

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

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

September 25, 2003

TO THE CITIZENS OF  
NOBLE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Noble County, Oklahoma, for the fiscal year ended June 30, 2002. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

A handwritten signature in black ink that reads "Jeff A. McMahan".

JEFF A. McMAHAN  
State Auditor and Inspector

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

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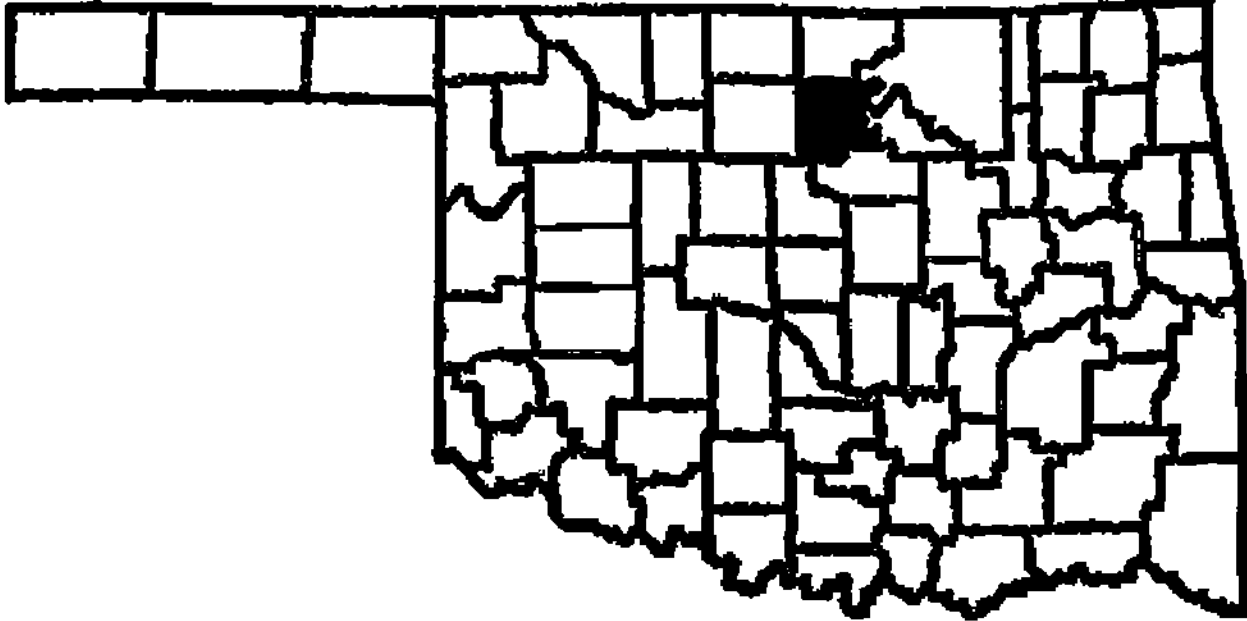
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REPORT TO THE CITIZENS  
OF  
NOBLE COUNTY, OKLAHOMA

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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. located in the county seat, Perry. Also located in Perry are: the Cherokee Strip Museum, the Stage Coach Community Theater, the Perry Memorial Hospital and a new YMCA.

County Seat – Perry

Area – 732 Square Miles

County Population – 11,334  
(1999 est.)

Farms – 739

Land in Farms – 412,829

Source: Oklahoma Almanac 2001-2002

See independent auditor's report.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**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.

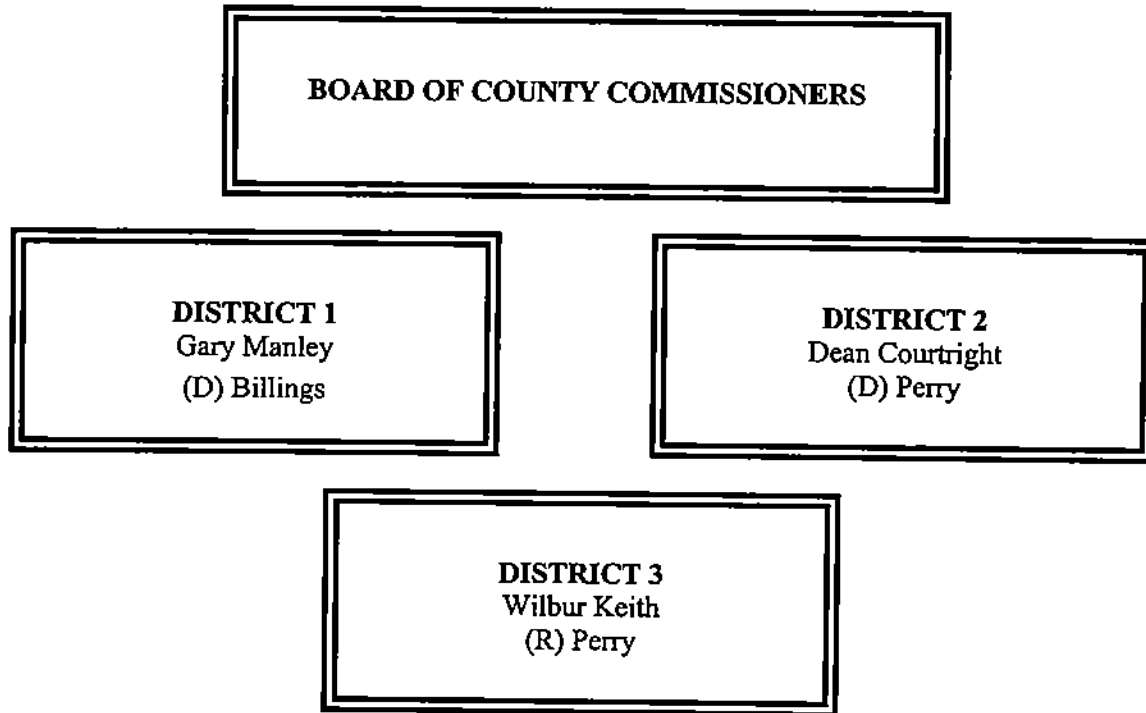
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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

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

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

See independent auditor's report.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**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) Billings

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

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

See independent auditor's report.

**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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**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.



**COUNTY OFFICIALS  
AND RESPONSIBILITIES**

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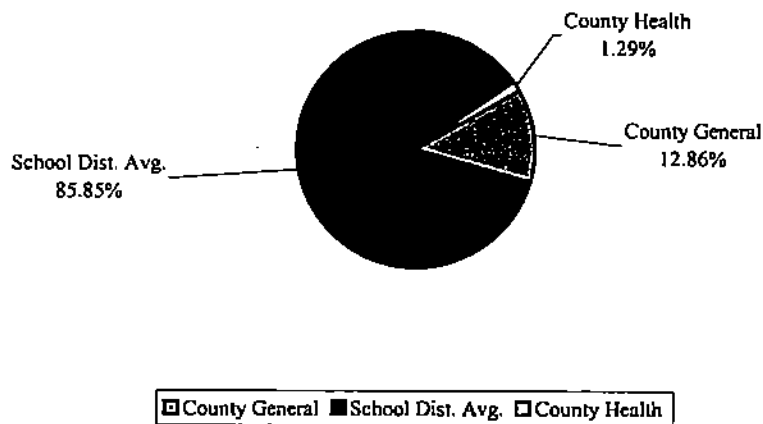
**ELECTION BOARD SECRETARY**  
Helen Webb  
(D) Perry

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.

**AD VALOREM TAX DISTRIBUTION  
NOBLE COUNTY, OKLAHOMA  
SHARE OF THE AVERAGE MILLAGE**

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



County-Wide Millages	
Co. General	10.00
County Health	1.00
<b>Cities</b>	
Morrison	13.02

		School District Millages						
		Gen.	Bldg.	Skp.	Vo-Tech	Common	Total	
Perry	1	35.00	5.00	5.68	15.00	4.00	64.68	
Billings	2	35.00	5.00	6.97		4.00	50.97	
Frontier	4	35.00	5.00	9.68		4.00	53.68	
Morrison	6	35.00	5.00	15.75	15.00	4.00	74.75	
Garfield	JT-47	35.00	5.00	15.53		4.00	59.53	
Garfield	JT-94	35.00	5.00	11.48	14.00	4.00	69.48	
Kay	JT-71	35.00	5.00	21.54		4.00	65.54	
Kay	JT-87	35.00	5.00	16.05		4.00	60.05	
Logan	JT-3	35.00	5.00	18.94	15.00	4.00	77.94	
Payne	JT-16	35.00	5.00	17.37	15.00	4.00	76.37	
Payne	JT-101	35.00	5.00	22.25	15.00	4.00	81.25	

See independent auditor's report.

**Independent Auditor's Report**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
NOBLE COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Noble County, Oklahoma, as of and for the year ended June 30, 2002, as listed in the table of contents. These special-purpose financial statements are the responsibility of 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.

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 county health department fund of the County, as of and for the year ended June 30, 2002, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2003, 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, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

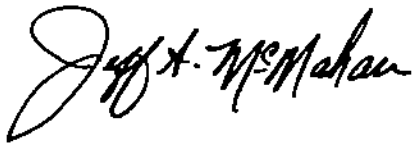
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Noble County, Oklahoma, taken as a whole. The information listed in the table of contents under *Introductory Section* and *Statistical Data* has not been audited by us, and accordingly, we express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

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

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff A. McMahon". The signature is written in a cursive, flowing style.

JEFF A. McMAHAN  
State Auditor and Inspector

May 13, 2003

## **Special-Purpose Financial Statements**

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

All County Funds	Beginning Cash Balances July 1, 2001	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2002
County General Fund	\$ 985,785	\$ 1,452,540	\$ 1,626,338	\$	\$ 811,987
Highway Cash	1,327,411	2,032,198	2,192,788		1,166,821
County Road Improvement Fund	594,571	74,179	156,958		511,792
County Health	128,640	114,154	83,838		158,956
BIA-Otoe-B	35	1			36
Clerk's Record Preservation		16,730	1,600		15,130
Treasurer's Mort Cert Fee	10,016	3,800	4,735		9,081
Assessor's Visual Inspection	4,924		159		4,765
Assessors Revolving	5,910	2,695	296		8,309
CDBG - Barn	10,160	4,500	14,660		
CDGB - Elevator		45,603	45,603		
Court Clerk Cash	26,000		26,000		
BIA - STP	43,534	1,278	11,168		33,644
Illegal Dump Reward	10	5,000	261		4,749
Resale Property	46,697	13,273	9,402		50,568
Health Cash Fund	974				974
Sheriff Service Fee	101,001	44,388	67,433		77,956
Sheriff Prisoner Care	8,253	13,656	10,293		11,616
Sheriff Training Fund	143		60		83
Clerk's Lien Fees	19,432	7,061	6,609		19,884
Free Fair Sales Tax	131,196	88,903	171,290		48,809
OSU Extension Sales Tax	161,562	49,505	35,532		175,535
Schools	586,617	7,931,097	7,886,999		630,715
Cities and Towns	7,398	120,988	120,794		7,592
Official Depository	288,840	1,643,176	1,530,993	11,669	412,692
Conservancy District	442	29,940	28,660		1,722
Court Fund Investments	5,471	283			5,754
Oklahoma Tax Commission	1	71	68		4
Free Fair Memorial	61				61
Free Fair	27,799	6,745	19,682		14,862
Refunds		1,776	1,776		
Individual Redemption		1,186	1,186		
<b>Total County Funds</b>	<b>\$ 4,522,883</b>	<b>\$ 13,704,726</b>	<b>\$ 14,055,181</b>	<b>\$ 11,669</b>	<b>\$ 4,184,097</b>

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, 2002**

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 985,785	\$ 985,785	\$ 985,785	\$
Less: Prior Year Outstanding Warrants	(124,973)	(124,973)	(124,973)	
Less: Prior Year Encumbrances	(8,357)	(8,357)	(6,939)	1,418
Beginning Cash Balances, Budgetary Basis	<u>852,455</u>	<u>852,455</u>	<u>853,873</u>	<u>1,418</u>
Receipts:				
Ad Valorem Taxes	1,018,164	1,018,164	1,117,422	99,258
Charges for Services	83,873	83,873	88,991	5,118
Intergovernmental Revenues	91,088	91,088	126,123	35,035
Miscellaneous Revenues	35,000	99,520	120,004	20,484
Total Receipts, Budgetary Basis	<u>1,228,125</u>	<u>1,292,645</u>	<u>1,452,540</u>	<u>159,895</u>
Expenditures:				
District Attorney	28,449	28,449	26,530	1,919
Capital Outlay	1	1		1
Total District Attorney	<u>28,450</u>	<u>28,450</u>	<u>26,530</u>	<u>1,920</u>
County Sheriff	321,781	323,653	317,837	5,816
Capital Outlay	5,000	4,680	2,310	2,370
Total County Sheriff	<u>326,781</u>	<u>328,333</u>	<u>320,147</u>	<u>8,186</u>
County Treasurer	88,694	88,694	84,439	4,255
Capital Outlay	1	1		1
Total County Treasurer	<u>88,695</u>	<u>88,695</u>	<u>84,439</u>	<u>4,256</u>
Total County Commissioners	<u>66,363</u>	<u>65,963</u>	<u>62,976</u>	<u>2,987</u>
County Clerk	113,218	115,918	111,082	4,836
Capital Outlay	2,000	2,450	2,375	75
Total County Clerk	<u>115,218</u>	<u>118,368</u>	<u>113,457</u>	<u>4,911</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, 2002**

	Original Budget	Final Budget	Actual	Variance
Court Clerk	\$ 84,194	\$ 84,194	\$ 78,426	\$ 5,768
Capital Outlay	1	1		1
Total Court Clerk	84,195	84,195	78,426	5,769
County Assessor	72,086	72,086	68,580	3,506
Capital Outlay	1,000	1,000	1,000	
Total County Assessor	73,086	73,086	69,580	3,506
Revaluation of Real Property	81,831	81,831	48,173	33,658
Capital Outlay	500	500	500	
Total Revaluation of Real Property	82,331	82,331	48,673	33,658
Total Juvenile	7,000	7,000	3,736	3,264
General Government	160,851	160,851	137,049	23,802
Capital Outlay	7,500	7,500	1,266	6,234
Total General Government	168,351	168,351	138,315	30,036
Total Excise-Equalization Board	3,251	3,251	2,355	896
County Election Board	49,204	48,599	48,472	127
Capital Outlay	1	928	217	711
Total County Election Board	49,205	49,527	48,689	838
Total Insurance	870,603	929,249	529,176	400,073
County Purchasing Agent	29,120	30,120	24,580	5,540
Capital Outlay	2,500	1,500	1,066	434
Total County Purchasing Agent	31,620	31,620	25,646	5,974
Total Welfare Agencies	3,500	3,500	3,456	44

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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, 2002**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Recording Account	\$ 31,540	\$ 28,390	\$ 26,568	\$ 1,822
Capital Outlay	1	1		1
Total Recording Account	31,541	28,391	26,568	1,823
Civil Defense	5,502	9,502	4,467	5,035
Capital Outlay	5,500	5,500		5,500
Total Civil Defense	11,002	15,002	4,467	10,535
Highway Budget	23,186	23,586	21,925	1,661
Capital Outlay	1	1		1
Total Highway Budget	23,187	23,587	21,925	1,662
Total Audit Budget	11,200	11,200	11,200	
County Cemetery	501	501		501
Capital Outlay	500	500		500
Total County Cemetery	1,001	1,001		1,001
Provision for Interest on Warrants	4,000	4,000		4,000
Total Expenditures, Budgetary Basis	2,080,580	2,145,100	1,619,761	525,339
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	686,652	<u>\$ 686,652</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			10,237	
Add: Current Year Outstanding Warrants			115,098	
Ending Cash Balance			<u>\$ 811,987</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  
FOR THE YEAR ENDED JUNE 30, 2002**

	County Health Department			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 128,640	\$ 128,640	\$ 128,640	\$
Less: Prior Year Outstanding Warrants	(7,390)	(7,390)	(7,390)	
Less: Prior Year Encumbrances	(1,054)	(1,054)	(908)	146
Beginning Cash Balances, Budgetary Basis	<u>120,196</u>	<u>120,196</u>	<u>120,342</u>	<u>146</u>
Receipts:				
Ad Valorem Taxes	101,816	101,816	111,746	9,930
Miscellaneous Revenues		2,232	2,408	176
Total Receipts, Budgetary Basis	<u>101,816</u>	<u>104,048</u>	<u>114,154</u>	<u>10,106</u>
Expenditures:				
Health and Welfare	107,500	109,732	81,363	28,369
Capital Outlay	114,512	114,512	1,717	112,795
Total Expenditures, Budgetary Basis	<u>222,012</u>	<u>224,244</u>	<u>83,080</u>	<u>141,164</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	151,416	<u>\$ 151,416</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			2,458	
Add: Current Year Outstanding Warrants			5,082	
Ending Cash Balance			<u>\$ 158,956</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, 2002**

Official Depository Accounts	Beginning Cash Balance July 1, 2001	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balance June 30, 2002
Cash in Account	\$ 150	\$	\$	\$	\$ 150
Court Clerk	146,940	855,252	770,690	1,883	233,385
Court Fund	34,464	377,994	368,124	2,297	46,631
Court Clerk Revolving Cash	8,314	9,499	3,276		14,537
County Clerk	8,043	103,850	109,861	4,925	6,957
Treasurer	10,068	194,319	196,544	1,302	9,145
Sheriff	10,702	4,339			15,041
District Attorney	64,989	54,257	40,967	1,116	79,395
District Attorney State's Witness	348	401	553	5	201
District Attorney Revolving Fund	1,925	529			2,454
Election	208	17,845	17,976	141	218
Law Library	2,216	10,574	9,108		3,682
Health	225	4,011	4,193		43
Commissioners	2	35	35		2
County Assessor	246	2,790	2,695		341
Free Fair Cash		7,481	6,971		510
<b>Total Official Depository Accounts</b>	<b>\$ 288,840</b>	<b>\$ 1,643,176</b>	<b>\$ 1,530,993</b>	<b>\$ 11,669</b>	<b>\$ 412,692</b>

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

**Notes to the Financial Statements**

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash balances of all funds of 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 Board of County Commissioners. The general fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Fund Accounting

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

C. Basis of Accounting

The 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 Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - General Fund and County Health Department presents comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances - All Funds because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

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

E. Cash and Investments

The County pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Investments are carried at cost, which approximates market value. All funds were fully invested or deposited in interest-bearing demand accounts at June 30, 2002.

F. Risk Management

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

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

**NOBLE COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2002**

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Summary of Significant Accounting Policies (continued)

<u>Types of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Physical Plant - Theft - Damage to Assets - Natural Disasters	The County participates in a public entity risk pool. (See ACCO-SIG.)	If claims exceed authorized deductibles, the County would have to pay its share of the pool deficit.
Worker's Compensation - Employees' Injuries	The County participates in a public entity risk pool; Association of County Commissioners of Oklahoma-Self-Insured Fund. (See ACCO-SIF.)	If claims exceed pool assets, the County would have to pay its share of the pool deficit.
Health and Life - Medical - Disability - Dental - Life	The County carries commercial insurance for these types of risk.	None

ACCO-SIG - The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating County will pay a deductible amount (\$1,000 to \$10,000; the County has a \$10,000 deductible) for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amounts up to and including \$50,000 per insured event. The pool has acquired commercial reinsurance to cover claims in excess of \$50,000 up to \$1,000,000 limit per insured event. The pool, established in 1986, has never had to assess additional premiums to be paid by its members.

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

The County continues to carry commercial insurance for employees' health and life insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the 2002 fiscal year.



Summary of Significant Accounting Policies (continued)

G. Compensated Absences

All full-time employees are entitled to annual leave that is accrued on a monthly basis. Employees can earn from 12 days of leave up to 15 days of leave depending on the number of years of service.

All full-time employees are also entitled to sick leave. Sick leave is accumulated at the rate of 8 hours per month and each employee may accrue up to 24 days.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved by fund, office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

3. Detailed Notes on Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$4,184,097 and the bank balance was \$4,236,827. 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 authorizes the County Treasurer to invest in:

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district

Detailed Notes on Account Balances (continued)

B. Description of Funds

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

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

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

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

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

Clerk's Record Preservation - accounts for fees collected on filings to be used to preserve records in the clerk's office.

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

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

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

CDBG - Barn - accounts from a federal grant for the construction of a county barn.

CDBG - Elevator - accounts for a federal grant for elevator construction.

Court Clerk - Cash - accounts for a fee of \$5.00 on each warrant. Money is disbursed in the same manner as the court fund.

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

Illegal Dump Reward - 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.

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

Detailed Notes on Account Balances (continued)

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

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 Fee Fund - accounts for lien fee collections and disbursements as restricted by statute.

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

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

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

Cities and Towns - accounts for funds collected for cities and towns and remitted to them monthly.

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

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 Memorial - accounts for fees collected and used for the Free Fair Memorial.

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

Refunds - accounts for the refund of erroneously paid taxes.

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

Detailed Notes on Account Balances (continued)

The following narrative details the official depository accounts.

Cash in Account - accounts for change funds of officers.

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

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

Court Clerk Revolving Cash - 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.

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.

District Attorney State's Witness - accounts for fees received from the state to reimburse for witness expenses.

District Attorney Revolving Fund - accounts for the proceeds of property forfeitures.

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

Law Library - accounts for collections from the District Court and is expended for law library expenses.

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

Detailed Notes on Account Balances (continued)

Commissioners - The County sells maps and charges for copies. Deposited in the general fund at the end of the 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 collection 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, 2001, was approximately \$111,998,069.

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, 2002, were approximately 99 percent of the tax levy.

C. Pension Plan

Plan Description. The County contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death

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

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Detailed Notes on Account Balances (continued)

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.

D. Capital Leases

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

E. Fuel Tax

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

4. Contingent Liabilities

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 one-quarter of one percent sales tax effective March 1, 1997. This sales tax will expire sixty months thereafter. The sales tax was established to provide revenue for:

Noble County Free Fair Board	65%
OSU Extension Office in Noble County	35%

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



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

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

TO THE OFFICERS OF  
NOBLE COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Noble County, Oklahoma, as of and for the year ended June 30, 2002, and have issued our report thereon dated May 13, 2003. Our report includes an explanatory paragraph discussing that the financial statements are not a complete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. The reportable condition is described below.



Finding 98-7 – Segregation of Duties

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. The most effective controls lie in management's knowledge of County operations and a periodic review of operations.

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

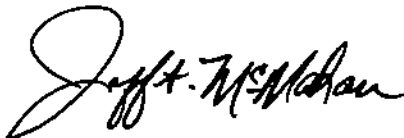
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 98-7 to be a material weakness.

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

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

However, the Oklahoma Open Records Act states that all records of public bodies and public officials shall be open to any person, except as specifically exempted. The purpose of the 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 13, 2003

**Statistical Data  
(Unaudited)**

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

<u>TAXPAYER</u>	<u>JANUARY 1, 2001 NET ASSESSED VALUATION</u>	<u>% OF TOTAL NET VALUATION</u>
1. OKLAHOMA GAS & ELECTRIC	\$ 58,399,008	52.14%
2. CHARLES MACHINE WORKS INC	4,974,867	4.44
3. SOUTHWESTERN BELL	2,647,910	2.37
4. TRANSOK LLC	2,334,280	2.09
5. BN & SF RAILROAD	1,784,485	1.59
6. CONOCO	965,426	.86
7. PHILLIPS PIPELINE	721,208	.64
8. CHEROKEE GAS PROCESSING LLC	579,142	.52
9. ONEOK GAS PROCESSING LLC	547,543	.49
10. WITTWER CONSTRUCTION	407,650	.36
ALL OTHERS	<u>38,636,550</u>	<u>34.50</u>
TOTAL	<u>\$ 111,998,069</u>	<u>100.00 %</u>

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

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

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Total net assessed value as of January 1, 2001		<u>\$ 111,998,069</u>
Debt Limit – 5 % of total assessed value		<u>\$ 5,599,903</u>
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	-	<u>-</u>
Legal Debt Margin		<u>\$ 5,599,903</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, 2002**  
**(UNAUDITED)**

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	2001
Estimated population	11,334
Net assessed value	\$ 111,998,069
Gross bonded debt	0
Less available sinking fund cash balance	0
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0%
Net bonded debt per capita	\$ -

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

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<u>Tax Year</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
2001	10,926,502	69,337,220	34,702,911	2,968,564	111,998,069	688,661,027