

NOBLE COUNTY

FOR THE FISCAL YEAR ENDED
JUNE 30, 2007

COUNTY AUDIT



Oklahoma State Auditor
& Inspector

**NOBLE COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Steve Burrage, CPA
State Auditor and Inspector

September 12, 2008

TO THE CITIZENS OF
NOBLE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Noble County, Oklahoma, for the fiscal year ended June 30, 2007. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

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

STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

A handwritten signature in blue ink that reads "Michelle R. Day".

MICHELLE R. DAY, ESQ.
DEPUTY STATE AUDITOR & INSPECTOR

**NOBLE COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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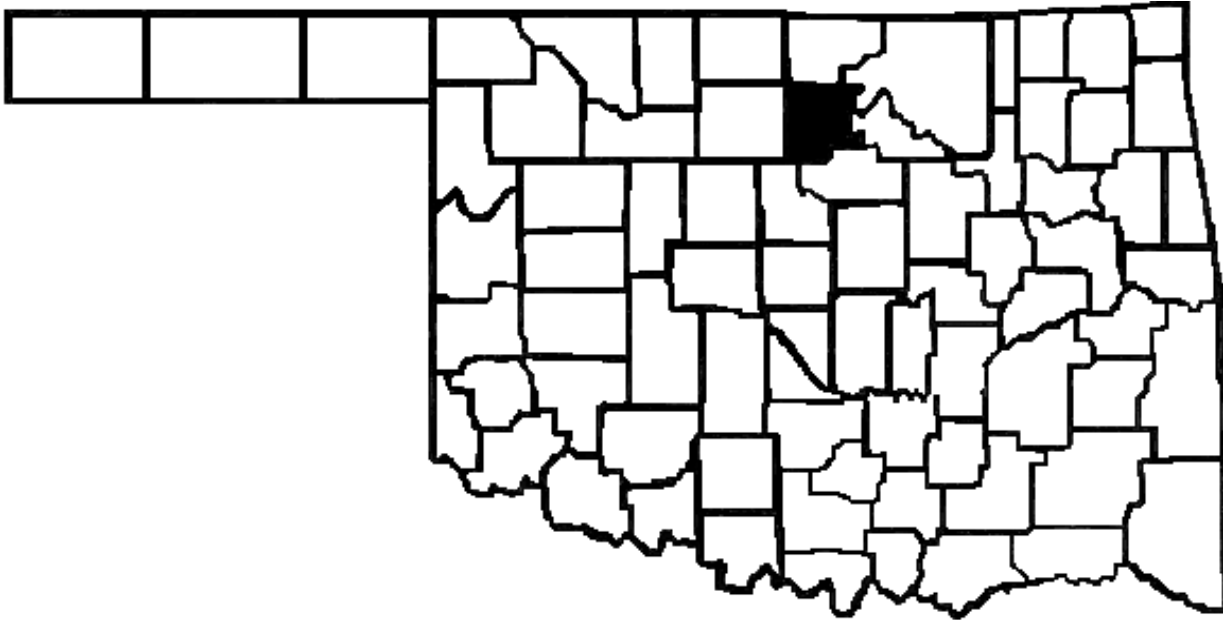
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**NOBLE COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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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 – 742.44 Square Miles

County Population – 11,211
(2005 est.)

Farms – 766

Land in Farms – 395,344 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor’s report.

**NOBLE COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

COUNTY ASSESSOR

Mary Moore
July 1, 2006 – January 2, 2007
Mandy Snyder
January 3, 2007 - Present

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

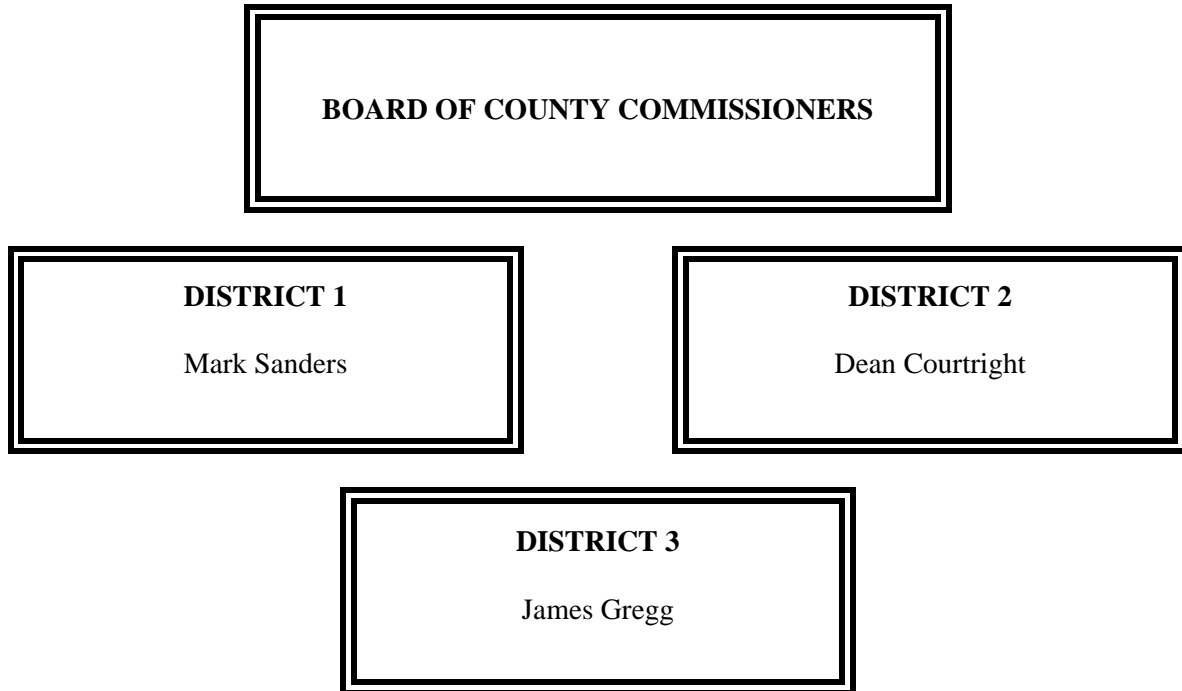
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**



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
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

COUNTY SHERIFF

Charlie Hanger

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

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

COURT CLERK

Marilyn Mills
July 1, 2006 – July 31, 2006
Hillary Vorndran
August 1, 2006 - Present

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

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

ELECTION BOARD SECRETARY

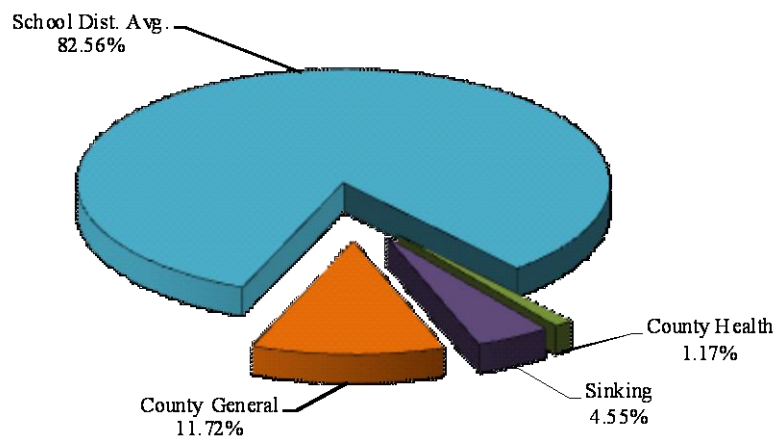
Helen Webb

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.

**NOBLE COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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						
							Career		
County General	10.00			Gen.	Bldg.	Skg.	Tech	Common	Total
County Health	1.00	Perry	1	35.00	5.00	15.21	15.00	4.00	74.21
Sinking Fund	3.88	Billings	2	35.00	5.00	5.64		4.00	49.64
		Frontier	4	35.00	5.00	3.94		4.00	47.94
		Morrison	6	35.00	5.00	21.07	15.00	4.00	80.07
		Garfield	JT-47	35.00	5.00	21.88	15.00	4.00	80.88
		Garfield	JT-94	35.00	5.00	11.81	15.00	4.00	70.81
		Kay	JT-71	35.00	5.00	21.56		4.00	65.56
		Kay	JT-87	35.00	5.00	29.50		4.00	73.50
		Logan	JT-3	35.00	5.00	12.69	15.00	4.00	71.69
		Payne	JT-16	35.00	5.00	22.93	15.00	4.00	81.93
		Payne	J6-101	35.00	5.00	19.86	15.00	4.00	78.86

See independent auditor's report.

**NOBLE COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

Total net assessed value as of January 1, 2006		<u><u>\$ 123,236,594</u></u>
Debt limit - 5% of total assessed value		6,161,830
Total bonds outstanding	3,800,000	
Total judgments outstanding	-	
Less cash in sinking fund	<u>220,471</u>	<u>3,579,529</u>
Legal debt margin		<u><u>\$ 2,582,301</u></u>

See independent auditor's report.

NOBLE COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

	<u>2007</u>
Estimated population	<u>11,211</u>
Net assessed value as of January 1, 2006	<u>\$ 123,236,594</u>
Gross bonded debt	3,800,000
Less available sinking fund cash balance	<u>220,471</u>
Net bonded debt	<u>\$ 3,579,529</u>
Ratio of net bonded debt to assessed value	<u>2.90%</u>
Net bonded debt per capita	<u>\$ 319</u>

See independent auditor's report.

**NOBLE COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2006	\$15,313,756	\$70,167,242	\$40,613,789	\$2,858,193	\$123,236,594	\$1,071,622,557

See independent auditor's report.

FINANCIAL SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Steve Burrage, CPA
State Auditor and Inspector

Independent Auditor's Report

TO THE OFFICERS OF
NOBLE COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Noble County, Oklahoma, as of and for the year ended June 30, 2007, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Noble County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. 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.

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

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Noble County as of June 30, 2007, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Noble County, for the year ended June 30, 2007 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2008, 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 conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR



MICHELLE R. DAY, ESQ
DEPUTY STATE AUDITOR & INSPECTOR

August 11, 2008

Basic Financial Statement

NOBLE COUNTY, OKLAHOMA
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Beginning Cash Balances July 1, 2006	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2007
Combining Information:				
County General Fund	\$ 737,430	\$ 1,633,344	\$ 1,573,884	\$ 796,890
Highway Cash	999,862	2,678,096	2,511,127	1,166,831
County Road Improvement	105,744	94,276	81,140	118,880
Bureau of Indian Affairs OTOE-STP	229,470	3,388	163,100	69,758
Illegal Dump Reward Fund	4,749			4,749
Resale Property	62,843	23,635	24,480	61,998
County Health	316,512	165,914	450,692	31,734
Health Cash Fund	974			974
Sheriff Service Fee	132,006	96,345	95,761	132,590
Sheriff Prisoner Care	13,781	2,994		16,775
Sheriff Training Fund	83			83
County Clerk Records Preservation	51,645	19,610	20,480	50,775
Treasurer Mortgage Certification Fee	6,670	3,170	1,488	8,352
Assessor Visual Inspection	989		264	725
Assessor Fee	10,543	3,751	1,828	12,466
County Sinking	835	467,444	247,808	220,471
Free Fair Sales Tax	117,061	149,673	145,563	121,171
OSU Extension Sales Tax	153,151	68,846	51,130	170,867
Rural Fire Dept. Sales Tax	195,475	217,055	179,904	232,626
Jail Sales Tax	190,595	643,894		834,489
Jail Building Bond Fund	3,572,759	191,396	939,758	2,824,397
County Clerk Lien Fee	20,311	13,228	7,733	25,806
Combined Totals--All County	\$ 6,923,488	\$ 6,476,059	\$ 6,496,140	\$ 6,903,407

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

**NOBLE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying basic financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of Noble County, Oklahoma. The funds presented as line items are not a part of the basic financial statement, but have been included as supplementary information within the basic financial statement. These separate funds are established by statute, and their operations are under the control of the County officials. The general fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Fund Accounting

The County uses funds to report on receipts, disbursements, and changes in cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Following are descriptions of the funds included as supplementary information within the financial statement:

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

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

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

Bureau of Indian Affairs OTOE-STP – accounts for a contract for road improvement with the Bureau of Indian Affairs.

Illegal Dump Reward Fund – accounts for rewards for illegal dump sites.

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

County Health - accounts for monies collected on behalf of the county health department from ad valorem taxes and state and local revenues.

**NOBLE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Health Cash Fund – accounts for a special cash fund of the County Health Department.

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

Sheriff Prisoner Care – accounts for the Sheriff's expense of boarding prisoners.

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

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

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

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

Assessor Fee – accounts for the collection of fees for copies restricted by state statute.

County Sinking – accounts for the payment of interest and principal on the matured portion of long-term bonded debt and civil judgments.

Free Fair Sales Tax – accounts for the free fair portion of the County sales tax.

OSU Extension Sales Tax – accounts for OSU Extension's portion of the County sales tax.

Rural Fire Department Sales Tax – accounts for the fire department's portion of the County sales tax.

Jail Sales Tax – accounts for the County sales tax for the operation of the new jail.

Jail Building Bond Fund – revenues received from the sale of the General Obligation Bonds for the construction of a new jail. Actual construction began in the fall of 2006.

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

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including school districts and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations.

**NOBLE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

C. Basis of Accounting

The basic financial statement is prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred. This cash basis financial presentation is not a comprehensive measure of economic condition or changes therein.

D. Budget

Under current Oklahoma Statutes, the general fund and the county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

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

E. Cash

The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

State statutes require financial institutions with which the County maintains funds to deposit collateral securities to secure the County's deposits. The amount of collateral securities to be pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

F. Investments

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

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts

**NOBLE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

- 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

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured.

G. Compensated Absences

Vacation benefits are earned by the employee during the year and may not be accumulated. Employees with service years up to 10 years earn 10 days per year. Employees with service years exceeding 10 years earn 15 days per year. Vacation leave is accrued monthly.

Sick leave benefits are accrued at the rate of 10 hours per month and employees may accumulate up to 24 days. Sick leave is not paid upon termination.

2. Ad Valorem Tax

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

The assessed property value as of January 1, 2006, was approximately \$123,236,594.

The County levied 10.00 mills (the legal maximum) for general fund operations, 1.00 mill for county health department, and 3.88 mills for sinking fund. In addition, the County 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.

**NOBLE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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, 2007, were approximately 99.02 percent of the tax levy.

3. Fuel Tax

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

4. Risk Management

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

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

**NOBLE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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

5. Long-term Obligations

Capital Leases

The County acquires road machinery and equipment through lease-purchase agreements financed by the Oklahoma Department of Transportation and/or the equipment vendors or their assignees pursuant to the provisions of 69 O.S. § 636.1 through § 636.7. Lease agreements entered into with the Oklahoma Department of Transportation (ODOT) are interest free. However, starting in January 1997, ODOT began charging a one-time fee of 3% on all pieces of machinery subsequently acquired.

General Obligation Bonds

The government issued general obligation bonds to provide funds for the construction of a new county jail. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are required to be fully paid within 20 years from the date of issue. The first bond payment is due January 1, 2008, the first interest payment is due on July 1, 2007.

General obligation bonds currently outstanding are as follows:

General Obligation Bonds Series A	5.1-3.65%	\$2,100,000
General Obligation Bonds Series B	3.7-4.0%	<u>1,700,000</u>
Total		\$3,800,000

NOBLE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Future payments for the bonds currently outstanding are as presented in the schedule below:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6-30-2008	\$ 210,000	\$ 74,267.50	\$ 284,267.50
6-30-2009	210,000	137,825.00	347,825.00
6-30-2010	210,000	127,115.00	337,115.00
6-30-2011	210,000	116,405.00	326,405.00
6-30-2012-6-30-2016	1,050,000	480,280.00	1,530,280.00
6-30-2017-6-30-2021	1,050,000	293,905.00	1,343,905.00
6-30-2022-6-30-2025	860,000	87,200.00	947,200.00
	<u>\$3,800,000</u>	<u>\$1,316,997.50</u>	<u>\$5,116,997.50</u>

6. Pension Plan

Plan Description. The County contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 7.5% and 12.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 12.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2007, 2006, and 2005, were \$215,486, \$196,290, and \$166,347, respectively, equal to the required contributions for each year.

7. Other Post Employment Benefits (OPEB)

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

**NOBLE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

8. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; although, the County expects such amounts, if any, to be immaterial.

The County 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 County.

9. 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 the following:

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, 2006. The sales tax was established to provide for revenue to be equally apportioned among all fire departments belonging to Noble County Public Safety Association in Noble County, Oklahoma.

The voters of Noble County approved to extend the one-quarter percent sales tax effective January 1, 2006, for the fire departments. The sales tax is for a five-year duration and will terminate on December 31, 2010.

The voters of Noble County approved a three quarter percent sales tax effective October 5, 2005. The sales tax shall continue for a period of ten years. The sales tax was established to provide revenue for the lawful operations of the county jail and Sheriff's office and to pay debt service on bonds issued to finance the construction and equipment of a county jail and Sheriff's office.

OTHER SUPPLEMENTARY INFORMATION

NOBLE COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 737,430	\$ 737,430	\$ 737,430	\$ -
Less: Prior Year Outstanding Warrants	(106,824)	(106,824)	(106,824)	
Less: Prior Year Encumbrances	(5,657)	(5,657)	(3,948)	1,709
Beginning Cash Balances, Budgetary Basis	624,949	624,949	626,658	1,709
Receipts:				
Ad Valorem Taxes	1,120,332	1,120,333	1,206,299	85,966
Charges for Services	79,349	79,349	103,035	23,686
Intergovernmental Revenues	207,736	207,736	256,860	49,124
Miscellaneous Revenues	23,847	28,056	67,150	39,094
Total Receipts, Budgetary Basis	1,431,264	1,435,474	1,633,344	197,870
Expenditures:				
District Attorney	32,950	32,950	32,950	
Total District Attorney	32,950	32,950	32,950	-
County Sheriff	346,251	349,399	341,007	8,392
Capital Outlay	2,000	2,000	442	1,558
Total County Sheriff	348,251	351,399	341,449	9,950
County Treasurer	96,245	96,245	86,742	9,503
Capital Outlay	1	1		1
Total County Treasurer	96,246	96,246	86,742	9,504
County Commissioners	42,198	42,198	40,698	1,500
Total County Commissioners	42,198	42,198	40,698	1,500
County Clerk	123,919	123,919	110,725	13,194
Capital Outlay	1	1		1
Total County Clerk	123,920	123,920	110,725	13,195
Court Clerk	91,496	91,496	85,767	5,729
Capital Outlay	1	1		1
Total Court Clerk	91,497	91,497	85,767	5,730
County Assessor	73,886	73,901	63,911	9,990
Capital Outlay	1,000	1,000	836	164
Total County Assessor	74,886	74,901	64,747	10,154

continued on next page

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

NOBLE COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Revaluation of Real Property	150,908	150,908	133,559	17,349
Capital Outlay	1,000	1,000	1,000	
Total Revaluation of Real Property	151,908	151,908	134,559	17,349
Juvenile Shelter Bureau	7,000	7,000	1,173	5,827
Total Juvenile Shelter Bureau	7,000	7,000	1,173	5,827
General Government	187,483	180,876	159,521	21,355
Capital Outlay	7,500	7,500	1,519	5,981
Total General Government	194,983	188,376	161,040	27,336
Excise-Equalization Board	2,701	2,701	2,390	311
Total Excise-Equalization Board	2,701	2,701	2,390	311
County Election Board	48,434	48,584	45,663	2,921
Capital Outlay	1	8,108	6,398	1,710
Total County Election Board	48,435	56,692	52,061	4,631
Insurance	715,226	714,623	373,321	341,302
Total Insurance	715,226	714,623	373,321	341,302
County Purchasing Agent	31,090	30,854	28,616	2,238
Capital Outlay	1	1		1
Total County Purchasing Agent	31,091	30,855	28,616	2,239
Charity	4,000	4,000	489	3,511
Total Charity	4,000	4,000	489	3,511
Recording Account	24,593	24,829	24,824	5
Total Recording Account	24,593	24,829	24,824	5
Civil Defense	5,502	5,502		5,502
Capital Outlay	5,500	5,500		5,500
Total Civil Defense	11,002	11,002	-	11,002
Highway Budget Account	26,403	26,403	25,060	1,343
Total Highway Budget Account	26,403	26,403	25,060	1,343
County Audit Budget Account	24,422	24,422	24,422	
Total County Audit Budget Account	24,422	24,422	24,422	-

continued on next page

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

NOBLE COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

continued from previous page

	Original Budget	Final Budget	Actual	Variance
County Cemetery Account	501	501	-	501
Capital Outlay	500	500	-	500
Total County Cemetery Account	1,001	1,001	-	1,001
Provision for Interest on Warrants	3,500	3,500	-	3,500
Total Expenditures, Budgetary Basis	2,056,213	2,060,423	1,591,033	469,390
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	668,969	\$ 668,969
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			17,534	
Add: Current Year Outstanding Warrants			110,387	
Ending Cash Balance			\$ 796,890	

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

NOBLE COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY HEALTH DEPARTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 316,512	\$ 316,512	\$ 316,512	\$ -
Less: Prior Year Outstanding Warrants	(1,241)	(1,241)	(1,241)	
Less: Prior Year Encumbrances	(308,071)	(308,071)	(307,241)	830
Beginning Cash Balances, Budgetary Basis	7,200	7,200	8,030	830
Receipts:				
Ad Valorem Taxes	112,033	112,033	120,586	8,553
Charges for Services		8,544	1,046	(7,498)
Intergovernmental Revenues	45,000	45,000	44,282	(718)
Total Receipts, Budgetary Basis	157,033	165,577	165,914	337
Expenditures:				
Health and Welfare	46,700	41,646	37,006	4,640
Capital Outlay	112,533	126,131	126,130	1
Total Expenditures, Budgetary Basis	159,233	167,777	163,136	4,641
Provision for Interest on Warrants	5,000	5,000	-	5,000
Total Expenditures Budgetary Basis	164,233	172,777	163,136	9,641
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	10,808	\$ 10,808
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			70	
Add: Current Year Outstanding Warrants			20,856	
Ending Cash Balance			\$ 31,734	

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

**NOBLE COUNTY, OKLAHOMA
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES—SINKING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Beginning Cash Balance	<u>\$ 835</u>
Receipts:	
Ad Valorem Taxes	460,442
Miscellaneous	<u>7,002</u>
Total Receipts	<u>467,444</u>
Disbursements:	
G.O. Bonds	247,558
Commission Paid	<u>250</u>
Total Disbursements	<u>247,808</u>
Ending Cash Balance	<u><u>\$ 220,471</u></u>

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

NOBLE COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

1. Budgetary Schedules

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis, 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 Combined Statement of Receipts, Disbursements, and Changes in Cash Balances with Combining Information because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in these funds. At the end of the year, unencumbered appropriations lapse.

2. Sinking Fund Schedule

Debt service receipts are derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

INTERNAL CONTROL AND COMPLIANCE SECTION



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

Steve Burrage, CPA
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 combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Noble County, Oklahoma, as of and for the year ended June 30, 2007, which comprises Noble County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated August 11, 2008. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies 1998-1, 2006-1, 2007-4, 2007-5, and 2007-6 as described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 1998-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Noble County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 2007-1.

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

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



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR



MICHELLE R. DAY, ESQ.
DEPUTY STATE AUDITOR & INSPECTOR

August 11, 2008

**NOBLE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 1998-1 - Segregation of Duties (Repeat Finding)

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

Condition: It was noted that the duties of receiving, receipting, recording, and depositing collections were not adequately segregated.

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

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 desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of office operations and periodic review of operations.

Views of responsible officials and planned corrective actions: It is the desire of Noble County to perform all duties as prescribed by the State Auditor & Inspector. However, due to lack of funds, it is not possible to totally segregate all the duties required. We are cognizant of the problem and will manage it to the best of our ability.

Finding 2006-1 – Sheriff's Official Depository (Repeat Finding)

Criteria: Statutory control requirements have been established for county government for receipting of all monies. Title 28 O.S. § 9 states, "Every officer charging fees shall give a receipt therefor."

Condition: The County Sheriff did not issue receipts for all monies collected.

Effect: When receipts are not issued, it increases the risk of misappropriation of monies collected.

Recommendation: We recommend the Sheriff's office issue duplicate receipts for all monies collected.

Views of responsible officials and planned corrective actions: Management chose not to respond.

**NOBLE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Finding 2007-1 – County Jail Construction

Criteria: Title 61 O.S. § 103.A states in part, “Unless otherwise provided by law, all public construction contracts exceeding Fifty Thousand Dollars (\$50,000.00) shall be let and awarded to the lowest responsible bidder, by open competitive bidding after solicitation for sealed bids, in accordance with the provisions of the Public Competitive Bidding Act of 1974....”

Title 61 O.S. 2004, § 202.1.A states, “The design-build and at-risk construction management project delivery methods shall not be used without the written approval of the Director of Central Services or an act of the Legislature specifying design-build or at-risk construction management for a project. In all instances where the design-build project or at-risk construction management delivery method is authorized, construction administration shall be performed by the State Construction Administrator, the Administrator's designee or designees, or otherwise by contract or contract provision approved by the Director of Central Services for construction administration by another party.”

Additionally, accountability and stewardship are goals for governmental entities. Safeguarding controls in the disbursement process include, the County, solely, presenting vendor warrants to vendors for payment of county debts.

Condition: While reviewing the supporting documents for the construction of the Noble County Jail, we noted that the County did not go out for bids for the construction and the County entered into a contractual agreement with a construction manager without the written approval of the Director of Central Services. Additionally, the County had contractual obligations with various construction contractors for the building of the County Jail in addition to the construction manager. It was noted that all vendor payments were sent directly to the construction manager and they would then distribute the county warrants to the other contractors. During fiscal year 2007, the County expended \$939,758 on construction of the Noble County jail.

Effect: The County may be in violation of the above-mentioned state statutes and the Public Competitive Bidding Act of 1974. This condition may also increase the risk of misappropriation of funds, fraud, and the liability of unpaid debt.

Recommendation: We recommend the Board of County Commissioners utilize the County Clerk/Purchasing Agent in all aspects of obtaining bids, to ensure that state statutes are being followed and upheld and the payment of goods or services should be made solely by the County and not presented to a third party for distribution.

Views of responsible officials and planned corrective actions: The Assistant District Attorney advised the Board of County Commissioners the services of a construction manager under the Oklahoma Statutes was defined as a professional service and therefore did not have to be bid. The Board acted on the recommendation of the Assistant District Attorney at the time of contract approval. The Board is now aware of a statute change which clearly defines the services of a construction manager as a service that does not require bidding and will operate within this statute if the need arises in the future.

**NOBLE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

SA&I response: Title 61 O.S. § 202.1 was amended to allow for counties to utilize the design-build and construction management delivery methods without the approval of any other state agency. However, it was noted that the County entered into the agreement for a construction manager on August 16, 2005, and the statute was not effective until November 1, 2005. Prior to these amendments, political subdivisions were precluded from such agreements without the written approval from the Department of Central Services.

Finding 2007-4 – Consumable Inventory Records

Criteria: Statutory requirements have been established for inventory control of supplies and materials used in county government. Title 19 O.S. § 1502 prescribes the procedures to be used to account for supplies and materials used in the construction and maintenance of roads and bridges. Additionally, accountability and stewardship are goals for governmental entities. To ensure proper accounting of consumable assets, consumable item records should be accurately maintained, updated in a timely manner, and reconciled to physical count.

Condition: During our test work of consumable inventory items, we noted the following:

1. Districts 1 and 3 have no documentation supporting bi-annual physical inventory counts of consumable inventory;
2. Districts 1 and 3 do not reconcile fuel logs to actual fuel on hand, and
3. District 3 does not prepare transfer documents for consumable items removed from stock.

Effect: A lack of adequate consumable inventory records increases the possibility for misappropriation of inventories.

Recommendation: We recommend consumable summaries be filed with the Clerk weekly, physical counts of consumable inventory be performed every six months and a record of such be maintained, fuel logs be reconciled to the fuel on hand, and transfer documents be prepared for all items removed from stock.

Views of responsible officials and planned corrective actions: District 3 informed the responsible employee of the requirement to maintain a weekly consumable summary in their files. The employee was trained and will begin maintaining the consumable summary files as required and will maintain a copy in the Commissioner District 3's permanent file.

Districts 1 and 3 informed the responsible employees of the requirement to conduct the bi-annual physical inventory counts of consumable inventory. Forms and documentation for the bi-annual physical inventory will be developed. The first bi-annual audit will be performed by December 31, 2008, followed by the second bi-annual audit to be performed by June 30, 2009. Documentation will be maintained by the Commissioners in a permanent file.

**NOBLE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

District 1 and 3 reviewed their fuel logs and determined reconciliation to actual fuel on hand was not documented on the log. Responsible employees were advised and the reconciliation will be noted on the fuel logs. The logs with appropriate reconciliation will be maintained by the Commissioners in a permanent file.

District 3 informed the responsible employee of the requirement to prepare transfer documents for consumable items removed from stock. The employee was trained and will begin preparing transfer documents for consumable items removed from stock as required and will maintain a copy in Commissioner District 3's permanent file.

Finding 2007-5 – Equipment Inventory

Criteria: Title 19 O.S. § 178.1 states, "The board of county commissioners in each county of this state shall take, or cause to be taken, an inventory of all working tools, apparatus, machinery and equipment belonging to the county or leased or otherwise let to it or to any department thereof, other than that which is affixed to and made a part of lands and buildings, the cost of which as to each complete working unit thereof is more than Five Hundred Dollars (\$500.00), and therefore maintain or cause to be maintained a continuous inventory record thereof and of like tools, apparatus, machinery and equipment purchased, leased, or otherwise coming into custody of the county or of any office, board, department, commission or any or either thereof, and the disposition thereof whether sold, exchanged, leased, or let where authorized by statute, junked, strayed or stolen, and biennially thereafter..."

Condition: From test work performed, it appears equipment inventory lists for Districts 1 and 3 are not up-to-date and an accurate inventory record is not on file with the County Clerk's office.

Effect: The lack of an accurate inventory record could result in unrecorded transactions and misappropriation of assets.

Recommendation: We recommend the Board of County Commissioners cause to be taken a biennial inventory of all working tools, apparatus, machinery, and equipment belonging to the County. We also recommend that these inventories be documented on form #3512 and filed with the County Clerk.

Views of responsible officials and planned corrective actions: The equipment inventory files were reviewed. Commissioner District 1 and Commissioner District 3 prepared the required Resolutions for Disposal of County Equipment for the Board of County Commissioners' approval. After the Board's approval the equipment inventory files will be accurate with the inventory statutorily on file with the County Clerk.

**NOBLE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Additionally, Districts 1 and 3 informed the responsible employees of the requirement to conduct a bi-annual physical inventory count of all working tools, apparatus, machinery, and equipment belonging to the County. Documentation for the bi-annual physical inventory will be developed. The first bi-annual audit will be performed by December 31, 2008, and the second bi-annual audit will be performed by June 30, 2009. Documentation will be maintained by the Commissioners in a permanent file and will be filed with the County Clerk as statutorily required.

Finding 2007-6 – Encumbrances

Criteria: Statutory requirements have been established for encumbering of purchase acquisitions. Title 19 O.S. § 1505.D.4 requires funds be encumbered prior to the ordering or receiving of goods and services.

Condition: During our review of sixty eight (68) purchase orders, we noted three instances where funds were not encumbered before ordering or purchasing materials or supplies.

1. Sheriff – P.O. #1640 for \$169.75, invoice dated 1/23/07, funds encumbered 1/25/07;
2. Jail Building Bond – P.O. #1616 for \$23,756.00, invoice was for services rendered 12/1/06-12/31/06, funds encumbered 1/19/07; and
3. Jail Building Bond – P.O. #2424 for \$152,964.00, invoice dated 4/25/07, funds encumbered 5/1/07

Effect: The County is in violation of purchasing laws which could result in overspending of appropriations.

Recommendation: We recommend funds be encumbered prior to the ordering and/or receiving of goods and services and to ensure funds are available for all purchases made.

Views of responsible officials and planned corrective actions: Management chose not to respond.



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