

**NOBLE COUNTY, OKLAHOMA
SPECIAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2004**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

August 25, 2005

TO THE CITIZENS OF
NOBLE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Noble County, Oklahoma, for the fiscal year ended June 30, 2004. 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. McMahan".

JEFF A. McMAHAN
State Auditor and Inspector

NOBLE COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

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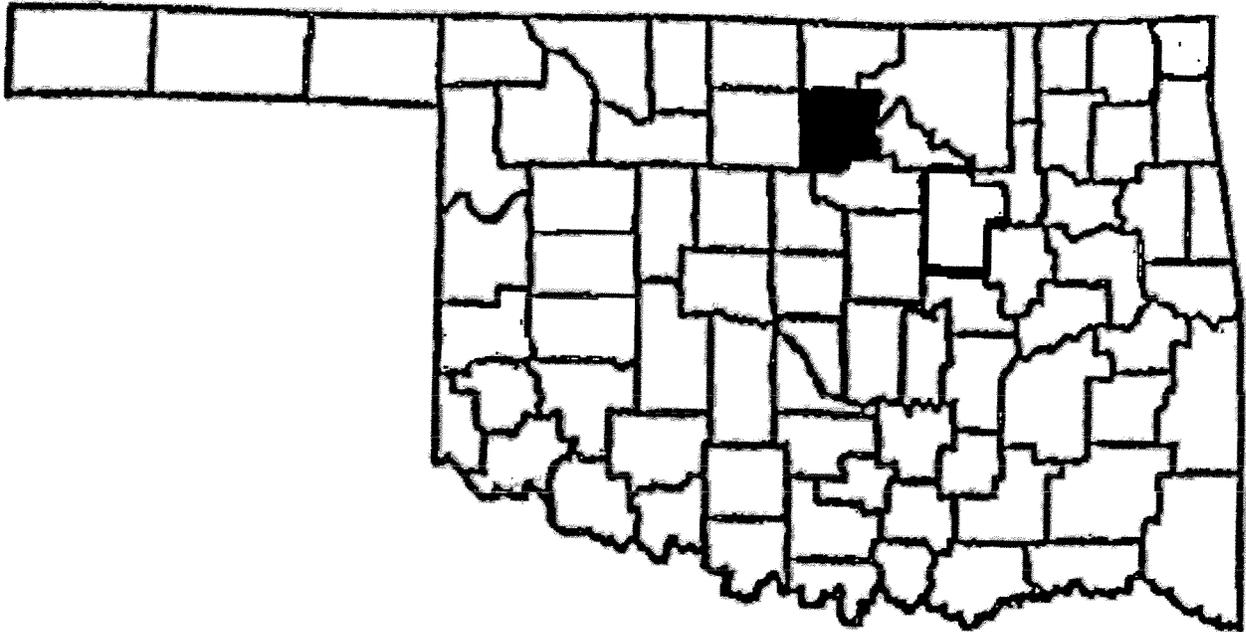
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**NOBLE COUNTY, OKLAHOMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004**

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REPORT TO THE CITIZENS
OF
NOBLE COUNTY, OKLAHOMA



Originally known as County "P" Noble County was part of the original Cherokee Outlet. It was opened for settlement by the Land Run of September 16, 1893. The main source of income in Noble County is derived from agriculture. Industry consists of the Charles Machine Works, Inc., the world's largest manufacturer of service line trenchers, located in Perry, the county seat. Also located in Perry are the Cherokee Strip Museum, the Stage Coach Community Theater, the Perry Memorial Hospital, and the YMCA.

County Seat – Perry

Area – 732 Square Miles

County Population – 11,411
(2000 est.)

Farms – 739

Land in Farms – 412,829 Acres

Primary Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**NOBLE COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY ASSESSOR
Mary Moore
(D) Perry

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
Ronita Coldiron
(D) Perry

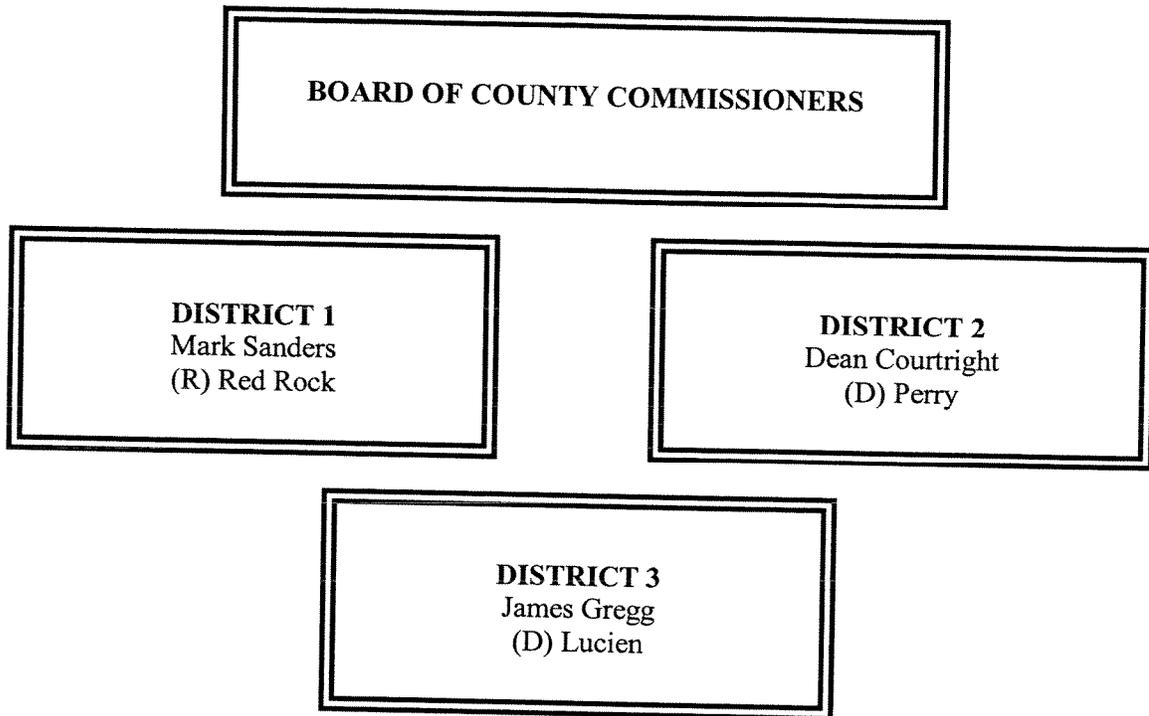
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**NOBLE 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.

**NOBLE COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY SHERIFF

Jerry Cook
(D) Perry

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

Rita Howry
(R) Perry

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.

**NOBLE COUNTY OFFICIALS
AND RESPONSIBILITIES**

COURT CLERK
Marilyn M. Mills
(D) Perry

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
Mark Gibson
(R) Perry

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.

**NOBLE COUNTY OFFICIALS
AND RESPONSIBILITIES**

ELECTION BOARD SECRETARY

Helen Webb
(D) Perry

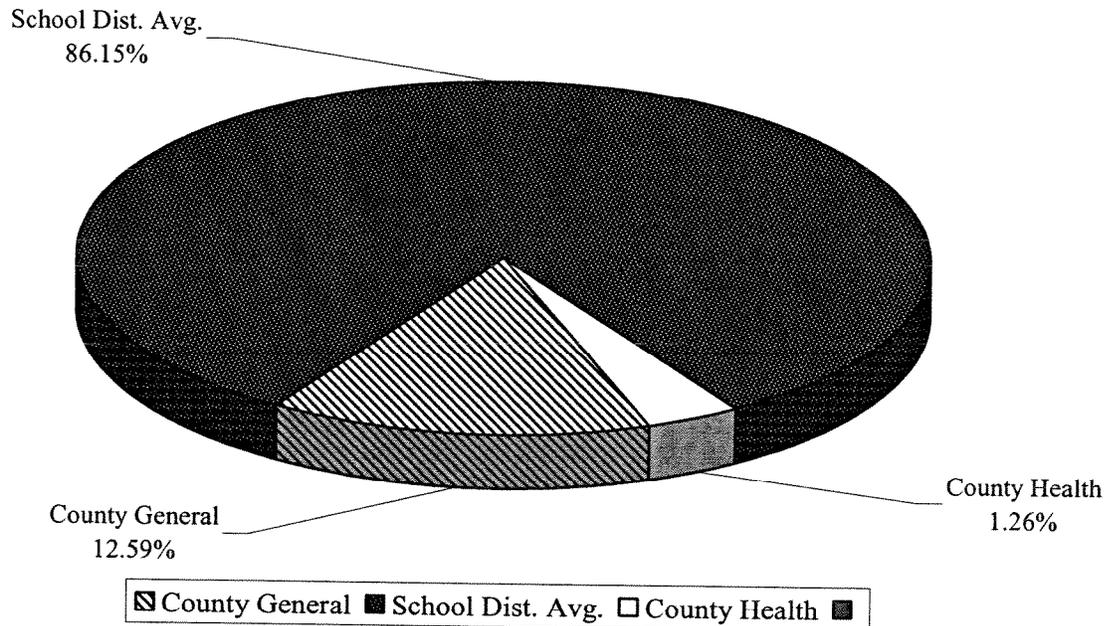
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within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

**NOBLE COUNTY, OKLAHOMA
AD VALOREM TAX 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.



County-Wide Millages	
Co. General	10.00
County Health	1.00
<hr/>	
Other	
Perry	1.14

		School District Millages						
		Gen.	Bldg.	Skg.	Career Tech	Common	Total	
Perry	1	35.00	5.00	15.04	15.00	4.00	74.04	
Billings	2	35.00	5.00	6.61		4.00	50.61	
Frontier	4	35.00	5.00	10.32		4.00	54.32	
Morrison	6	35.00	5.00	10.69	15.00	4.00	69.69	
Garfield	JT-47	35.00	5.00	13.06	15.00	4.00	72.06	
Garfield	JT-94	35.00	5.00	9.69	15.00	4.00	68.69	
Kay	JT-71	35.00	5.00	20.75		4.00	64.75	
Kay	JT-87	35.00	5.00	21.35		4.00	65.35	
Logan	JT-3	35.00	5.00	15.01	15.00	4.00	74.01	
Payne	JT-16	35.00	5.00	22.55	15.00	4.00	81.55	
Payne	JT-101	35.00	5.00	18.32	15.00	4.00	77.32	

See independent auditor's report.

FINANCIAL SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Independent Auditor's Report

TO THE OFFICERS OF
NOBLE COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Noble County, Oklahoma, as of and for the year ended June 30, 2004, as listed in the table of contents. These special-purpose financial statements are the responsibility of Noble 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. Oklahoma Statutes, in addition to audit responsibilities, assign other responsibilities to the State Auditor and Inspector's Office. Those responsibilities include providing various information technology (IT) support for county government.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of all funds of Noble County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department 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 Noble 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 Noble County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and the county health department fund of the County, as of and for the year ended June 30, 2004, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2005, on our consideration of Noble County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

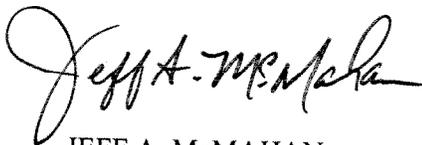
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Noble County, Oklahoma, taken as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements. The information listed in the table of contents under *Introductory Section* and *Statistical Section* has not been audited by us, and accordingly, we express no opinion on it.

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

May 23, 2005

Special-Purpose Financial Statements

**NOBLE COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - ALL FUNDS
FOR THE YEAR ENDED, JUNE 30, 2004**

All County Funds	Beginning Cash Balances July 1, 2003	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2004
General Fund	\$ 772,257	\$ 1,457,351	\$ 1,503,728	\$	\$ 725,880
Highway Cash	1,187,720	2,167,458	2,215,423		1,139,755
County Road Improvement Fund	285,207	2,730	86,343		201,594
County Health Department	169,603	120,673	87,050		203,226
BIA-STP	20,466	148	7,900		12,714
Clerk's Record Preservation	33,821	19,255	3,764		49,312
Treasurer's Mort. Cert. Fee	10,871	3,860	5,182		9,549
Assessor's Visual Inspection	4,365				4,365
Assessor Revolving	10,943	2,712	1,525		12,130
CDGB- RWD #2		149,900	149,900		
Rural Fire Tax	47,325	164,866	15,489		196,702
Illegal Dump Reward	4,749				4,749
Resale Property	44,404	15,615	4,581		55,438
Health Cash Fund	974				974
Sheriff Service Fee	98,743	34,169	65,837		67,075
Sheriff Prisoner Care	18,869	10,606	12,538		16,937
Sheriff Training Fund	83				83
Clerk's Lien Fees	22,168	5,933	8,162		19,939
Free Fair Sales Tax	44,005	115,097	97,205		61,897
OSU Extension Sales Tax	163,202	50,728	55,813		158,117
Schools	621,920	8,452,801	8,404,565		670,156
Cities and Towns	8,073	128,866	128,659		8,280
Official Depository	496,952	2,085,469	2,337,560	31,196	276,057
Conservancy District	165	30,361	30,210		316
Court Fund Investments	5,917	116	120		5,913
Oklahoma Tax Commission	1	69	58		12
Free Fair	13,888	18,147	18,456		13,579
Protest Tax	121,022	512	106,038		15,496
Individual Redemption		1,222	1,222		
M&M Lien Investment	19,113	190	1,013		18,290
Court Fund Payroll		58,740	35,105		23,635
Total County Funds	\$ 4,226,826	\$ 15,097,594	\$ 15,383,446	\$ 31,196	\$ 3,972,170

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

NOBLE COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 772,257	\$ 772,257	\$ 772,257	\$ -
Less: Prior Year Outstanding Warrants	(116,717)	(116,717)	(116,717)	
Less: Prior Year Encumbrances	(5,344)	(5,344)	(3,187)	2,157
Beginning Cash Balances, Budgetary Basis	<u>650,196</u>	<u>650,196</u>	<u>652,353</u>	<u>2,157</u>
Receipts:				
Ad Valorem Taxes	1,044,207	1,044,207	1,185,456	141,249
Charges for Services	79,574	79,574	91,574	12,000
Intergovernmental Revenues	111,080	133,993	152,449	18,456
Miscellaneous Revenues	15,000	15,000	27,872	12,872
Total Receipts, Budgetary Basis	<u>1,249,861</u>	<u>1,272,774</u>	<u>1,457,351</u>	<u>184,577</u>
Expenditures:				
District Attorney	23,950	24,098	24,098	
Total District Attorney	<u>23,950</u>	<u>24,098</u>	<u>24,098</u>	<u>-</u>
County Sheriff	329,581	331,046	320,772	10,274
Capital Outlay	5,000	5,000	4,788	212
Total County Sheriff	<u>334,581</u>	<u>336,046</u>	<u>325,560</u>	<u>10,486</u>
County Treasurer	92,294	92,394	88,691	3,703
Capital Outlay	1	1		
Total County Treasurer	<u>92,295</u>	<u>92,395</u>	<u>88,691</u>	<u>3,704</u>
County Commissioners	44,540	44,540	42,320	2,220
Total County Commissioners	<u>44,540</u>	<u>44,540</u>	<u>42,320</u>	<u>2,220</u>
County Clerk	120,117	122,617	113,549	9,068
Capital Outlay	3,500	1		
Total County Clerk	<u>123,617</u>	<u>122,618</u>	<u>113,549</u>	<u>9,069</u>
Court Clerk	86,744	86,744	85,148	1,596
Capital Outlay	1	1		
Total Court Clerk	<u>86,745</u>	<u>86,745</u>	<u>85,148</u>	<u>1,597</u>
County Assessor	71,686	71,686	70,415	1,271
Capital Outlay	1,000	1,000	930	70
Total County Assessor	<u>72,686</u>	<u>72,686</u>	<u>71,345</u>	<u>1,341</u>

continued on next page

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

**NOBLE COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Revaluation of Real Property	77,808	77,808	72,014	5,794
Capital Outlay	1,000	1,000	460	540
Total Revaluation of Real Property	<u>78,808</u>	<u>78,808</u>	<u>72,474</u>	<u>6,334</u>
Juvenile Shelter Bureau	6,000	6,000	5,677	323
Total Juvenile Shelter Bureau	<u>6,000</u>	<u>6,000</u>	<u>5,677</u>	<u>323</u>
General Government	158,851	158,551	144,590	13,961
Capital Outlay	5,000	7,525		7,525
Total General Government	<u>163,851</u>	<u>166,076</u>	<u>144,590</u>	<u>21,486</u>
Excise-Equalization Board	2,725	2,725	2,103	622
Total Excise-Equalization Board	<u>2,725</u>	<u>2,725</u>	<u>2,103</u>	<u>622</u>
County Election Board	44,319	42,929	42,755	174
Capital Outlay	4,381	6,256	6,231	25
Total County Election Board	<u>48,700</u>	<u>49,185</u>	<u>48,986</u>	<u>199</u>
Insurance	711,567	717,047	397,348	319,699
Total Insurance	<u>711,567</u>	<u>717,047</u>	<u>397,348</u>	<u>319,699</u>
County Purchasing Agent	31,009	31,409	25,548	5,861
Capital Outlay	1,700	1		1
Total County Purchasing Agent	<u>32,709</u>	<u>31,410</u>	<u>25,548</u>	<u>5,862</u>
Charity	4,000	4,300	4,158	142
Total Charity	<u>4,000</u>	<u>4,300</u>	<u>4,158</u>	<u>142</u>
Recording Account	28,391	25,289	24,802	487
Capital Outlay	2,000	7,800	7,773	27
Total Recording Account	<u>30,391</u>	<u>33,089</u>	<u>32,575</u>	<u>514</u>

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

**NOBLE COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2004**

continued from previous page

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Civil Defense	2,602	12,912	10,877	2,035
Capital Outlay	3,000	5,000	4,750	250
Total Civil Defense	<u>5,602</u>	<u>17,912</u>	<u>15,627</u>	<u>2,285</u>
Highway Budget	24,302	24,302	23,700	602
Capital Outlay	1	1	1	1
Total Highway Budget	<u>24,303</u>	<u>24,303</u>	<u>23,700</u>	<u>603</u>
County Audit Budget	11,486	11,486	11,486	-
Total County Audit Budget	<u>11,486</u>	<u>11,486</u>	<u>11,486</u>	<u>-</u>
County Cemetery	251	251	-	251
Capital Outlay	250	250	-	250
Total County Cemetery	<u>501</u>	<u>501</u>	<u>-</u>	<u>501</u>
Provision for Interest on Warrants	1,000	1,000	-	1,000
Total Expenditures, Budgetary Basis	<u>1,900,057</u>	<u>1,922,970</u>	<u>1,534,983</u>	<u>387,987</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	574,721	<u>\$ 574,721</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			33,237	
Add: Current Year Outstanding Warrants			117,922	
Ending Cash Balance			<u>\$ 725,880</u>	

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

**NOBLE COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
COUNTY HEALTH DEPARTMENT FUND
FOR THE YEAR ENDED JUNE 30, 2004**

	County Health Department			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 169,603	\$ 169,603	\$ 169,603	\$ -
Less: Prior Year Outstanding Warrants	(3,708)	(3,708)	(3,708)	
Less: Prior Year Encumbrances	(28,591)	(28,591)	(28,138)	453
Beginning Cash Balances, Budgetary Basis	<u>137,304</u>	<u>137,304</u>	<u>137,757</u>	<u>453</u>
Receipts:				
Ad Valorem Taxes	104,421	104,421	117,651	13,230
Charges		2,995	2,995	
Miscellaneous Revenues			27	27
Total Receipts, Budgetary Basis	<u>104,421</u>	<u>107,416</u>	<u>120,673</u>	<u>13,257</u>
Expenditures:				
Health and Welfare	127,500	130,495	56,907	73,588
Capital Outlay	114,225	114,225	7,395	106,830
Total Expenditures, Budgetary Basis	<u>241,725</u>	<u>244,720</u>	<u>64,302</u>	<u>180,418</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	194,128	<u>\$ 194,128</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			280	
Add: Current Year Outstanding Warrants			8,818	
Ending Cash Balance			<u>\$ 203,226</u>	

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

**NOBLE COUNTY, OKLAHOMA
 DETAILED STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN CASH BALANCES - OFFICIAL DEPOSITORY ACCOUNTS
 FOR THE YEAR ENDED JUNE 30, 2004**

Official Depository Accounts	Beginning Cash Balances July 1, 2003	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2004
Cash in Office	\$ 150	\$	\$	\$	\$ 150
Court Clerk	299,692	1,078,790	1,291,424	26,880	113,938
Court Fund	54,466	406,960	415,565	350	46,211
Court Clerk Revolving	21,711	15,269	4,853		32,127
County Clerk	9,674	111,772	110,950	5	10,501
Treasurer	6,076	246,201	243,583	298	8,992
Sheriff	1,360	3,871			5,231
District Attorney	98,053	162,596	211,363	144	49,430
Election	243	21,178	16,572	25	4,874
Law Library	3,494	20,843	24,432	3,494	3,399
Health	689	4,458	4,912		235
Commissioners	1	15	16		
County Assessor	778	2,024	2,713		89
Free Fair Cash	565	11,492	11,177		880
Total Official Depository Accounts	<u>\$ 496,952</u>	<u>\$ 2,085,469</u>	<u>\$ 2,337,560</u>	<u>\$ 31,196</u>	<u>\$ 276,057</u>

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

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 Noble County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and county health department 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 and the county health department fund are the only funds required to adopt a formal budget. The budget presented for the general fund and county health department 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 and county health department fund.

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 Comparative Statements of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - for the General Fund and the County Health Department Fund present 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, 2004.

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 in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
- Torts		
- Errors and Omissions		
- Law Enforcement Officers Liability		
- Vehicle		
Physical Plant		
- Theft		
- Damage to Assets		
- Natural Disasters		

Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Worker's Compensation - Employees' Injuries	The County carries commercial insurance for these types of risk.	A judgment could be assessed for claims in excess of coverage.
Employee - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of coverage.	None

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

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

Management believes coverage is sufficient to preclude any significant uninsured losses to the County.

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 \$3,972,170 and the bank balance was \$4,105,448. 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
- 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 – revenues are from ad valorem taxes, officers' fees, interest earnings and miscellaneous collections of the County. Disbursements are for the general operations of the County.

Highway Cash – revenues are from state imposed fuel taxes and disbursements are for the maintenance and construction of county roads and bridges.

County Road Improvement Fund – is used to accumulate extra highway cash collections for county road work.

County Health Department – revenues are from ad valorem taxes, miscellaneous fees charged by the health department and state and federal funds. Disbursements are for the operation of the county health department.

BIA - STP - accounts for a federal grant from the Bureau of Indian Affairs.

Clerk's Record Preservation – revenues are from a fee charged by the County Clerk for recording instruments. Disbursements are for the maintenance and preservation of public records.

Detailed Notes on Funds and Account Balances (continued)

Treasurer's Mortgage Certification Fee – revenues are from a fee for certifying mortgages. Disbursements are for any lawful expense of the Treasurer's office.

Assessor's Visual Inspection – revenues are from fees charged to all entities receiving ad valorem taxes. Disbursements are for the re-valuation of all county property for ad valorem purposes.

Assessor Revolving – revenues are from any and all fees collected by the County Assessor. Disbursements are to maintain electronic databases and geographic information systems in the Assessor's office.

CDBG – Rural Water Dist #2 – revenues are from a federal grant. Expenditures are for improvements by Rural Water District #2.

Rural Fire Tax – revenues are from a county sales tax. Expenditures are for rural fire districts.

Illegal Dump Reward - accounts for rewards for illegal dump sites.

Resale Property – revenues are from interest and penalties on ad valorem tax collections. Disbursements are to offset the expense of collecting delinquent ad valorem taxes.

Health Cash Fund - accounts for a special cash fund of the county health department.

Sheriff Service Fee – revenues are from fees charged for serving summons and notices. Disbursements are for any lawful expense of the Sheriff's office.

Sheriff Prisoner Care - accounts for the Sheriff's expenses of boarding prisoners.

Sheriff Training Fund - accounts for proceeds of property forfeitures used for training.

Clerk's Lien Fees - revenues are from a fee charged by the County Clerk for filing liens. Disbursements are for any lawful expense of the Clerk's office.

Free Fair Sales Tax - accounts for the Free Fair portion of the County sales tax.

OSU Extension Sales Tax - accounts for OSU Extension's share of county sales tax.

Schools – all funds collected on behalf of the County schools are recorded in this fund and remitted to the individual schools monthly.

Cities and Towns – all funds collected on behalf of cities and towns are recorded in this fund and remitted to the individual cities and towns monthly.

Detailed Notes on Funds and Account Balances (continued)

Official Depository – all officers and agencies collecting fees deposit those fees to this account daily. At the end of each month the fees are distributed to the appropriate fund or agency.

Conservancy District - accounts for funds of the Noble County Conservation District.

Court Fund Investments - accounts for investments made for specific court cases.

Oklahoma Tax Commission - accounts for the Oklahoma Tax Commission fees collected by the County.

Free Fair - accounts for funds used by the Noble County Free Fair.

Protest Tax – ad valorem taxes paid under protest are held in this account pending the outcome of the protest.

Individual Redemption – revenues are from taxpayers who redeem tax certificates previously sold on their property. Disbursements are to reimburse the certificate holders for taxes paid, interest, penalties and cost.

M&M Lien Investment - accounts for the investment of funds being held on deposit for a mechanic and material lien.

Court Fund Payroll - accounts for court fund employees paid through the County.

The following narrative details the official depository accounts.

Cash in Office - accounts for change funds of officers.

Court Clerk - accounts for the collection of bonds, fines, and fees. Money is disbursed for fees and restitution.

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

Court Clerk Revolving - accounts for the charge of \$5 for each warrant. Money is disbursed in the same manner as the Court Fund.

County Clerk - accounts for the collection of filing fees and is transferred to the appropriate entity monthly.

Detailed Notes on Funds and Account Balances (continued)

Treasurer - accounts for all collections of pre-paid ad valorem taxes, pre-paid mobile homes, and the sale of motor vehicle tax stamps. Disbursements are for the purpose of refunds, tax payments, Oklahoma Tax Commission, and Treasurer's Mortgage Tax Certification Fees.

Sheriff - accounts for all collections of foreign service fees and bonds. Monies are disbursed to the Sheriff's Service Fee Fund and the District Court.

District Attorney - is used for the deposit and expenditures of bogus check, victim restitution, and property forfeiture monies.

Election - accounts for reimbursements for election cost and is disbursed for election board operations.

Law Library - revenues are from an annual payment from the courts. Disbursements are for the operation of the county law library.

Health - accounts for fees charged by the county health department. Disbursements are to the county health department budget account monthly.

Commissioners - The County sells maps and charges for copies. Collections are deposited in the general fund at the end of each month.

County Assessor - accounts for fees charged by the County Assessor and remitted to the Assessor's Revolving Fund monthly.

Free Fair Cash - accounts for all fees collected by the Free Fair Board.

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, 2003, was approximately \$114,862,786.

Detailed Notes on Funds and Account Balances (continued)

The County levied 10 mills (the legal maximum) for general fund operations and 1 mill for the county health department. 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, 2004, were approximately 99 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% on all subsequent pieces of machinery acquired.

Detailed Notes on Funds and Account Balances (continued)

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 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

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

The voters of Noble County approved a permanent one-quarter percent sales tax effective March 1, 2002. The sales tax was established to provide revenue for:

Noble County Free Fair Board	70%
OSU Extension Office in Noble County	30%

The voters of Noble County also approved a one-quarter percent sales tax effective January 1, 2003. This sales tax shall be of a limited duration of three years and shall terminate December 31, 2005. The sales tax was established to provide for revenue to be equally apportioned among all fire departments belonging to the Noble County Public Safety Association in Noble County, Oklahoma.

INTERNAL CONTROL AND COMPLIANCE SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

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

TO THE OFFICERS OF
NOBLE COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Noble County, Oklahoma, as of and for the year ended June 30, 2004, and have issued our report thereon dated May 23, 2005. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation, and describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Noble 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 an opinion 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 in the accompanying schedule of findings as item 98-7.

A material weakness is a reportable 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 caused by error or fraud 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 98-7 to be a material weakness.

Compliance and Other Matters

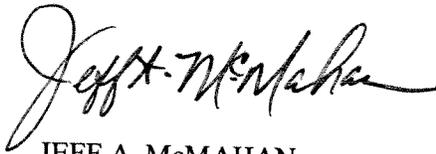
As part of obtaining reasonable assurance about whether Noble County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

May 23, 2005

NOBLE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

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

Finding 98-7 - Segregation of Duties (Repeat Finding)

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping and reconciliation is an important element of effective internal control over government assets and resources.

Condition: The limited number of office personnel within several 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 that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's knowledge of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions: We concur with the auditor's findings. Management does have knowledge of office operations and will perform a periodic review of these operations.

STATISTICAL SECTION
(Unaudited)

**NOBLE COUNTY, OKLAHOMA
TOP TEN TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2004
(UNAUDITED)**

<u>TAXPAYER NAME</u>	<u>ASSESSED VALUE</u>	<u>% OF TOTAL NET VALUATION</u>
OG&E	\$ 56,358,967	49.07%
Charles Machine Works	5,784,067	5.03%
Enogex Inc	2,700,857	2.35%
Southwestern Bell Telephone	2,487,206	2.17%
Burlington Northern & SF RR	2,082,470	1.81%
Conoco Inc	926,715	0.81%
CMS-Cherokee Gas Processing	833,080	0.72%
Phillips Pipeline Co	720,398	0.63%
Mustang Gas Products	423,460	0.37%
Wittwer Construction Inc	406,293	0.35%
Total	<u>\$ 72,723,513</u>	<u>63.31%</u>

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

**NOBLE COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE YEAR ENDED JUNE 30, 2004
(UNAUDITED)**

Total net assessed value as of January 1, 2003		<u>\$ 114,862,786</u>
Debt limit - 5% of total assessed value		5,743,139
Total bonds outstanding	-	
Total judgments outstanding	-	
Cash in sinking fund	<u>\$ -</u>	<u>-</u>
Legal debt margin		<u><u>\$5,743,139</u></u>

NOBLE COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE YEAR ENDED JUNE 30, 2004
(UNAUDITED)

	2004
Estimated population	11,411
Net assessed value as of January 1, 2003	\$ 114,862,786
Gross bonded debt	-
Less available sinking fund cash balance	-
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

**NOBLE COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE YEAR ENDED JUNE 30, 2004
(UNAUDITED)**

<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2003	\$11,719,810	\$68,863,437	\$37,206,714	\$2,927,175	\$114,862,786	\$998,806,835