

**DEWEY COUNTY, OKLAHOMA  
SPECIAL-PURPOSE FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2003**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

October 8, 2004

TO THE CITIZENS OF  
DEWEY COUNTY, OKLAHOMA

Transmitted herewith is the audit of Dewey County, Oklahoma, for the fiscal year ended June 30, 2003. 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 serve the public interest by providing independent oversight and to issue 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 cursive script that reads "Jeff A. McMaham".

JEFF A. McMAHAN  
State Auditor and Inspector

**DEWEY COUNTY, OKLAHOMA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2003**

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**DEWEY COUNTY, OKLAHOMA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2003**

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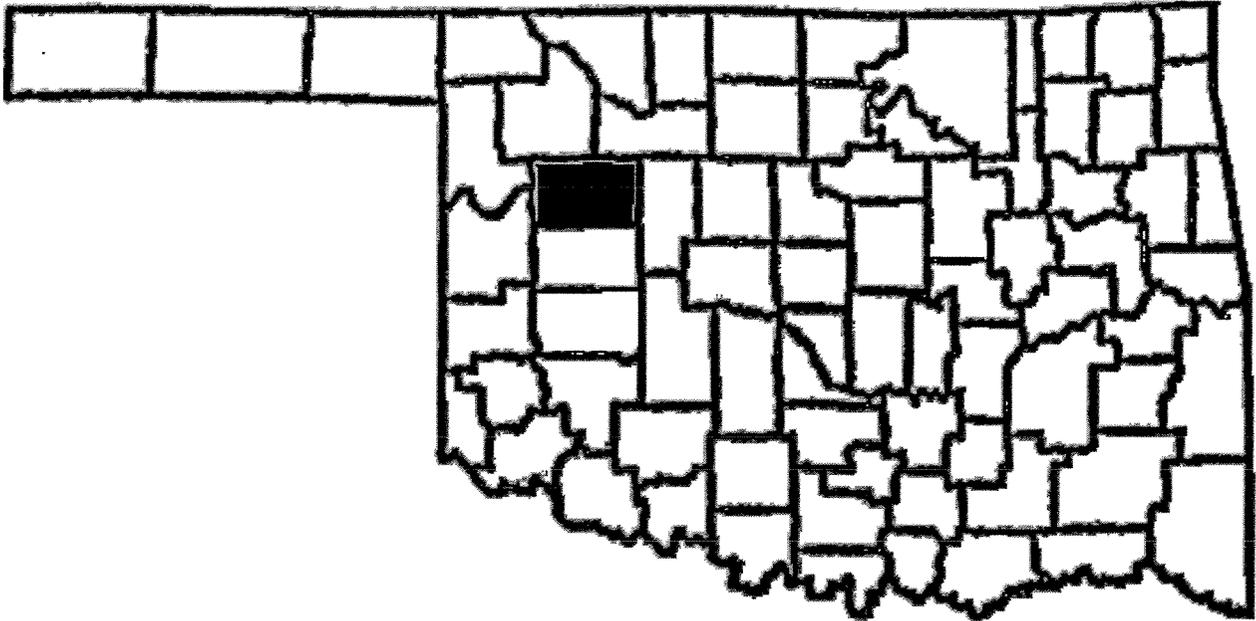
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**REPORT TO THE CITIZENS  
OF  
DEWEY COUNTY, OKLAHOMA**

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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 1870's 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 - 1,000.2 Square Miles

County Population - 4,743  
(2000 est.)

Farms - 713

Land in Farms - 619,270 Acres

Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**DEWEY COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**COUNTY ASSESSOR**  
Lennet Pisacka  
(D) Taloga

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**  
Glenda Cravens  
(D) Putnam

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.

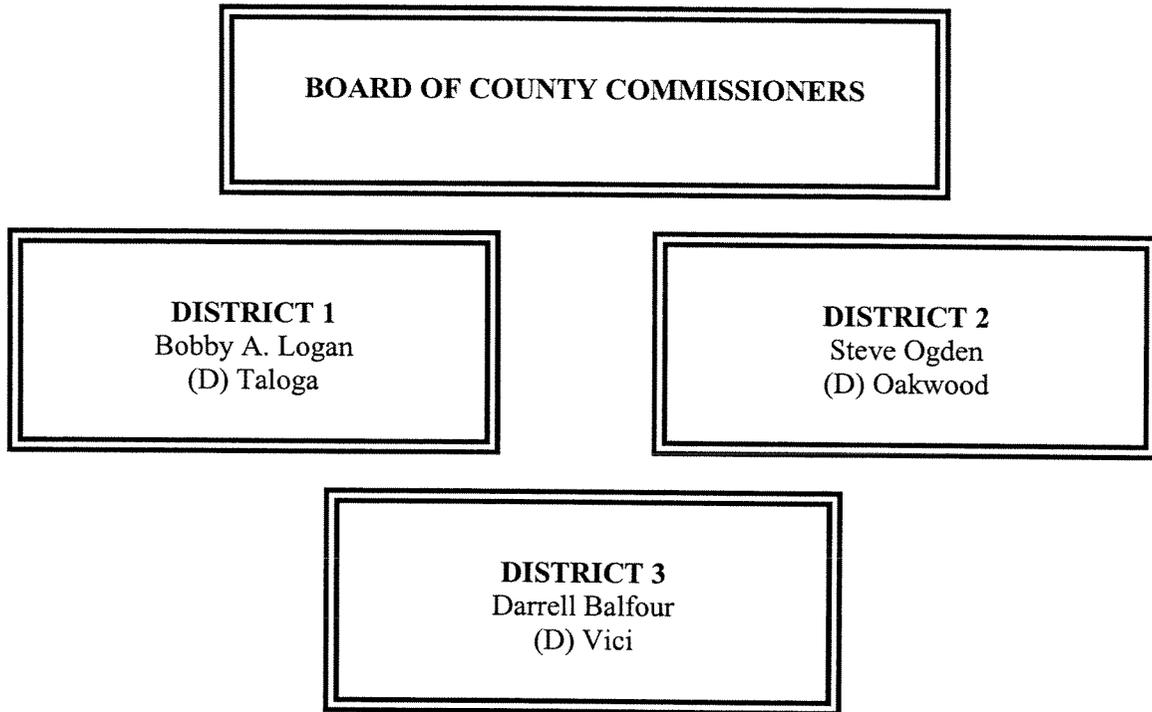
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. 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**

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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**

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**COUNTY SHERIFF**  
Robert "Bud" Prentice  
(D) Leedey

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  
(D) Taloga

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**

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**COURT CLERK**  
Nancy Louthan  
(D) Seiling

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**  
Ray Don Jackson  
(D) Woodward

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**

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**ELECTION BOARD SECRETARY**

Barbara Squires  
(D) Taloga

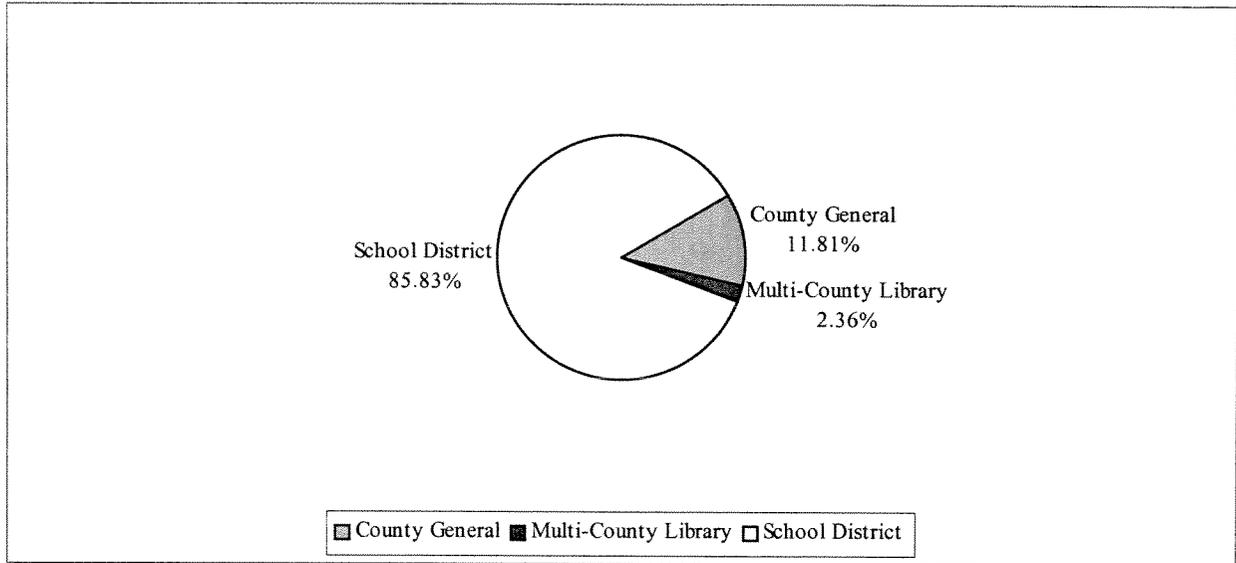
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

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.



Co. General	Multi-County Library			County Gen.	Common School	EMS	County Library	Gen. Fund	Bldg.	Skg.	Tech Cntr.	Total
10.00	2.00	Vici-Camargo	I-5	10.00	4.00	3.00	2.00	35.00	5.00	10.98		69.98
		Seiling	I-8	10.00	4.00	5.22	2.00	35.00	5.00	3.55		64.77
		Taloga	I-10	10.00	4.00		2.00	35.00	5.00	10.64		66.64
		Leedey	JT-1-3	10.00	4.00	3.00	2.00	35.00	5.00	15.02		74.02
		Thomas/Custer/Fay	JT-7	10.00	4.00		2.00	35.00	5.00	21.08		77.08
		Canton	JT-105	10.00	4.00	3.00	2.00	35.00	5.00	9.06	13.00	81.06
		Sharon-Mutual	JT-3W	10.00	4.00		2.00	35.00	5.00	7.42	12.00	75.42

See independent auditor's report.



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
DEWEY COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Dewey County, Oklahoma, as of and for the year ended June 30, 2003, as listed in the table of contents. These special-purpose financial statements are the responsibility of Dewey County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of Dewey County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund of the County, and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Dewey County in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of all funds of Dewey County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund of the County, as of and for the year ended June 30, 2003, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

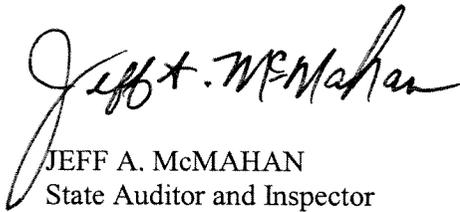
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Dewey County, Oklahoma, taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we express no opinion on such data.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



JEFF A. McMAHAN  
State Auditor and Inspector

September 24, 2004

**Special-Purpose Financial Statements**

**DEWEY COUNTY, OKLAHOMA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - ALL FUNDS  
FOR THE YEAR ENDED, JUNE 30, 2003**

All County Funds	Beginning Cash Balances July 1, 2002	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2003
County General Fund	\$ 676,874	\$ 900,061	\$ 1,052,672	\$	\$ 524,263
Highway Cash	2,896,898	2,930,947	2,624,882		3,202,963
Resale Property	14,580	7,394	3,598		18,376
Sheriff Service Fee	14,313	10,804	13,220		11,897
Sheriff Training	4,066				4,066
Prisoner Revolving	80,227	143,534	155,492		68,269
County Clerk Lien Fee	21,862	13,736	10,384		25,214
County Clerk Records Preservation	11,417	19,825	9,069		22,173
Treasurer Mortgage Tax Certification Fee	2,633	1,510	1,250		2,893
Assessor Visual Inspection	8,543		1,635		6,908
Assessor Revolving Fee	1,611	793	143		2,261
Schools	621,373	3,101,999	3,222,329		501,043
Cities and Towns	10,192	79,319	82,575		6,936
Law Library	1,353	5,632	5,611		1,374
Multi-County Library	130	76,874	76,714		290
Emergency Medical Service	135	76,789	76,615		309
Individual Redemption	92	2,443	2,535		
Protest Tax	91,377	21,185	42,263		70,299
Court Fund Encumbrance	16,733	116	16,849		
Official Depository	102,133	690,938	683,270	1,202	111,003
County Withholding	1	535,996	535,996		1
Tax Refund		372	372		
CDBG Grant		1			1
Dewey County Emergency Management		5,329			5,329
Local Emergency Planning		1,420	51		1,369
<b>Total County Funds</b>	<b>\$ 4,576,543</b>	<b>\$ 8,627,017</b>	<b>\$ 8,617,525</b>	<b>\$ 1,202</b>	<b>\$ 4,587,237</b>

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

**DEWEY COUNTY, OKLAHOMA**  
**COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,**  
**AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 676,874	\$ 676,874	\$ 676,874	\$ -
Less: Prior Year Outstanding Warrants	(71,963)	(71,963)	(71,963)	
Less: Prior Year Encumbrances	(10,578)	(10,578)	(8,845)	1,733
Beginning Cash Balances, Budgetary Basis	594,333	594,333	596,066	1,733
<b>Receipts:</b>				
Ad Valorem Taxes	342,402	342,402	385,279	42,877
Sales Tax	166,675	166,675	174,895	8,220
Charges for Services	78,893	78,893	101,833	22,940
Intergovernmental Revenues	22,882	22,882	134,236	111,354
Miscellaneous Revenues	102,563	102,563	103,818	1,255
Total Receipts, Budgetary Basis	713,415	713,415	900,061	186,646
<b>Expenditures:</b>				
District Attorney	5,250	5,250	4,319	931
Capital Outlay				
Total District Attorney	5,250	5,250	4,319	931
County Sheriff	209,843	210,979	210,881	98
Capital Outlay	2,787	1,651	1,651	
Total County Sheriff	212,630	212,630	212,532	98
County Treasurer	81,166	81,166	80,154	1,012
Capital Outlay	500	500	381	119
Total County Treasurer	81,666	81,666	80,535	1,131
County Commissioner	25,296	25,296	25,286	10
Capital Outlay	10	10		10
Total County Commissioner	25,306	25,306	25,286	20
County Commissioners-OSU Extension	17,249	16,599	14,963	1,636
Capital Outlay	1	651	635	16
Total County Commissioners-OSU Extension	17,250	17,250	15,598	1,652
County Clerk	90,893	90,893	89,347	1,546
Capital Outlay	25	25		25
Total County Clerk	90,918	90,918	89,347	1,571
Court Clerk	83,899	73,899	73,829	70
Capital Outlay				
Total Court Clerk	83,899	73,899	73,829	70
County Assessor	60,681	60,681	60,664	17
Capital Outlay	500	1,970	1,853	117
Total County Assessor	61,181	62,651	62,517	134
Revaluation of Real Property	137,897	137,897	136,267	1,630
Capital Outlay	700	700		700
Total Revaluation of Real Property	138,597	138,597	136,267	2,330
General Government	404,770	404,770	279,243	125,527
Capital Outlay	101,108	99,638	17,655	81,983
Total General Government	505,878	504,408	296,898	207,510
Excise Equalization Board	9,500	9,500	8,896	604
Capital Outlay	100	100		100
Total Excise Equalization Board	9,600	9,600	8,896	704

continued on next page

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

**DEWEY COUNTY, OKLAHOMA**  
**COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,**  
**AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2003**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Election Board	\$ 43,887	\$ 43,887	\$ 41,907	\$ 1,980
Capital Outlay	300	300		300
Total County Election Board	44,187	44,187	41,907	2,280
Insurance	14,000	14,000	4,410	9,590
Capital Outlay				
Total Insurance	14,000	14,000	4,410	9,590
Charity	100	100		100
Capital Outlay				
Total Charity	100	100	-	100
Recording Account	400	400	87	313
Capital Outlay				
Total Recording Account	400	400	87	313
Civil Defense	750	1,000	389	611
Capital Outlay	250			
Total Civil Defense	1,000	1,000	389	611
Line Item	100	100		100
Capital Outlay				
Total Line Item	100	100	-	100
County Audit Budget	3,766	3,766	3,766	
Capital Outlay				
Total County Audit Budget	3,766	3,766	3,766	
Free Fair	13,900	13,875	10,519	3,356
Capital Outlay	2,620	2,645	2,635	10
Total Free Fair	16,520	16,520	13,154	3,366
School Reimbursement	5,500	5,500	5,500	
Capital Outlay				
Total School Reimbursement	5,500	5,500	5,500	-
Total Expenditures, Budgetary Basis	1,307,748	1,307,748	1,075,237	232,511
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	420,890	\$ 420,890
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			33,245	
Add: Current Year Outstanding Warrants			70,128	
Ending Cash Balance			\$ 524,263	

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

**DEWEY COUNTY, OKLAHOMA  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES - OFFICIAL DEPOSITORY ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2003**

Official Depository Accounts	Beginning Cash Balances July 1, 2002	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2003
County Clerk	\$ 7,664	\$ 101,102	\$ 101,068	\$ 19	\$ 7,717
County Revolving	5,018	5,023	122		9,919
District Court Clerk	67,358	305,464	302,913	719	70,628
District Court Fund	20,071	171,529	174,057		17,543
County Treasurer	1,650	58,668	58,654	12	1,676
County Assessor		814	813		1
County Sheriff	2	33,472	30,521	212	3,165
County Sheriff Drug Account	58				58
County Election Board	312	14,866	15,122	240	296
<b>Total Official Depository Accounts</b>	<b>\$ 102,133</b>	<b>\$ 690,938</b>	<b>\$ 683,270</b>	<b>\$ 1,202</b>	<b>\$ 111,003</b>

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

**Notes to the Financial Statements**

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 special-purpose financial statements present the receipts, disbursements, and changes in cash balances of all funds of Dewey County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund of the County. The funds presented 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 government 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.

C. Basis of Accounting

The financial statements are 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.

D. Budgetary Policies

Under current Oklahoma Statutes, the general fund is the only fund required to adopt a formal budget. The budget presented for the general fund includes the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. Appropriations for the highway funds and other funds are made on a monthly basis, according to the funds then available.

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 the general fund.

**DEWEY COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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Summary of Significant Accounting Policies (continued)

Any encumbrances outstanding at year-end are included as reservations of cash balances, budgetary basis, since they do not constitute expenditures or liabilities. At the end of the year, unencumbered appropriations are lapsed.

The Statement of Receipts, Expenditures, and Changes in Fund Balances - Budget and Actual - 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 Statement of Receipts, Disbursements, and Changes in Fund Balances - All Funds because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, county or city-county health departments, school districts and cities and towns. These other budgetary entities produce and file their own financial statements and estimates of needs (budgets). These related receipts and disbursements of other budgetary entities are not included in the County's Estimate of Needs.

E. Cash and Investments

The County pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Investments are carried at cost, which approximates market value. All funds were fully invested or deposited in interest-bearing demand accounts at June 30, 2003.

F. Risk Management

The County is exposed to various risks of loss as follows:

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
General Liability	The County participates	If claims exceed authorized
- Torts	in a public entity risk pool;	deductibles, the County would
- Errors and Omissions	Association of County	have to pay its share of the pool
- Law Enforcement	Commissioners of	deficit.
Officers Liability	Oklahoma-Self-Insurance	
- Vehicle	Group. (See ACCO-SIG.)	

**DEWEY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003**

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Physical Plant - Theft - Damage to Assets - Natural Disasters	The County participates in a public entity risk pool. (See ACCO-SIG.)	If claims exceed authorized deductibles, the County would have to pay its share of the pool deficit.
Worker's Compensation - Employees' Injuries	The County participates in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insurance Fund. (See ACCO-SIF.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
Health and Life - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of risk.	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 will pay a deductible amount (\$1,000 to \$10,000; the County has 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 amounts up to and including \$50,000 per insured event. The pool has acquired commercial reinsurance to cover claims in excess of \$50,000 up to \$1,000,000 limit per insured event. The pool, established in 1986, has never had to assess additional premiums to be paid by its members.

ACCO-SIF - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. ACCO-SIF was set up in 1984 and will pay legitimate worker's compensation claims up to \$500,000 per incident. A reinsurance policy, with no limit, pays claims that exceed \$500,000 for a particular incident. The pool has not recently assessed additional premiums to be paid by its members.

The County continues to carry commercial insurance for employees' health and life insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the 2003 fiscal year.

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

<u>Years of Service</u>	<u>Accrual Rate</u>	<u>Accrual Limits</u>
1 to 5 years	10 days (6.67 hrs/month)	20 days
6 to 10 years	12 days (8.0 hrs/month)	24 days
11 to 20 years	14 days (9.33 hrs/month)	28 days
Over 20 years	15 days (10 hrs/month)	30 days

All full-time Dewey County employees shall be entitled to sick leave with pay that is accrued on a monthly basis. Sick leave shall accumulate 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 12 days.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

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 by fund, 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.

3. Detailed Notes on Funds and Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$4,587,237 and the bank balance was \$4,622,652. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the County's agent in the County's name.

Title 62 O.S. § 348.1 and § 348.3 allow the following types of investments:

- 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

Detailed Notes on Funds and Account Balances (continued)

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

B. Description of Funds

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

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

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

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

Sheriff Training – accounts for the collection of miscellaneous receipts and disbursements for the training of sheriff deputies.

Prisoner Revolving – accounts for the collection of funding through the State Department of Corrections for housing and supervision of prisoners.

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

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

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

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

Assessor Revolving – accounts for the collect of fees for copies and disbursements as restricted by statute.

Schools - accounts for monies collected on behalf of the public schools in Dewey County from ad valorem taxes, state and local revenues, and remitted to them monthly.

Cities and Towns – accounts for OTC collections distributed to the cities and towns of Dewey County.

**DEWEY COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2003**

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Detailed Notes on Funds and Account Balances (continued)

Law Library – accounts for monies received for disbursement from the state for the law library board.

Multi-County Library – accounts for the ad valorem taxes collected and remitted to the library of the County.

Emergency Medical Service – accounts for charges for services, ad valorem monies and miscellaneous collections apportioned and amounts disbursed for the expenses of the Dewey County Emergency Medical Service.

Individual Redemption – accounts for the monies collected and due to individuals from property tax sales on delinquent taxes.

Protest Tax - accounts for ad valorem taxes collected under protest and held until the court orders the funds refunded or apportioned.

Court Fund Encumbrance – accounts for the court funds designated for the remodeling of courtrooms.

Official Depository - accounts for the collection and distribution of officer and board fees, held in trust until the end of the month.

County Withholding – accounts for the electronic transfer of county payroll taxes to federal depository banks.

Tax Refunds – accounts for the refunds of property taxes paid in error to the County.

CDBG Grant - accounts for the community development block grant funds received to be disbursed for the use of rural community improvements.

Dewey County Emergency Management - accounts for the proceeds from the State Department of Emergency Management for use in the County for civil defense purposes.

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

Additionally, the following accounts are included in the official depository account.

County Clerk – accounts for the collection of filing fees and disbursed to OTC and the County Clerk Lien Fee Account.

Detailed Notes on Funds and Account Balances (continued)

Court Clerk Revolving - This account is established by 19 O.S. 2001, § 220. Deposits are from certain fees charged on court cases. Disbursements are for operating expenses of the district court.

District Court Clerk – accounts for the collection of bond money, court fines and fees. Money is disbursed for fees and restitution.

District Court Fund – accounts for fees transferred from District Court and interest. Money is disbursed for the purpose of fees for various entities, salaries and operation of the Court Clerk's office.

County Treasurer – accounts for the collection of taxes paid in advance. Disbursements are made to transfer funds collected to the general and other county funds, to the Oklahoma Tax Commission, or for refunds.

County Assessor Revolving – accounts for the collection of copy fees and disbursed to the County Assessor Revolving Fund Account.

County Sheriff – accounts for all collections of foreign service fees and disbursed to the County Sheriff Service Fee Account.

County Sheriff Drug Account – Deposits are from forfeitures of property relating to the enforcement of state and federal controlled and dangerous substances laws. Disbursements are made to transfer funds to the related county fund to defray costs of law enforcement.

County Election Board – accounts for reimbursements of election and is disbursed for refunds of election fees and maintenance and operations of the office.

C. 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, 2002, was approximately \$37,664,198.

**DEWEY COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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Detailed Notes on Funds and Account Balances (continued)

The County levied 10 mills (the legal maximum) for general fund operations, 4 mills for the County Wide School, and 2 mills for the Multi-County Library. In addition, the County also collects the ad valorem taxes assessed by 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.

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

Current year tax collections for the year ended June 30, 2003, were approximately 97.7 percent of the tax levy.

**D. 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.

**E. 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. However, starting in January 1997, ODOT began charging a one-time fee of 3 percent on all subsequent pieces of machinery acquired.

**F. 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

Detailed Notes on Funds and Account Balances (continued)

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. 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; although, the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in management's opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

5. 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 County Government. The sales tax shall not be changed or terminated without the approval of the qualified electors of Dewey County. For the year ended June 30, 2003, \$174,895 was apportioned to the county general fund.

**Report on Compliance and on Internal Control Over Financial Reporting  
Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Report on Compliance and on Internal Control Over Financial Reporting  
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 special-purpose financial statements of Dewey County, Oklahoma, as of and for the year ended June 30, 2003, and have issued our report thereon dated September 24, 2004. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. 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.

Compliance

As part of obtaining reasonable assurance about whether Dewey County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance, which we has reported to management and is included in Section 2 of the schedule of findings, contained within this report.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dewey County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2001-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 2001-1 to be a material weakness.

The American Institute of Certified Public Accountants' Statement on Auditing Standards No. 87 requires the inclusion of the following paragraph in this report:

This report is intended solely for the information and use of the management of the County and is not intended to be and should not be used by anyone other than these specified parties.

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of this Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,



JEFF A. McMAHAN  
State Auditor and Inspector

September 24, 2004

**SECTION 1 – Findings related to the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

**Finding 2001-1 – Segregation of Duties (Repeat Finding)**

Criteria: Demonstration of accountability and stewardship are goals in the evaluation of management's accounting for funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing cash and checks should be segregated.

Condition: Due to the limited number of employees in the offices, there are individuals who are primarily responsible for all or most of the calculating, reviewing, approving, disbursing and reporting of disbursements from official depository accounts.

Recommendation: We recommend management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. It is desirable to review transactions and cross train employees to perform various duties, and then periodically change the division of the duties. This would provide some level of segregation of duties and increase the possibility for the detection of irregularities.

Management Response: The Dewey County Officers have been made aware of the need for a proper segregation of duties. However, due to the limited number of employees in a small county such as Dewey County, the number of employees restricts the amount of segregation of duties possible. Therefore, the County Officer in charge will strive to supervise and periodically review the operations within their respective offices.

**SECTION 2 – Other Audit Findings – This section contains audit findings not required to be reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, but which we believed were significant enough to bring to the County's attention. We recommend that the County consider these matters and take appropriate corrective action.**

**Finding 2003-1 – Overtime Compensation for Law Enforcement Personnel**

Criteria: Page five of the "Employee Personnel Policy Handbook" states, "overtime will be paid for hours worked in excess of 171 hours in the 28 day period." It further states that the time will either be paid at one and a half times the employees' regular rate of pay, or awarded in the form of compensatory time off of one and one half hours for each hour of overtime worked.

**DEWEY COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS  
JUNE 30, 2003**

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Condition: Through interviews of the County Sheriff's staff, we were informed Sheriff's deputies' begin the 28-day work cycle on July 1. The handbook states that the work cycle begins on Sunday at 12:00 a.m. midnight. Our test of employees' payroll records revealed one deputy worked in excess of 171 hours in a 28-day period several times during fiscal year 2002-2003. It did not appear that the hours were compensated in accordance with the County's policy. Additionally, several employees were considered to be on a "55 hour pay period," while other deputies' pay periods were based upon a 40 hour week, both in violation of the "Employee Personnel Policy Handbook."

Recommendation: We recommend that law enforcement employees working on a 28-day work schedule be reimbursed time-and-a-half for all hours worked in excess of 171 hours as set forth in the "Employee Personnel Policy Handbook."

Management Response: The Dewey County Sheriff's Office will strive to reimburse all entitled employees working on a 28-day work schedule time and a half for all hours worked in excess of 171 hours as set forth in the "Employee Personnel Policy Handbook." In addition, the Dewey County Sheriff's Office will strive to document all overtime worked and the compensatory time-and-a-half given with all records of overtime and compensatory time being signed by the employee and the county official in charge.

**Statistical Data  
(Unaudited)**

**DEWEY COUNTY, OKLAHOMA  
TOP TEN TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2003  
(UNAUDITED)**

<b>TAXPAYER</b>	<b>JANUARY 1, 2002 NET ASSESSED ASSESSED VALUE</b>	<b>% OF TOTAL NET VALUATION</b>
Duke Energy Field Services	\$ 3,507,129	9.31%
Iochem Corporation	1,538,592	4.09%
Oneok Gas Transportation	1,390,471	3.69%
Panhandle Field Services	1,239,754	3.29%
Natural Gas Pipeline Services	983,981	2.61%
Oneok Gas Processing LLC	966,946	2.57%
OG&E	908,466	2.41%
Enogex Gas Gathering LLC	898,605	2.39%
Panhandle Eastern Pipeline	882,394	2.34%
Dobson Telephone Company	835,208	2.22%
Total	<u>\$ 13,151,546</u>	<u>34.92%</u>

Source: (Provided by Oklahoma Tax Commission - Ad Valorem Division)

**DEWEY COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE YEAR ENDED JUNE 30, 2003  
(UNAUDITED)**

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Total net assessed value as of January 1, 2002		<u>\$ 37,664,198</u>
Debt limit - 5% of total assessed value		\$ 1,883,210
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u>\$ 1,883,210</u>

**DEWEY COUNTY, OKLAHOMA  
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED  
 VALUE AND NET BONDED DEBT PER CAPITA  
 FOR THE YEAR ENDED JUNE 30, 2003  
 (UNAUDITED)**

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	2003
Estimated population	4,743
Net assessed value as of January 1, 2002	\$ 37,664,198
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

**DEWEY COUNTY, OKLAHOMA  
 ASSESSED VALUE OF PROPERTY  
 FOR THE YEAR ENDED JUNE 30, 2003  
 (UNAUDITED)**

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Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/02	\$13,884,143	\$7,369,273	\$17,713,654	\$1,302,872	\$37,664,198	\$307,659,057