

**DEWEY COUNTY, OKLAHOMA
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2002**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

July 15, 2003

TO THE CITIZENS OF
DEWEY COUNTY, OKLAHOMA

Transmitted herewith is the audit of Dewey County, Oklahoma, for the fiscal year ended June 30, 2002. 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. McMahon".

JEFF A. McMAHAN
State Auditor and Inspector

**DEWEY COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

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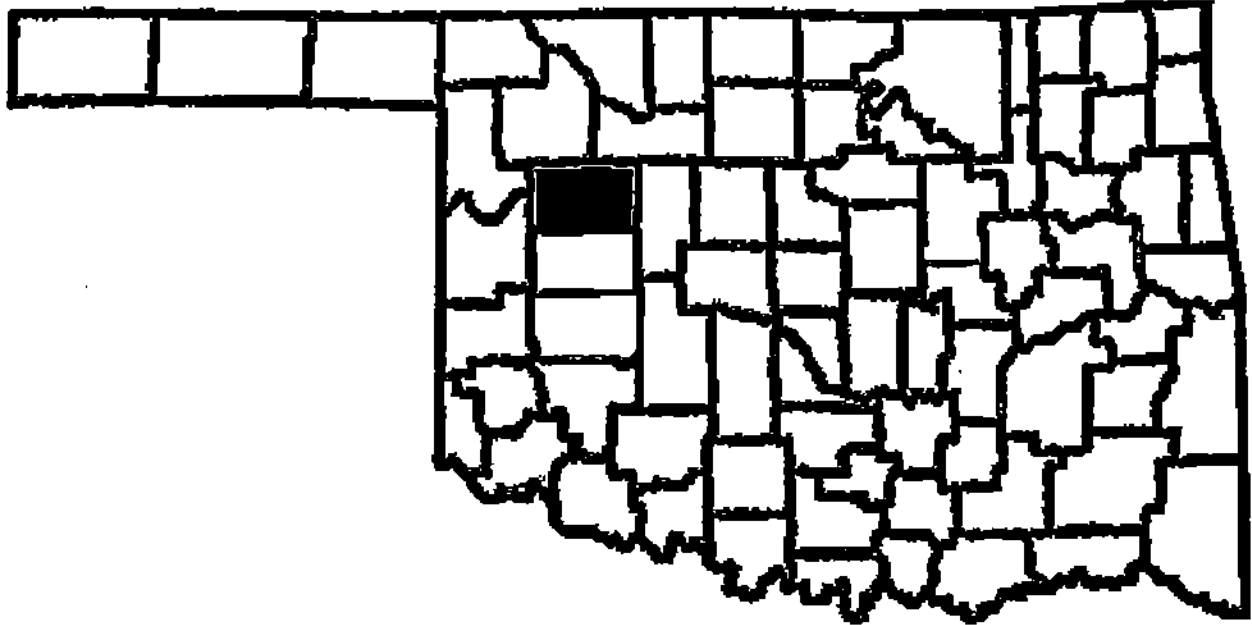
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**DEWEY COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

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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 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 TV climatologist Gary England and prohibitionist Carry Nation.

County Seat - Taloga

Area - 1,000.2 Square Miles

County Population - 4,859
(1999 est.)

Farms - 713

Land in Farms - 619,270 Acres

Source: Oklahoma Almanac 2001-2002

See independent auditor's report.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

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

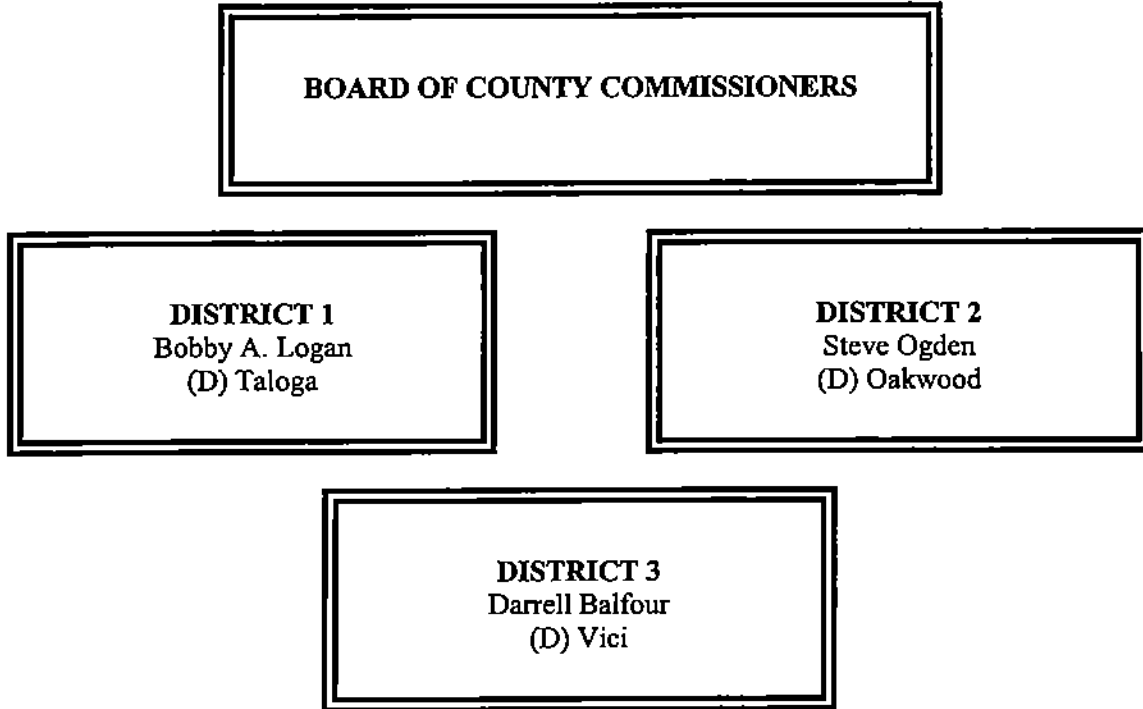
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**



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.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

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.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

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.

**COUNTY OFFICIALS
AND RESPONSIBILITIES**

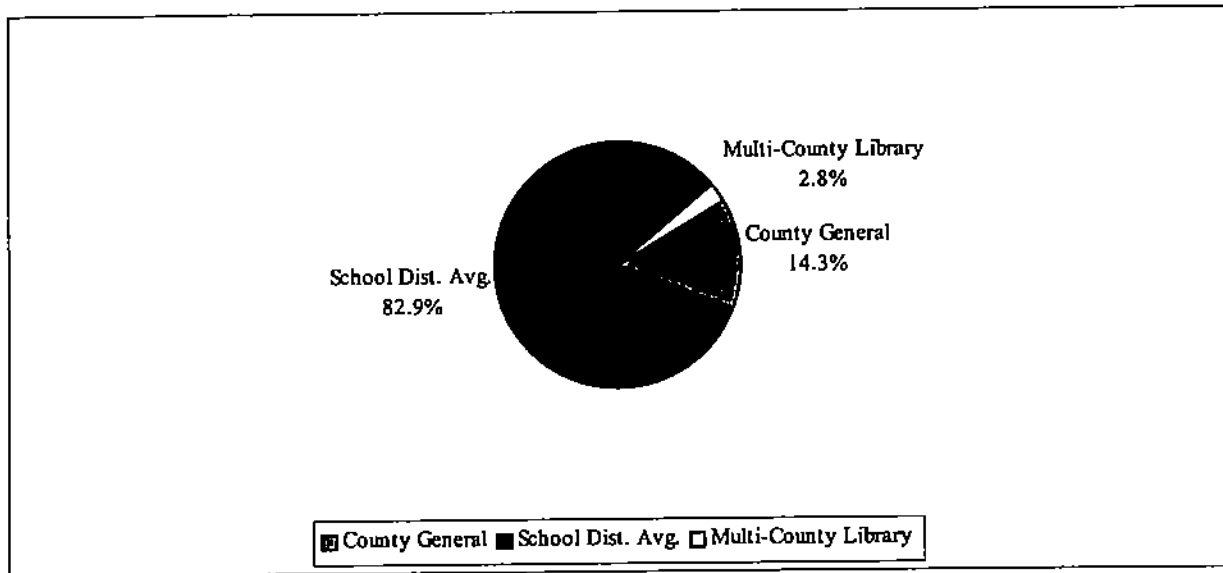
ELECTION BOARD SECRETARY
Barbara Squires
(D) Taloga

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.

**AD VALOREM DISTRIBUTION
DEWEY COUNTY, OKLAHOMA
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.



County-Wide Millages		School District Millages							
Co. General	10.00			Gen.	Bldg.	Skg.	Vo-Tech	Common	Total
Multi-County Library	2.00	Vici-Camargo	I-5	35.00	5.00	1.86		4.00	45.86
		Seiling	I-8	35.00	5.00	5.03		4.00	49.03
		Taloga	I-10	35.00	5.00	9.77		4.00	53.77
		Thomas-Fay-Custer	JT-7	35.00	5.00	20.23		4.00	64.23
		Sharon Mutual	JT-3W	35.00	5.00	8.74	10.00	4.00	62.74
		Canton	JT-105	35.00	5.00	10.69	10.00	4.00	64.69
		Leedey	JT-1-3	35.00	5.00	14.49		4.00	58.49
EMS Millages									
Vici-Camargo	3.00								
Seiling	3.00								
Leedey	3.00								

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, 2002, 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, 2002, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2003, 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.

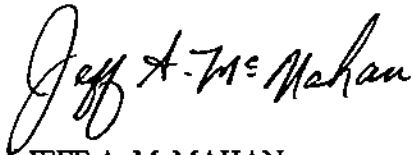
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Dewey County, Oklahoma, taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we express 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,

A handwritten signature in black ink that reads "Jeff A. McMAHAN". The signature is written in a cursive style with a large, stylized initial "J".

JEFF A. McMAHAN
State Auditor and Inspector

June 25, 2003

Special-Purpose Financial Statements

DEWEY COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - ALL FUNDS
FOR THE YEAR ENDED, JUNE 30, 2002

All County Funds	Beginning Cash Balances July 1, 2001	Receipts Apportioned	Disbursements	Transfers In	Transfers Out	Ending Cash Balances June 30, 2002
General Fund	\$ 739,739	\$ 875,160	\$ 938,025	\$	\$	\$ 676,874
Highway Cash	2,996,275	2,818,231	2,917,608			2,896,898
Resale Property	13,531	4,709	3,660			14,580
Sheriff Service Fee	18,366	12,405	16,458			14,313
Sheriff Training	4,066					4,066
Prisoner Revolving	83,057	139,994	142,824			80,227
County Clerk Lien Fee	12,718	15,185	6,041			21,862
County Clerk Records Preservation		18,670	7,253			11,417
Treasurer Mortgage Tax Certification Fee	2,184	1,500	1,051			2,633
Assessor Visual Inspection	9,730		1,187			8,543
Assessor's Revolving Fee	777	1,136	302			1,611
Schools	1,211,360	2,909,243	3,499,230	185,923	185,923	621,373
Cities and Towns	18,403	122,830	131,041			10,192
Law Library	999	4,020	3,666			1,353
County Library	133	75,310	75,313			130
Emergency Medical Service	112	63,694	63,671			135
Individual Redemption		241	149			92
Protest Tax	73,230	1,114		17,033		91,377
Court Clerk Revolving	2,480	1,671	4,151			
Court Fund Encumbrance	16,549	184				16,733
Official Depository	96,167	746,525	745,990	5,431		102,133
County Withholding	1	543,987	543,987			1
Tax Refunds			28	28		
Total County Funds	\$ 5,299,877	\$ 8,355,809	\$ 9,101,635	\$ 208,415	\$ 185,923	\$ 4,576,543

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, 2002**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 734,121	\$ 734,121	\$ 739,739	\$ 5,618
Less: Prior Year Outstanding Warrants	66,211	66,211	66,211	
Less: Prior Year Encumbrances	17,372	17,372	17,372	
Beginning Cash Balances, Budgetary Basis	<u>650,538</u>	<u>650,538</u>	<u>656,156</u>	<u>5,618</u>
Receipts:				
Ad Valorem Taxes	345,252	345,252	376,374	31,122
Sales Tax	166,364	166,364	208,344	41,980
Charges for Services	79,343	79,343	104,300	24,957
Intergovernmental Revenues	22,134	22,134	58,954	36,820
Miscellaneous Revenues	148,691	148,691	127,188	(21,503)
Total Receipts, Budgetary Basis	<u>761,784</u>	<u>761,784</u>	<u>875,160</u>	<u>113,376</u>
Expenditures:				
District Attorney	5,250	5,250	5,219	31
Total District Attorney	<u>5,250</u>	<u>5,250</u>	<u>5,219</u>	<u>31</u>
County Sheriff	198,768	199,037	198,979	58
Capital Outlay	500	231	231	
Total County Sheriff	<u>199,268</u>	<u>199,268</u>	<u>199,210</u>	<u>58</u>
County Treasurer	79,926	79,926	79,786	140
Capital Outlay	500	500		500
Total County Treasurer	<u>80,426</u>	<u>80,426</u>	<u>79,786</u>	<u>640</u>
County Commissioners	25,026	25,016	25,016	
Capital Outlay	10	20		20
Total County Commissioners	<u>25,036</u>	<u>25,036</u>	<u>25,016</u>	<u>20</u>
OSU Extension	12,399	12,399	12,003	396
Capital Outlay	1	1		1
Total OSU Extension	<u>12,400</u>	<u>12,400</u>	<u>12,003</u>	<u>397</u>
County Clerk	92,926	92,926	89,832	3,094
Capital Outlay	1,500	1,500		1,500
Total County Clerk	<u>94,426</u>	<u>94,426</u>	<u>89,832</u>	<u>4,594</u>

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, 2002**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Court Clerk	70,390	70,390	70,190	200
Total Court Clerk	70,390	70,390	70,190	200
County Assessor	60,310	60,310	60,059	251
Capital Outlay	500	500	471	29
Total County Assessor	60,810	60,810	60,530	280
Revaluation of Real Property	29,486	28,085	27,722	363
Capital Outlay	1,000	2,401	1,904	497
Total Revaluation of Real Property	30,486	30,486	29,626	860
General Government	301,314	307,214	288,338	18,876
Capital Outlay	438,953	433,053		433,053
Total General Government	740,267	740,267	288,338	451,929
Excise-Equalization Board	10,000	10,000	8,906	1,094
Capital Outlay	10	10		10
Total Excise-Equalization Board	10,010	10,010	8,906	1,104
County Election Board	42,554	42,554	40,528	2,026
Capital Outlay	300	300		300
Total County Election Board	42,854	42,854	40,528	2,326
Total Insurance	12,000	12,000	3,999	8,001
Charity	100	100		100
Total Charity	100	100		100
Recording Account	400	400	58	342
Total Recording Account	400	400	58	342
Civil Defense	1,500	1,500		1,500
Capital Outlay	100	100		100
Total Civil Defense	1,600	1,600		1,600
Line Item	100	100		100
County Audit Budget	3,798	3,798	3,798	
Total County Audit Budget	3,798	3,798	3,798	
Free Fair Budget	17,200	17,200	14,444	2,756
Capital Outlay	1	1		1
Total Free Fair	17,201	17,201	14,444	2,757
School Reimbursement	5,500	5,500	5,500	
Total Disbursements, Budgetary Basis	1,412,322	1,412,322	936,983	475,339

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, 2002**

continued from previous page

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	594,333	<u>\$ 594,333</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			10,578	
Add: Current Year Outstanding Warrants			<u>71,963</u>	
Ending Cash Balance			<u>\$ 676,874</u>	

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

**DEWEY COUNTY, OKLAHOMA
 DETAILED STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN CASH BALANCES - OFFICIAL DEPOSITORY ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2002**

Official Depository Accounts	Beginning Cash Balances July 1, 2001	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2002
County Clerk	\$ 8,160	\$ 107,282	\$ 108,078	\$ 299	\$ 7,663
Court Clerk Revolving		6,115	1,097		5,018
Court Clerk	57,464	368,218	358,557	233	67,358
Court Fund	24,206	149,497	158,166	4,534	20,071
County Treasurer	1,977	69,185	69,726	214	1,650
County Assessor		1,136	1,136		
County Sheriff	4,005	32,716	36,719		2
Election Board	296	12,376	12,511	151	312
County Sheriff Drug	59				59
Total Official Depository Accounts	<u>\$ 96,167</u>	<u>\$ 746,525</u>	<u>\$ 745,990</u>	<u>\$ 5,431</u>	<u>\$ 102,133</u>

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 Board of County Commissioners. 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 special-purpose 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, 2002

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 Cash 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 Cash 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 cash 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, 2002.

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-Insured	
- Vehicle	Group. (See ACCO-SIG.)	

DEWEY COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002

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-Insured 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 2002 fiscal year.

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

The County does not accrue any liability for future vacation benefits. All full-time County employees earn vacation benefits on a monthly basis that may be accumulated in accordance with the following schedule:

<u>Years of Service</u>	<u>Annual Leave</u>	<u>Carry Over Limits</u>
1-5 years	10 days 6.67 hrs/month	20 days
6-10 years	12 days 8.00 hrs/month	24 days
11-20 years	14 days 9.33 hrs/month	28 days
Over 20 years	15 days 10.00 hrs/month	30 days

The County does not accumulate sick leave. An employee earns one day per month. If an employee, who has worked for the County at least six months, suffers an extended illness or injury, then the employee can receive a maximum of 320 hours.

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 Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$4,576,543 and the bank balance was \$4,611,113. 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.

Detailed Notes on Account Balances (continued)

Title 62 O.S. § 348.1 authorizes the County Treasurer to invest in:

- 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

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.

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

Sheriff Training - accounts for the monies collected from sale of unclaimed personnel property. The statutes allow for the purchase of equipment, materials, or supplies that may be used in crime prevention, education, training, or programming.

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

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 restricted by state 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.

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

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

Detailed Notes on Account Balances (continued)

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

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

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

Cities and Towns - accounts for Oklahoma Tax Commission collections distributed to the cities 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 emergency medical service districts within the County.

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 refund of property taxes paid in error to the County.

Protest Tax - accounts for taxes collected under protest and being held pending a court order for apportionment to various government entities.

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

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

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.

DEWEY COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002

Detailed Notes on Account Balances (continued)

Additionally, the following official depository accounts are described below:

County Assessor - deposits are from copy fees. Disbursements are made for transfers to the Assessor's cash fund for operating expenses.

County Clerk - deposits include collections for recording fees, fax and copy fees, etc. Disbursements are made for transfers to the general and other county funds, to the Oklahoma Tax Commission, and for any refunds.

Court Clerk - The "court clerk" or "district court" trust account is for money received from attorneys, defendants, plaintiffs, estates or others. These deposits are for court fees, cash bonds, judgments, fines, etc. The court clerk acts as custodian in a fiduciary capacity for these deposits until the court fees are assessed, fines imposed, judgments rendered, etc. Disbursements are made to transfer funds to the court fund, the court clerk revolving fund, the Oklahoma Supreme Court, other state agencies, for refunds of excess deposits, or for other distributions as ordered by the court.

Court Fund - This account is established by 20 O.S. 2001, § 1301. Its purpose is for "defraying the expenses of holding court" and is the local operating fund for the court. Deposits made to the court fund are fees which have been charged to the various court cases, collected by the court clerk, then transferred from the court clerk (or district court) trust account.

County Sheriff - deposits are for cash bonds, service fees, tax warrants collected, copies, etc. Disbursements are made to transfer funds collected to the Court Clerk, the County Treasurer for apportionment to the general and other county funds, the Oklahoma Tax Commission or other state agencies, as required.

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 Treasurer - deposits are for advance payments of real and personal property taxes, motor vehicle stamp collections, and interest earned on the official bank account. The account is also used as a "suspense" account for payments that are "long" or "short", with refunds or additional collections made, as required by the circumstance. Disbursements are made to transfer funds collected to the general and other county funds, to the Oklahoma Tax Commission, or for refunds.

Election Board - deposits are from the State Election Board and from local government entities for the purpose of offsetting election costs. Disbursements are made for election workers, printing costs, and other operating expenses.

Detailed Notes on Account Balances (continued)

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, 2001, was approximately \$37,977,724.

The County levied 10 mills (the legal maximum) for general fund operations, and 2 mills for the Multi-County Library. Additionally, the County received 3 mills for the Vici-Camargo EMS, Seiling EMS, and Leedey EMS Districts, respectively. 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, 2002, were approximately 96.95 percent of the tax levy.

C. 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.

Detailed Notes on Account Balances (continued)

D. 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% on all subsequent pieces of machinery acquired.

E. 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. 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, 2002, \$208,344 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, 2002, and have issued our report thereon dated June 25, 2003. 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*.

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 special-purpose financial statements. The reportable condition is described below.

Finding 2001-1 - Separation of Duties

Criteria: Good internal controls dictate that the most effective controls lie in management's knowledge of county operations and a periodic review of operations.

Condition: The limited number of office personnel within the County offices prevents a proper segregation of accounting functions, which is necessary to assure adequate internal control structure.

Recommendation: We recommend management be aware of this condition and realize the concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of County operations and a periodic review of operations.

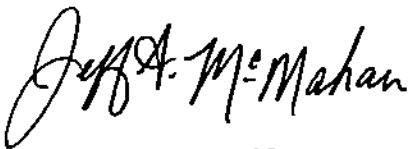
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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

June 25, 2003

Management Response

District 1
BOBBY LOGAN
Leedey, Oklahoma

District 2
STEVE OGDEN
Seiling, Oklahoma

District 3
DARRELL BALFOUR
Vici, Oklahoma

BOARD OF COUNTY COMMISSIONERS

DEWEY COUNTY
P. O. Box 368
Taloga, Oklahoma 73667
Phone (580) 328-5390

June 26, 2003

Sherri Merle
Oklahoma State Auditor and Inspector
Weatherford District
1401 Lera, Suite 9
Route 2
Weatherford, OK 73096

RE: Response to findings in 2001-2002
Dewey County Audit.

Dear Ms. Merle,

We are aware of your findings for the 2001-2002 audit of Dewey County.

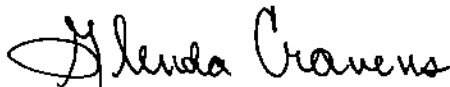
For Finding 2001-1 Separation of Duties. The Dewey County Officers have all been made aware that due to the small number of employees in a small county such as Dewey County, the number of employees limit the amount of segregation of duties possible, therefore the county officer in charge will strive to supervise and review the operations within their respective office periodically.

Sincerely,

The Board of Dewey County Commissioners



Bobby Logan
Chairman of Board of Dewey County Commissioners



Glenda Cravens
Dewey County Clerk

**Statistical Data
(Unaudited)**

**DEWEY COUNTY, OKLAHOMA
TOP TEN TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2002
(UNAUDITED)**

<u>TAXPAYER</u>	<u>JANUARY 1, 2001 NET ASSESSED VALUATION</u>	<u>% OF TOTAL NET VALUATION</u>
1 Panhandle Eastern Pipeline	\$ 1,266,927	3.34%
2 Oneok Gas Trans	1,266,147	3.33%
3 Okla Gas & Electric	924,733	2.44%
4 Natural Gas Pipeline	907,400	2.39%
5 ANR Pipeline Co.	857,598	2.26%
6 Doson Telephone	777,963	2.05%
7 Enogex Gas Gathering	775,855	2.04%
8 Pioneer Telephone	589,128	1.55%
9 EOTT Energy Pipeline	423,429	1.12%
10 Transok Inc	191,767	0.51%
Total	<u>\$ 7,980,947</u>	<u>21.03%</u>

**DEWEY COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE YEAR ENDED JUNE 30, 2002
(UNAUDITED)**

Total net assessed value as of January 1, 2001		<u>\$ 37,977,724</u>
Debt limit - 5% of total assessed value		\$ 1,898,886
Total bonds outstanding	0	
Total judgments outstanding	0	
Less cash in sinking fund	<u>0</u>	<u>-</u>
Legal debt margin		<u>\$ 1,898,886</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, 2002
(UNAUDITED)**

	<u>2002</u>
Estimated population	<u>4,859</u>
Net assessed value	<u>\$ 37,977,724</u>
Net bonded debt	<u>\$ -</u>
Ratio of net bonded debt to assessed value	<u>0%</u>
Net bonded debt per capita	<u>\$ -</u>

**DEWEY COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE YEAR ENDED JUNE 30, 2002
(UNAUDITED)**

<u>Tax Year</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>
2001	\$14,261,368	\$7,870,308	\$17,160,918	\$1,314,870	\$37,977,724	\$289,479,080