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. Amounts, if any, of expenditures that may be disallowed by the grantor cannot be determined, although, 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.

**DEWEY COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

9. Sales Tax

On April 7, 1998, the voters of Dewey County approved a ½ cent sales tax. The sales tax is exclusively for Dewey County General Government. The sales tax shall not be changed or terminated without the approval of the qualified electors of Dewey County.

On November 7, 2006, the electors of Dewey County passed an additional ½ cent sales tax, making the total sales tax 1% allocated to Dewey County General Government. The rate shall not be changed or terminated without the approval of the qualified electors of Dewey County.

OTHER SUPPLEMENTARY INFORMATION

DEWEY COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 612,821	\$ 612,821	\$ 612,821	\$ -
Less: Prior Year Outstanding Warrants	(59,319)	(59,319)	(59,319)	
Less: Prior Year Encumbrances	(22,419)	(22,419)	(16,668)	5,751
Beginning Cash Balances, Budgetary Basis	<u>531,083</u>	<u>531,083</u>	<u>536,834</u>	<u>5,751</u>
Receipts:				
Ad Valorem Taxes	428,188	428,188	471,176	42,988
Sales Tax	196,038	196,038	629,039	433,001
Charges for Services	72,998	72,998	121,205	48,207
Intergovernmental Revenues	9,327	9,327	131,358	122,031
Miscellaneous Revenues	82,377	82,377	288,756	206,379
Total Receipts, Budgetary Basis	<u>788,928</u>	<u>788,928</u>	<u>1,641,534</u>	<u>852,606</u>
Expenditures:				
District Attorney	1,500	1,500	882	618
County Sheriff	246,022	246,022	243,780	2,242
County Treasurer	82,425	82,425	81,801	624
County Commissioners	29,557	29,557	29,537	20
OSU Extension	18,750	18,750	17,985	765
County Clerk	102,295	102,295	99,537	2,758
Court Clerk	70,356	70,356	67,156	3,200
County Assessor	58,087	58,087	55,837	2,250
Revaluation of Real Property	75,387	75,387	69,748	5,639
General Government	536,438	536,438	325,852	210,586
Excise-Equalization Board	8,100	8,100	5,954	2,146
County Election Board	48,593	48,593	46,272	2,321

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

DEWEY COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Insurance	14,000	14,000	5,975	8,025
Charity	100	100	-	100
Recording Account	400	400	-	400
Civil Defense	3,000	3,000	1,594	1,406
Line Item	100	100	-	100
County Audit Budget	4,551	4,551	4,551	-
Free Fair Budget	14,850	14,850	14,563	287
School Reimbursement	5,500	5,500	5,500	-
 Total Expenditures, Budgetary Basis	 1,320,011	 1,320,011	 1,076,524	 243,487
 Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	 <u>\$ -</u>	 <u>\$ -</u>	 1,101,844	 <u>\$ 1,101,844</u>
 Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			24,024	
Add: Current Year Outstanding Warrants			48,117	
Ending Cash Balance			<u>\$ 1,173,985</u>	

The accompanying notes to the other supplementary information are an integral part of this schedule.
See independent auditor's report.

**DEWEY COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Budgetary Schedule

The Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General 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 Combined Statement of Receipts, Disbursements, and Changes in Cash Balances with Combining Information 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



**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
DEWEY COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Dewey County, Oklahoma, as of and for the year ended June 30, 2008, which comprises Dewey County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated January 4, 2010. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. 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

In planning and performing our audit, we considered Dewey County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies 2008-1, 2008-2, and 2008-4 described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2008-1 and 2008-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dewey County's financial statement is 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 2008-3.

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

Dewey County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Dewey County's response and, accordingly, we express no opinion on it.

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



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

January 4, 2010

**DEWEY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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 2008-1 – Segregation of Duties

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Condition: The County Treasurer has one full-time deputy and one part-time deputy; however, one deputy performs most duties of recording transactions on the daily report, general ledger, and reconciles transactions to the County Clerk's ledger. This deputy also prepares the monthly report, warrant register, and cancels vouchers and warrants.

Effect: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's overseeing of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions: We concur with the auditor's comments and will conduct periodic reviews of office operations.

Finding 2008-2 – Segregation of Duties – Receipting

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Condition: The County Treasurer has one full-time and one part-time deputy in her office. The duties of opening the mail, issuing receipts, posting receipts, and making deposits are performed by the Treasurer and both deputies. Duties are not segregated with regard to each function.

Effect: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

**DEWEY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's overseeing of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions: We concur with the auditor's comments and will conduct periodic reviews of office operations.

Finding 2008-3 – Acquisition Supporting Documentation

Criteria: Title 19 O.S. § 1505 requires all supporting documentation to be attached to the purchase order prior to payment.

Condition: The test of bids using the Department of Central Services (DCS) state contracts revealed three instances in which purchase order numbers (2309, 2310, & 2311) were purchased from City Chevrolet off the state contract. The purchase orders listed state contract # 0070-48-14-100-4. The portion of the state contract for these items was not attached to the purchase order and review of the current DCS state contract on the web site for the number listed on the purchase orders did not agree with the purchase order information. We were unable to ascertain that a state contract price was valid for that time period.

Effect: Possible violation of statutory bidding procedures because of insufficient information attached to purchase orders.

Recommendation: OSAI recommends the County attach the applicable portion of the state contract for which an item is purchased to the purchase order as supporting documentation.

Views of responsible officials and planned corrective actions: The County Clerk will attach the appropriate supporting documentation to purchase orders when the bid is awarded off the state contract.

Finding 2008-4 – County Treasurer Computer System for Ad Valorem Taxes

Criteria: Cobit AI2.3 (Application Control and Auditability) states "Implement business controls, where appropriate, into automated application controls such that processing is accurate, complete, timely, authorized and auditable."

Condition: The test of gaps on ad valorem receipts revealed that the Treasurer's tax system has inadequate internal controls over the receipt date used to post ad valorem tax transactions. We noted 68 gaps in the receipt numerical sequence for 2007 ad valorem tax year receipts issued July 1, 2007 to June 30, 2008. Upon further investigation, we noted the receipts were dated incorrectly and should have been part of the numerical sequence for 2007 ad valorem receipts.

**DEWEY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Effect: Transactions could be recorded in the wrong period resulting in inaccurate accounting or misappropriation of assets.

Recommendation: OSAI recommends that the Treasurer contact the system programmer to automatically set the date for receipts, but allow for the date to be moved forward or backwards up to five days for holidays and weekends.

Views of responsible officials and planned corrective actions: The Treasurer has implemented an audit log of tax receipts that tracks ad valorem tax receipts as they are entered into the system. This audit log will help the Treasurer monitor receipts.

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 2008-5 – Segregation of Duties – Official Depository Accounts

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization should be segregated.

Condition: Based on inquiries of County personnel and test-work performed on the County’s fiduciary funds, which are not reported on the County’s basic financial statement, it was noted that receiving, receipting, recording, depositing cash and checks, reconciliations, and transaction authorization within the following county offices were not properly segregated to assure adequate internal control structure.

The County Assessor’s office has one deputy that issues receipts, balances the cash drawer to daily receipts, takes deposits to the Treasurer, posts deposits to the cash book, and balances the account at month end to the Treasurer’s balance.

The County Sheriff’s office has one deputy that writes all receipts, balances the cash drawer to daily receipts, takes deposits to the Treasurer, posts deposits to the cash book, and balances the account at month end to the Treasurer’s balance. The same deputy prepares the vouchers, signs the vouchers, and posts the vouchers to the cash book.

The County Clerk’s office has three deputies that can perform all receipting duties; however, these duties are not formally segregated and often times the same deputy or the officer perform all duties.

Effect: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

**DEWEY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's overseeing of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions: The officials concur with the auditor's comments; however, with the limited number of employees in each office, a periodic review of operations will be conducted to offset segregation of duties within each office.

Finding 2008-6 – Sheriff Official Depository Receipts

Criteria: Title 19 O.S. § 682 states in part:

It shall be the duty of every officer to deposit daily in the official depository...all monies, checks, drafts, orders, vouchers, funds, rentals, penalties, cost, proceeds of sale of property, fees, fines, forfeitures and public charges of every kind received or collected by virtue or under color of office.

Condition: The test of 53 receipts, which represent 100% of Sheriff official depository receipts issued for the fiscal year 2007-2008, totaled \$26,953.67. The following exceptions were noted as a result of these tests:

1. Five of the 53 receipts were not deposited into the official depository account, but receipted and deposited by the Treasurer for fees or by the Court Clerk for bonds.
2. Two of the 53 receipts were not deposited in a timely manner.
3. The Sheriff Service fees, inmate phone card collections, and reimbursements for boarding of prisoners were not deposited into the Sheriff official depository. The County Clerk received the funds from the Sheriff's office, recorded the information and then took the funds to the County Treasurer who wrote miscellaneous receipts and apportioned the funds to the designated cash fund.

Effect: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of assets.

Recommendation: OSAI recommends that to provide effective controls over receipts in accordance with 19 O.S. § 682, the County Sheriff should receipt all funds received under the color of his office and deposit those funds on a timely basis into the official depository account.

Views of responsible officials and planned corrective actions: The collections from fees and reimbursements are now deposited into the Sheriff's depository account. The inmate phone card collections will be deposited into the inmate trust bank account. Deposits will be made on a daily basis.

**DEWEY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Finding 2008-7 – Fixed Assets Inventory

Criteria: Statutory control requirements have been established for the recording of inventory.

Title 19 O.S. § 178.1 states in part:

The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than Five Hundred Dollars (\$500.00), and thereafter maintain or cause to be maintained a continuous inventory record...biennially thereafter, or oftener...

Title 19 O.S. § 178.3 states:

The county clerk shall be custodian and repository of all inventory records, files and reports.

Condition: Discussion with county employees revealed that the districts do not perform an inventory of working tools, apparatus, or machinery. The test of equipment inventory revealed seven items were visually observed but were not listed on the computer generated inventory list obtained from the County Commissioners' secretary at the courthouse.

Effect: Inventory items were not accurately accounted for and the County's assets may not be safeguarded.

Recommendation: We recommend the County implement procedures to comply with the statutory control requirements.

Views of responsible officials and planned corrective actions: The three County Commissioners will review inventory tests and add items over \$500 to the County Clerk's inventory records.

Finding 2008-8 – Fixed Assets Identification

Criteria: The County has established a system of internal control to properly account for and identify inventory items. A series of identification letters and numbers are used to identify specific inventory items. This identification number is to be placed on items required to be part of inventory.

Condition: The test of equipment inventory revealed five items in District 1 were not marked with inventory identification numbers:

The test of equipment inventory revealed eleven items in District 2 were not marked with inventory identification numbers.

**DEWEY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The test of equipment inventory revealed six items in District 3 were not marked with inventory identification numbers:

Effect: Inventory items were not accurately accounted for and the County's assets may not be safeguarded.

Recommendation: We recommend the County implement procedures to comply with their adopted policy to ensure all inventory items are properly marked with identification numbers.

Views of responsible officials and planned corrective actions: The three County Commissioners will mark equipment inventory items with identification numbers.



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