

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

This publication is printed and issued by the State Auditor and Inspector as authorized by 19 O.S. § 171. Pursuant to 74 O.S. § 3105, 35 copies have been prepared and distributed at a cost of \$116.20. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

August 18, 2004

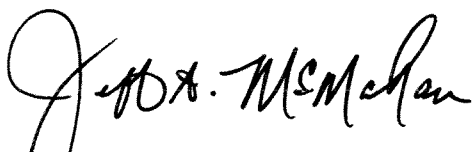
TO THE CITIZENS OF
CANADIAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Canadian County, Oklahoma, for the fiscal year ended June 30, 2003. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,


JEFF A. McMAHAN
State Auditor and Inspector

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

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Report to the Citizens of Canadian County	iii
County Officials and Responsibilities	iv
Ad Valorem Tax Distribution.....	ix

FINANCIAL SECTION

Report of State Auditor and Inspector.....	1
--	---

Special-Purpose Financial Statements:

Statement of Receipts, Disbursements, and Changes in Cash Balances - All Funds.....	3
Comparative Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - General Fund.....	4
Comparative Statement of Receipts, Expenditures, and Changes in Cash Balances - Budget and Actual - County Health Department	6
Detailed Statement of Receipts, Disbursements, and Changes in Cash Balances - Official Depository Accounts	7
Notes to the Financial Statements.....	8

SUPPLEMENTARY SCHEDULE

Schedule of Expenditures of State Awards	19
Notes to the Schedule of Expenditures of State Awards.....	20
Schedule of Expenditures of Federal Awards	21
Notes to the Schedule of Expenditures of Federal Awards.....	22

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

COMPLIANCE/INTERNAL CONTROL SECTION

Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards 23

Report on Compliance With Requirements Applicable to Each Major Program
and Internal Control Over Compliance in Accordance With OMB Circular A-133 25

Schedule of Findings and Questioned Costs 27

STATISTICAL DATA (Unaudited)

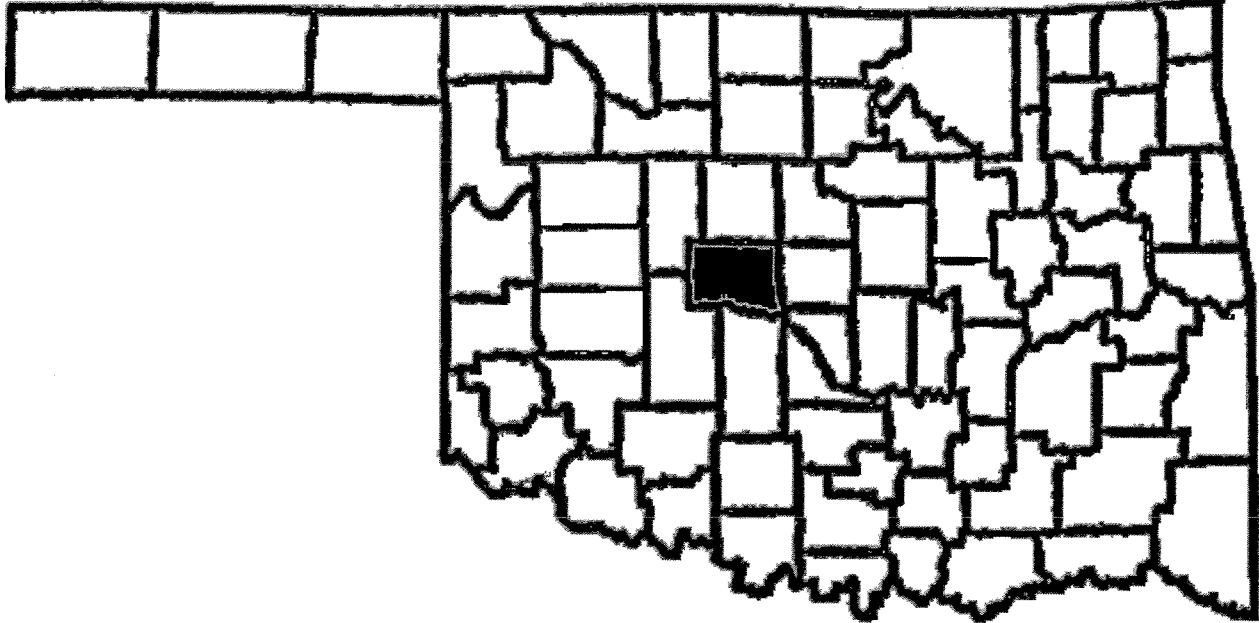
Top Ten Taxpayers..... 35

Computation of Legal Debt Margin 36

Ratio of Net General Bonded Debt to Assessed Value and
Net Bonded Debt Per Capita 37

Assessed Value of Property 38

REPORT TO THE CITIZENS
OF
CANADIAN COUNTY, OKLAHOMA



This county was once part of the Cheyenne and Arapaho reservation, administered by the Darlington Agency. It was opened by the Run of '89 and the Run of '92, but the southwest corner of the county, part of the Caddo Reservation, was opened by lottery in 1901.

Fort Reno, established in 1874 to maintain order on the reservation, later served as a cavalry remount station. During World War II, it served as a prisoner-of-war camp.

The economy of Canadian County is based largely on agriculture.

County Seat - El Reno

Area – 899.9 Square Miles

County Population - 87,697
(2000 est.)

Farms - 1,165

Land in Farms - 466,874 Acres

Source: Oklahoma Almanac 2003-2004

See independent auditor's report.

**CANADIAN COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY ASSESSOR

Ron Funck
(R) El Reno

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

Phyllis Blair
(R) El Reno

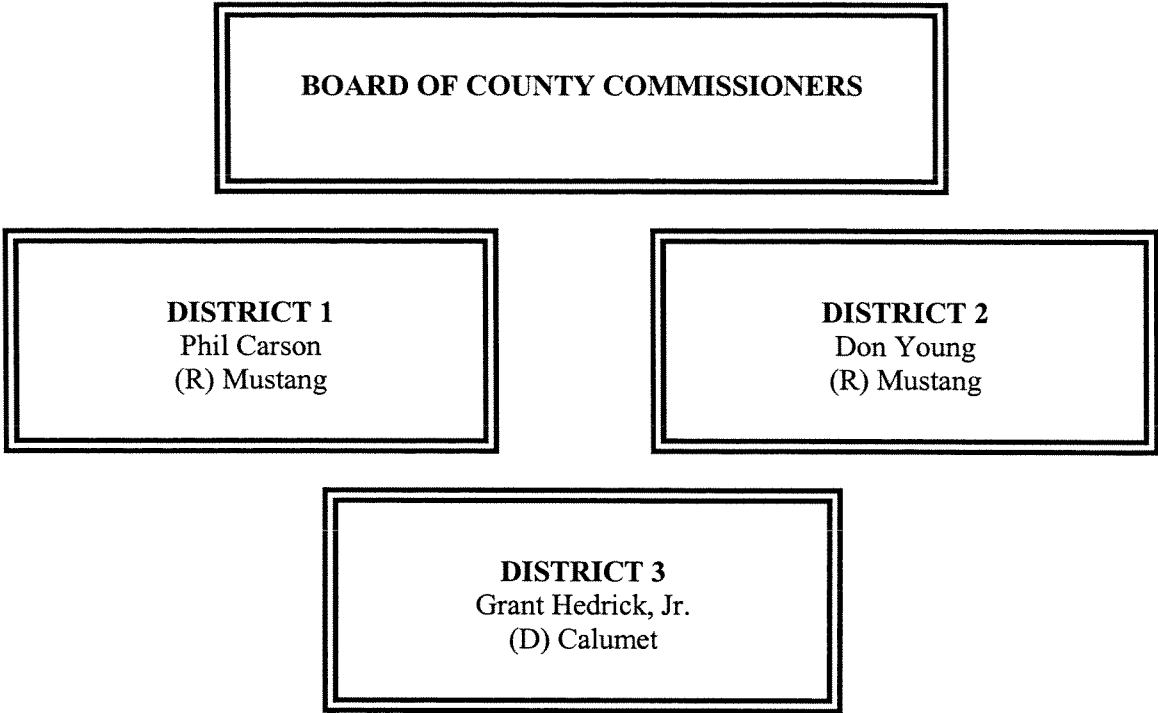
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**CANADIAN COUNTY OFFICIALS
AND RESPONSIBILITIES**



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

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

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

See independent auditor's report.

**CANADIAN COUNTY OFFICIALS
AND RESPONSIBILITIES**

COUNTY SHERIFF

Lewis Hawkins
(R) Yukon

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

David Radcliff
(R) El Reno

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.

**CANADIAN COUNTY OFFICIALS
AND RESPONSIBILITIES**

COURT CLERK
Dee Ray
(R) Union City

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
Cathy Stocker
(R) Enid

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.

**CANADIAN COUNTY OFFICIALS
AND RESPONSIBILITIES**

ELECTION BOARD SECRETARY

Dorothy C. Riley

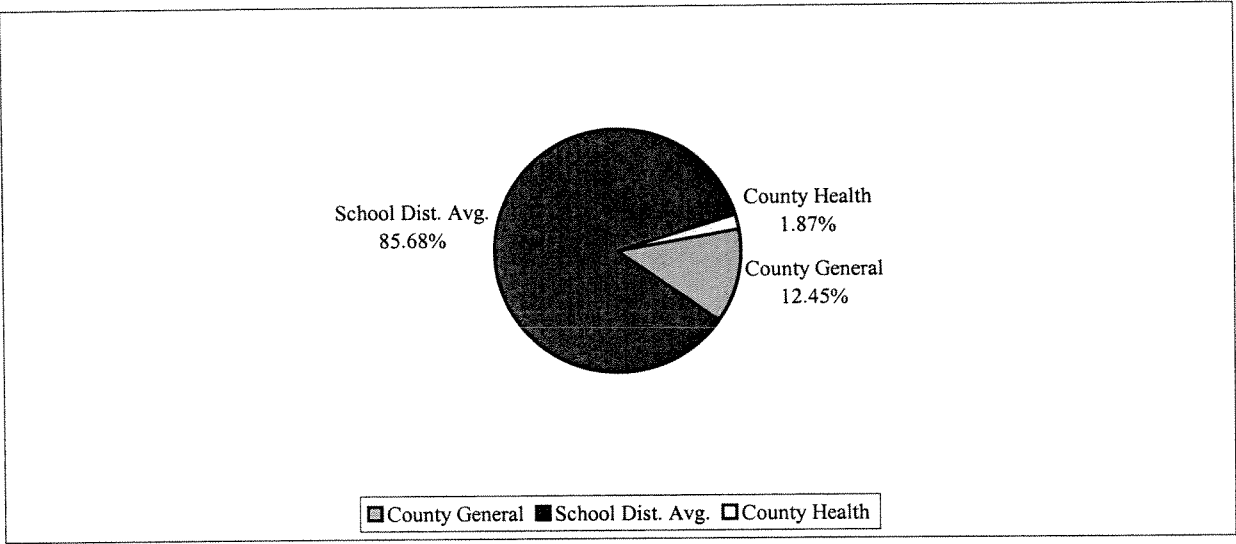
(D) El Reno

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.

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

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



County-Wide Millages		School District Millages							
Co. General					Technology				
		Gen.	Bldg.	Skg.	Center	Common	Total		
Co. General	10.39								
County Health	1.56								
		Minco	Jl-2	38.46	5.49	19.99	15.60	4.16	83.70
		Deer Creek	Jl-6	35.38	5.05	34.15	14.61	4.16	93.35
		Lookeba-Sickles	Jl-12	42.96	6.14	9.63	11.47	4.16	74.36
		Piedmont	Jl-22	36.75	5.25	23.17	15.60	4.16	84.93
		Yukon	I-27	36.53	5.22	23.16	15.60	4.16	84.67
		Riverside	D-29	36.01	5.14		15.60	4.16	60.91
		Banner	D-31	36.12	5.16		15.60	4.16	61.04
		El Reno	I-34	36.01	5.14	28.29	15.60	4.16	89.20
		Union City	I-57	36.17	5.17	11.1	15.60	4.16	72.20
		Mustang	I-69	36.31	5.19	24.18	15.60	4.16	85.44
		Darlington	D-70	36.65	5.24		15.60	4.16	61.65
		Calumet	I-76	36.37	5.2	25.46	15.60	4.16	86.79
		Geary	Jl-80	36.24	5.18	0.06		4.16	45.64
		Cashion	Jl-89	37.03	5.29	6.89		4.16	53.37
		Okarche	Jl-105	36.19	5.17			4.16	45.52
		Hinton	Jl-161	36.41	5.2	5.14	11.47	4.16	62.38
		Maple	D-162	36.98	5.28	8.84	15.60	4.16	70.86

See independent auditor's report.



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

Independent Auditor's Report

TO THE OFFICERS OF
CANADIAN COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Canadian County, Oklahoma, as of and for the year ended June 30, 2003, as listed in the table of contents. These special-purpose financial statements are the responsibility of Canadian 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 Canadian 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 Canadian 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 Canadian County, Oklahoma, and comparisons of such information with the corresponding budgeted information for the general fund and the county health department fund of the County, as of and for the year ended June 30, 2003, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2004, on our consideration of Canadian County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

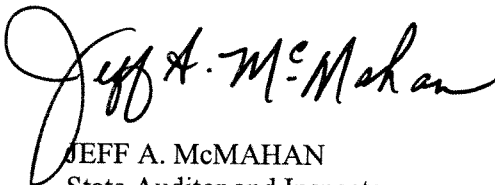
Our audit was performed for the purpose of forming an opinion on the special-purpose financial statements of Canadian County, Oklahoma, taken as a whole. The accompanying schedule of expenditures of federal awards is presented as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements 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, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Sincerely,

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

JEFF A. McMAHAN
State Auditor and Inspector

July 12, 2004

Special-Purpose Financial Statements

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

All County Funds	Beginning Cash Balances July 1, 2002	Receipts Apportioned	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2003
County General Fund	\$ 2,098,075	\$ 5,898,768	\$ 5,802,940	\$	\$ 2,193,903
County Highway	2,842,736	4,764,088	4,644,323		2,962,501
County Health Department	582,581	680,839	554,540		708,880
Resale Property	505,001	183,178	113,850		574,329
Community Service Sentencing Program	64,402	26,265	23,089		67,578
Assessor Visual Inspection	83,395	765	11,012		73,148
Assessor Revolving	12,514	3,047	4,185		11,376
Flood Plain		100			100
Sheriff Service Fee	69,304	338,900	302,529		105,675
Sheriff Training	4,274		923		3,351
Sheriff Commissary	33,040	57,445	49,118		41,367
Sheriff Prisoner Care	230,545	353,550	485,996		98,099
Sheriff Reward Fund/Trash Cop	12,529	1,466			13,995
REAP	184	101,759	101,759		184
Sheriff Federal Equitable Sharing	9,128	951,474	292,738		667,864
Grant Cash Voucher Fund		68,961	52,179		16,782
Juvenile Salary	20				20
County Treasurer Mortgage Certification Fee	99,896	50,695	49,186		101,405
County Clerk Lien Fee	11,903	22,880	28,789		5,994
County Clerk Record's Preservation	99,866	181,590	153,955		127,501
Insurance Reimbursement	866				866
Emergency Management	16,965		1,866		15,099
Bank of Oklahoma Lock Box		209			209
County Bridge Improvement	209,692	5,061			214,753
Schools	4,368,980	19,362,854	19,487,969		4,243,865
Official Depository	1,134,448	23,035,405	23,230,359	55,095	994,589
Court Clerk Trust	3,918		3,918		
Juvenile Justice Detention Facility	399,313	2,936,011	2,929,041		406,283
County Sales Tax					
Municipal	53,118	1,404,694	1,401,140		56,672
Canadian County Free Fair	760	11,214	11,554		420
Law Library	6,111	48,170	47,534		6,747
Individual Redemption	14,040	400,787	393,538		21,289
Richland Fire District	65	3,450	3,515		
Geary EMS	88	4,917	5,004		1
Unapportioned Tax	52,260	40,260	54,897		37,623
Bogus Check Fee Account	928,081	498,435	568,775		857,741
District Attorney Evidence	2,787				2,787
Victim Witness	3,556				3,556
State Treasurer Protest Tax	253,832	488,212			742,044
District Attorney Controlled					
Dangerous Substance	365,476	37,162	30,373		372,265
Child Abuse Prevention	50				50
Postage Account	13,431	(1,686)			11,745
Total County Funds	\$ 14,587,230	\$ 61,960,925	\$ 60,840,594	\$ 55,095	\$ 15,762,656

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

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

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 2,098,075	\$ 2,098,075	\$ 2,098,075	\$ -
Less: Prior Year Outstanding Warrants	(236,746)	(236,746)	(236,746)	
Less: Prior Year Encumbrances	(183,575)	(183,575)	(152,120)	31,455
Beginning Cash Balances, Budgetary Basis	<u>1,677,754</u>	<u>1,677,754</u>	<u>1,709,209</u>	<u>31,455</u>
Receipts:				
Ad Valorem Taxes	4,027,325	4,027,325	4,356,677	329,352
Charges for Services	591,666	591,666	792,431	200,765
Intergovernmental Revenues	514,100	518,672	553,273	34,601
Miscellaneous Revenues	158,234	158,234	196,387	38,153
Total Receipts, Budgetary Basis	<u>5,291,325</u>	<u>5,295,897</u>	<u>5,898,768</u>	<u>602,871</u>
Expenditures:				
District Attorney	18,137	18,137	12,701	5,436
Capital Outlay	2,000	2,000	313	1,687
Total District Attorney	<u>20,137</u>	<u>20,137</u>	<u>13,014</u>	<u>7,123</u>
County Sheriff	1,356,909	1,380,700	1,378,540	2,160
Capital Outlay	89,400	65,609	65,557	52
Total County Sheriff	<u>1,446,309</u>	<u>1,446,309</u>	<u>1,444,097</u>	<u>2,212</u>
County Treasurer	288,262	288,262	280,605	7,657
Capital Outlay				
Total County Treasurer	<u>288,262</u>	<u>288,262</u>	<u>280,605</u>	<u>7,657</u>
County Commissioners	140,850	150,850	141,561	9,289
Capital Outlay	6,000	6,000	3,337	2,663
Total County Commissioners	<u>146,850</u>	<u>156,850</u>	<u>144,898</u>	<u>11,952</u>
OSU Extension	157,764	158,364	157,146	1,218
Capital Outlay	2,500	1,900	1,799	101
Total OSU Extension	<u>160,264</u>	<u>160,264</u>	<u>158,945</u>	<u>1,319</u>
County Clerk	350,800	358,315	358,057	258
Capital Outlay				
Total County Clerk	<u>350,800</u>	<u>358,315</u>	<u>358,057</u>	<u>258</u>
Court Clerk	419,337	419,337	406,977	12,360
Capital Outlay				
Total Court Clerk	<u>419,337</u>	<u>419,337</u>	<u>406,977</u>	<u>12,360</u>
County Assessor	355,590	346,590	320,810	25,780
Capital Outlay	1,500	10,500	7,989	2,511
Total County Assessor	<u>357,090</u>	<u>357,090</u>	<u>328,799</u>	<u>28,291</u>
Revaluation of Real Property	383,999	383,199	373,401	9,798
Capital Outlay	1,100	200		200
Total Revaluation of Real Property	<u>385,099</u>	<u>383,399</u>	<u>373,401</u>	<u>9,998</u>
General Government	707,377	645,801	469,884	175,917
Capital Outlay	47,000	47,000	24,425	22,575
Total General Government	<u>754,377</u>	<u>692,801</u>	<u>494,309</u>	<u>198,492</u>

continued on next page

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

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

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Excise-Equalization Board	12,250	12,250	7,544	4,706
Capital Outlay				
Total Excise-Equalization Board	12,250	12,250	7,544	4,706
County Election Board	169,000	173,831	167,604	6,227
Capital Outlay	5,000	5,000	1,235	3,765
Total County Election Board	174,000	178,831	168,839	9,992
Total Insurance	958,873	1,008,873	961,833	47,040
County Purchasing Agent	54,000	51,485	49,868	1,617
Capital Outlay				
Total County Purchasing Agent	54,000	51,485	49,868	1,617
Data Processing	126,000	126,000	120,488	5,512
Capital Outlay	10,000	10,000	477	9,523
Total Data Processing	136,000	136,000	120,965	15,035
Total Charity	1,000	1,000	300	700
Library	53,455	53,017	49,043	3,974
Capital Outlay	150	455	420	35
Total Library	53,605	53,472	49,463	4,009
Solid Waste	22,801	24,001	22,689	1,312
Capital Outlay	3,000	1,800	1,141	659
Total Solid Waste	25,801	25,801	23,830	1,971
Total Highway Budget	1,069,698	1,067,848	334,127	733,721
County Audit Budget	42,638	42,638	42,638	
Total County Audit Budget	42,638	42,638	42,638	
Free Fair Budget	104,389	104,694	104,378	316
Capital Outlay	6,300	5,995	5,995	
Total Free Fair Budget	110,689	110,689	110,373	316
Provision for Interest on Warrants	2,000	2,000		2,000
Total Expenditures, Budgetary Basis	6,969,079	6,973,651	5,872,882	1,100,769
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	1,735,095	<u>\$ 1,735,095</u>

Reconciliation to Statement of Receipts,
Disbursements, and Changes in Cash Balances

Add: Current Year Encumbrances	162,065
Add: Current Year Outstanding Warrants	296,743
Ending Cash Balance	<u>\$ 2,193,903</u>

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

**CANADIAN COUNTY, OKLAHOMA
COMPARATIVE STATEMENT OF RECEIPTS, EXPENDITURES,
AND CHANGES IN CASH BALANCES – BUDGET AND ACTUAL
COUNTY HEALTH DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2003**

	County Health Department			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 582,581	\$ 582,581	\$ 582,581	\$ -
Less: Prior Year Outstanding Warrants	(2,926)	(2,926)	(2,926)	
Less: Prior Year Encumbrances	(53,390)	(53,390)	(45,702)	7,688
Beginning Cash Balances, Budgetary Basis	<u>526,265</u>	<u>526,265</u>	<u>533,953</u>	<u>7,688</u>
Receipts:				
Ad Valorem Taxes	604,680	604,680	654,129	49,449
Miscellaneous Revenues		108,865	26,710	(82,155)
Total Receipts, Budgetary Basis	<u>604,680</u>	<u>713,545</u>	<u>680,839</u>	<u>(32,706)</u>
Expenditures:				
Health and Welfare	774,900	883,764	510,120	373,644
Capital Outlay	356,045	356,046	103,354	252,692
Total Expenditures, Budgetary Basis	<u>1,130,945</u>	<u>1,239,810</u>	<u>613,474</u>	<u>626,336</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	601,318	<u>\$ 601,318</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			106,029	
Add: Current Year Outstanding Warrants			1,533	
Ending Cash Balance			<u>\$ 708,880</u>	

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

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

Official Depository Accounts	Beginning Cash Balances July 1, 2002	Receipts	Disbursements	Cancelled Vouchers	Ending Cash Balances June 30, 2003
District Attorney Witness Fee	\$ 376	\$ 2,406	\$ 2,956	\$ 207	\$ 33
District Attorney Bogus Check Restitution Program	19,622	922,246	905,294	824	37,398
Assessor Revolving	1,575	1,662	3,047		190
County Sheriff	13,557	171,535	175,657	35	9,470
County Sheriff Estray Cattle	2,279				2,279
County Sheriff Benefit	3,215	28			3,243
County Treasurer Trust	83,743	2,202,469	2,232,772	11,122	64,562
Motor Vehicle Stamp	4,343	55,909	55,108		5,144
Insufficient Check Fee	620	941	1,221		340
County Treasurer Miscellaneous	7	18	7		18
Mobile Home Trust	78,877	179,196	149,963	1,539	109,649
Tax Warrant	41,084	68,513	64,013		45,584
Plat Map		41,827	58,735	22,524	5,616
Juvenile Detention		1,152,881	1,152,881		
County Clerk	105,538	1,293,500	1,266,685	372	132,725
County Clerk Lien Fee	26,456	55,379	60,366		21,469
Court Clerk	596,866	4,590,251	4,772,583	1,898	416,432
Court Fund	60,575	1,092,692	1,108,756	1,431	45,942
Court Clerk Revolving	61,214	38,952	22,202		77,964
County Election	1,653	90,969	93,819	2,212	1,015
County Film Co-op	29,162	10,644	30,491		9,315
County Health Department	3,686	37,798	38,646		2,838
Bankrupt Trust		5,722	2,359		3,363
County Treasurer Mortgage		11,019,867	11,032,798	12,931	
Total Official Depository Accounts	<u>\$ 1,134,448</u>	<u>\$ 23,035,405</u>	<u>\$ 23,230,359</u>	<u>\$ 55,095</u>	<u>\$ 994,589</u>

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash balances of all funds of Canadian 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 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. Funds presented are established by statute, and their operations are under the control of the County officials.

B. Fund Accounting

A government entity 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 emergency medical districts, county or city-county health departments, school districts and cities and towns. These other budgetary entities produce and file their own financial statements and estimates of needs (budgets). These related cash receipts and disbursements of other budgetary entities are not included in the County's Estimate of Needs.

E. Cash and Investments

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

F. Risk Management

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

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

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

Summary of Significant Accounting Policies (continued)

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

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

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

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

Summary of Significant Accounting Policies (continued)

G. Compensated Absences

Vacation benefits are earned by the employee during the year and may accumulate up to a maximum of 120 hours. Sick leave shall accumulate at the rate of 10 hours for each calendar month of service and may be accrued up to a maximum of 130 days.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

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

3. Detailed Notes on Funds and Account Balances

A. Deposits

At year-end, the reported amount of the County's deposits was \$15,762,656 and the bank balance was \$15,918,258. Of the bank balance, \$14,436,437 was covered by federal depository insurance or collateral held by the County's agent in the County's name and \$1,481,821 was uninsured and uncollateralized.

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

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district
- Negotiable certificates of deposit
- Prime bankers acceptance which are eligible for purchase by the Federal Reserve System
- Prime commercial paper with a maturity of 180 days or less
- Repurchase agreements
- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments

Detailed Notes on Funds and Account Balances (continued)

B. Description of Funds

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

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

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

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

Community Service Sentencing Program - accounts for the collection of funding through the State Department of Corrections for administrative expenses and supervision of offenders.

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

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

Flood Plain - accounts for the collection of flood plain permits. Money is disbursed for computer software in relation to flood mapping.

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

Sheriff Training - accounts for the collection of forfeitures and disbursed for training and equipment.

Sheriff Commissary - accounts for the collection of the sale of items to inmates and disbursements to purchase commissary goods from the vendor. Excess funds are used for maintenance and operation of the jail.

Sheriff Prisoner Care - accounts for state receipts and disbursements for the purpose of housing and feeding Department of Correction inmates.

Sheriff Reward Fund/Trash Cop - accounts for federal funds collected and disbursed for the purpose of trash patrol.

REAP - accounts for monies received from state grants and disbursed for various pre-approved projects in the County in towns of 10,000 population or less.

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

Detailed Notes on Funds and Account Balances (continued)

Sheriff Federal Equitable Sharing - accounts for monies received from federal grants and disbursed for law enforcement purposes.

Grant Cash Voucher Fund - accounts for monies received from state grants to be transferred to the REAP account.

Juvenile Salary - accounts for the reimbursement of salaries paid by the office of Juvenile Affairs, used to provide guardians for juveniles in the court system.

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

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

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

Insurance Reimbursement - accounts for insurance settlements for damaged vehicles and disbursed to repair the vehicles.

Emergency Management - accounts for the receipt and disbursement of funds from state and local governments for civil defense purposes.

Bank of Oklahoma Lock Box - accounts for overpayment or underpayment of ad valorem tax payments collected by the Bank of Oklahoma.

County Bridge Improvement - accounts for state, local and miscellaneous receipts and disbursements for the purpose of constructing and maintaining county bridges.

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

Court Clerk Trust - accounts for funds allocated from the court administrator's office for furniture and fixtures for the Juvenile Center.

Juvenile Justice Detention Facility - accounts for funds collected from the County sales tax to support the programs and services provided at the Juvenile Detention facility.

Detailed Notes on Funds and Account Balances (continued)

County Sales Tax - accounts for the collection of sales tax to be transferred to the Juvenile Justice Center.

Municipal - accounts for monies collected on behalf of the cities and towns from state and local revenues and remitted to them monthly.

Canadian County Free Fair - accounts for collection of rental fees on the free fair building and disbursed for maintenance and operation of the building.

Law Library - accounts for monies received for disbursement from the state for the operation of the Law Library.

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

Richland Fire District - accounts for monies collected on behalf of the fire district from ad valorem taxes and remitted to them monthly.

Geary EMS - accounts for monies collected on behalf of the ambulance service from ad valorem taxes and remitted to them monthly.

Unapportioned Tax - accounts for taxes collected and being held for apportionment to various government entities.

Bogus Check Fee Account - accounts for the collection of bogus checks and District Attorney fees to be disbursed to the merchants and District Attorney Fee Account.

District Attorney Evidence - accounts for seized property forfeitures and disbursed for the purpose of maintenance and operation of the District Attorney's office.

Victim Witness - accounts for restitution from defendants and disbursed to defray the cost of the victim witness program.

State Treasurer Protest Tax - accounts for taxes collected in protest by the State Treasurer and disbursed as per court order.

District Attorney Controlled Dangerous Substance - accounts for collection of seized property drug forfeitures and disbursed for the maintenance and operation of the District Attorney's office.

Child Abuse Prevention - accounts for the collection of jurors waiving the juror and disbursed for child abuse prevention.

Detailed Notes on Funds and Account Balances (continued)

Postage Account - accounts for funds reimbursed by county offices for postage meters shared by each office.

The following accounts are part of the official depository accounts:

District Attorney Witness Fee - accounts for state receipts to reimburse the County for witness expenses.

Bogus Check Restitution Program - This account is for the bogus check reimbursements to retailers and fees collected for the use by the District Attorney in collections.

Assessor Revolving - accounts for the collection of copies and proceeds from the sale of ownership books to be disbursed at the end of the month and deposited in the Assessor Revolving Fund.

County Sheriff - accounts for the collection of cash bonds and sheriff service fees that are deposited before being transferred to courts or the Sheriff Service Fee Account.

County Sheriff Estray Cattle - accounts for the deposits of funds from unclaimed cattle and disbursements are for the care of livestock until sold. Remaining funds are then transferred to the general fund.

County Sheriff Benefit - accounts for donations and disbursements for the reserve officers.

County Treasurer Trust - accounts for the collections of taxes paid in advance.

Motor Vehicle Stamp - accounts for the collection of fees from farm implement dealerships for farm equipment tags. Forty-nine percent of monies are transferred to the school districts, 48 percent transferred to county general and the remaining 2 percent is transferred to the state.

Insufficient Check Fee - accounts for insufficient check fees collected on tax payments that are reimbursed to the proper fund.

County Treasurer Miscellaneous - accounts for the collection of copy fees and disbursements for the operation of the office.

Mobile Home Trust - accounts for the collection and distribution of mobile home taxes collected in advance by the Treasurer.

Tax Warrant - accounts for the collection of monies from outstanding taxes when the Sheriff serves warrants for collections.

Detailed Notes on Funds and Account Balances (continued)

Plat Map - accounts for fees collected by the Assessor's office for copies. Disbursements are used for the operation of the office.

Juvenile Detention - accounts for monies collected from other agencies for housing of juvenile inmates and disbursed to the Juvenile Detention Center.

County Clerk - accounts for collection of fees for recording instruments filed in the office.

County Clerk Lien Fee - accounts for fees collected for filing documents and disbursements to the County Clerk Lien Fee Account.

Court Clerk - accounts for the collection of bond money, court fines, and fees. Money is disbursed for overpayment of fees and restitution with a portion transferred to the District Court Fund.

Court Fund - accounts for fees transferred from the Court Clerk account and interest earned on deposits. Funds are disbursed for the purpose of fees for various entities, salaries and maintenance and operation of the office.

Court Clerk Revolving - accounts for the \$5.00 fee collected for issuing warrants and disbursements used for the maintenance and operation of the office.

County Election - accounts for reimbursement of election cost by entities within the County and is disbursed for refund of election fees and cost of election.

County Film Co-op - accounts for the county-wide collection of fees from schools for rental of film media.

County Health Department - accounts for fees collected for health related services provided to the citizens of the County.

Bankrupt Trust - accounts for advance taxes collected when properties are in bankruptcy.

County Treasurer Mortgage - accounts for the fees collected for mortgage taxes and disbursed to the County Treasurer Mortgage Certification Fee Fund.

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

Detailed Notes on Funds and Account Balances (continued)

program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

The assessed property value as of January 1, 2002, was approximately \$426,377,037.

Per Article 10, § 8A, with the repeal of personal property tax, the millage with the adjustment factor is 10.39 mills (the legal maximum) for general fund operations and 1.56 mills 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, 2003, were approximately 95.4 percent of the tax levy.

D. Pension Plan

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

E. Capital Leases

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

Detailed Notes on Funds and Account Balances (continued)

F. Fuel Tax

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

4. Contingent Liabilities

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

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

5. Sales Tax

The voters of Canadian County approved a .35% sales tax effective August 27, 1996. This sales tax, which was in effect for the year ended June 30, 2003, will expire upon vote of the citizens. The sales tax was established to provide revenue for construction, operation, and maintenance of juvenile delinquency detention and justice facilities.

Schedule of Expenditures of State Awards

**CANADIAN COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF STATE AWARDS
JUNE 30, 2003**

<u>State Grantor/Grant Program Title</u>	<u>State Contract Number</u>	<u>State Expenditures</u>
<u>STATE OFFICE OF JUVENILE AFFAIRS</u>		
Regional Secure Detention Contract	Z001427	\$ 307,975
Sanction Detention Program (state appropriations)	Y010295	61,158
Total State Office of Juvenile Affairs		<u>369,133</u>
<u>STATE DEPARTMENT OF HUMAN SERVICES</u>		
Passed through OCMHC/North Care Center: Comprehensive Home Based Services		\$ 257,934
Total State Department of Human Services		<u>257,934</u>
Total Expenditures of State Awards		<u>\$ 627,067</u>

**CANADIAN COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF STATE AWARDS
JUNE 30, 2003**

Basis of Presentation

The schedule of expenditures of state awards includes the state grant activity of Canadian County and is presented on the *modified accrual basis of accounting*. Grant expenditures reported were paid or incurred as of June 30, 2003. The information in this schedule is presented in accordance with the contractual requirements of Canadian County.

Schedule of Expenditures of Federal Awards

**CANADIAN COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2003**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
Passed through the State Department of Education:		
School Breakfast/School Lunch Programs	10.553/555	\$ 22,769
Total U.S. Department of Agriculture		<u>22,769</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>		
Federal Equitable Sharing	16.000	415,073
Passed through State Office of Juvenile Affairs:		
Juvenile Accountability Incentive Block Grant	16.523	11,326
Juvenile Accountability Incentive Block Grant	16.523	10,000
Juvenile Accountability Incentive Block Grant	16.523	138,000
Juvenile Justice and Delinquency Prevention Act-Title V	16.548	43,747
Part E State Challenge Activities	16.549	12,500
Byrne Formula Grant Program (Sanction Detention)	16.579	208,662
Total U.S. Department of Justice		<u>839,308</u>
<u>U.S. DEPARTMENT OF FEDERAL EMERGENCY MANAGEMENT AGENCY</u>		
Passed through the Oklahoma Department of Civil Emergency Management:		
Public Assistance Grant Program	83.544	467,638
Hazard Mitigation Grant Program	53.548	52,179
Total Federal Emergency Management Agency		<u>519,817</u>
Total Expenditures of Federal Awards		<u>\$ 1,381,894</u>

CANADIAN COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2003

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Canadian County and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**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
CANADIAN COUNTY, OKLAHOMA

We have audited the special-purpose financial statements of Canadian County, Oklahoma, as of and for the year ended June 30, 2003, and have issued our report thereon dated July 12, 2004. Our report contains an explanatory paragraph discussing that the financial statements are not a complete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Canadian County's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management and are included in Section 4 of the schedule of findings and questioned costs, contained within this report.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Canadian 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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2003-2, 2003-3, 2003-4, 2003-5, 2003-7, and 2003-9.

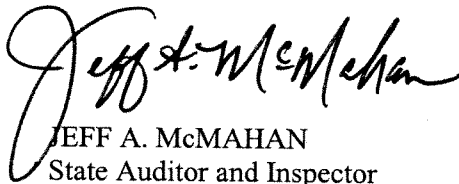
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected 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 believe that none of the reportable conditions described above is 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, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

July 12, 2004

**Report on Compliance With Requirements Applicable to Each Major Program
and Internal Control Over Compliance in Accordance With
OMB Circular A-133**



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

**Report on Compliance With Requirements Applicable to Each Major Program
and Internal Control Over Compliance in Accordance With
OMB Circular A-133**

TO THE OFFICERS OF
CANADIAN COUNTY, OKLAHOMA

Compliance

We have audited the compliance of Canadian County, Oklahoma with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect Canadian County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the schedule of findings and questioned costs as item 2003-8.

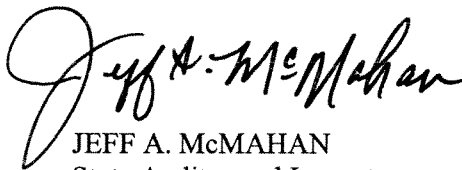
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program 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 compliance 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 2003-8 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, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Sincerely,



JEFF A. McMAHAN
State Auditor and Inspector

July 12, 2004

Schedule of Findings and Questioned Costs

CANADIAN COUNTY, OKLAHOMA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2003

SECTION 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Internal control over financial reporting: Unqualified

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes
- Reportable condition(s) identified that are not considered to be material weakness(es)? None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

Identification of Major Programs

CFDA Number(s)

16.xxx (CFDA # not assigned)
 83.544

Name of Federal Program or Cluster

USDOJ Federal Equitable Sharing Agreement
 FEMA Public Assistance Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

SECTION 2 - Findings related to the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Finding 2003-2 – Access Levels and User Identifications

Criteria: According to the standards of the Information Systems Audit and Control Association (COBIT Delivery & Support 5), management should ensure that system security is sufficient to safeguard information against unauthorized use, disclosure or modification, damage or loss. User ID's and passwords should ensure that access to information is restricted to authorized users.

Condition:

1. The review of the access levels to the financial programs of the County Clerk and County Treasurer show, with few exceptions, that employees have been assigned the maximum level of access to the program modules authorized for those employees.
2. The review of access levels to the financial programs indicated several administrative accounts with high levels of access that could allow the employee(s) to log on to the systems without having to use their own User ID's and passwords.

Effect: The access given to some employees may exceed the level necessary to accomplish their assigned duties.

Recommendation: We recommend the County Clerk and County Treasurer perform a thorough review and assessment to determine the level of access appropriate to each office position. The review and assessment should also determine whether the generic administrative accounts should be closed.

Management Response: We have changed the access levels to the financial programs in the County Clerk's office. The County Treasurer's office has adjusted the access level of some employees that we feel need less accessibility; we have bid a new system that will allow us more flexibility to limit accessibility.

Finding 2003-3 – Password Identity

Criteria: According to the standards of the Information Systems Audit and Control Association (COBIT Delivery & Support 5), management should ensure that system security is sufficient to safeguard information against unauthorized use, disclosure or modification, damage or loss. User ID's and passwords should ensure that access to information is restricted to authorized users.

Condition: County employees are not required to change their passwords on a regular basis.

Effect: Failure to change passwords reduces the effectiveness of System Security and could result in the unauthorized use, disclosure or modification, damage or loss of the County's information.

CANADIAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

Recommendation: We recommend the County establish Information Security Policies to address the log on access controls needed to safeguard their system and information. These controls should be implemented to adequately secure the information and to log activity within the system, and should include requiring employees to change their passwords every 90-120 days.

Management Response: The County Clerk has spoken with the MIS Director and he is in the process of setting our system to where we automatically have to change our passwords every 30 days. The County Treasurer's office is setting a plan in place to see that passwords are changed every 3 to 4 months.

Finding 2003-4 – Disaster Recovery Plan

Criteria: According to the standards of the Information Systems Audit and Control Association's (COBIT) Delivery and Support Control Objectives (DS4), management should have procedures in place to ensure continuous computer services. Plans should be developed and tested to minimize business disruption during times of disaster or hardware failure. The Disaster Recovery Plan should include all of the following:

- Guidelines on how to use the Recovery Plan
- Emergency procedures to ensure the safety of all affected staff members
- Roles and responsibilities of information services function, vendors providing recovery services, users of services and support administrative personnel
- Listing of systems requiring alternatives (hardware, peripherals, software)
- Listing of highest to lowest priority applications, required recovery times and expected performance norms
- Various recovery scenarios from minor to loss of total capability and response to each in sufficient detail for step-by-step execution
- Specific equipment and supply needs are identified such as high speed printers, signatures, forms, communications equipment, telephones, etc., and a source and alternative source defined
- Training and/or awareness of individual and group roles in continuity plan
- Listing of contracted service providers
- Logistical information on location of key resources, including back-up site for recovery operating system, applications, data files, operating manuals, and program/system/user documentation
- Current names, addresses, telephone/pager numbers of key personnel
- Business resumption alternatives for all users for establishing alternative work locations once IT resources are available

Condition: Our review of the Treasurer's system backups and plans for ensuring continuous computer service found no offsite storage of the backup tapes and no written Disaster Recovery Plan.

Effect: The lack of an effective and adequate Disaster Recovery Plan could result in potential loss of the County's:

CANADIAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

- Ad valorem information;
- Taxpayer and land information;
- State and federal reporting data;
- Financial information.

Recommendation: We recommend the County establish a Disaster Recovery Plan to ensure the safekeeping and integrity of the County's financial and non-financial data. Adequate backups of the data and programs are an essential part of any Recovery Plan. The file server should be backed up every workday. One day a week the backup tape should be stored offsite at a location away from the courthouse. Other tapes used during the week should be stored in a fireproof container in the County office. There should be complete month end backup tapes for at least three months of prior work, giving the County officer the ability to restore data and programs if the need arises.

Management Response: The County Treasurer is currently working on a written Disaster Recovery Plan. The County Clerk's office has their Disaster Recovery Plan completed and it was approved in the Commissioners' Board meeting on 5/3/04. The County Assessor is in the process of writing a written Disaster Recovery Plan. The Board of County Commissioners spoke with the MIS Director and he is in the process of working on a Disaster Recovery Plan for the MIS Department.

Finding – 2003-5 - Information Security Policies and Procedures

Criteria: According to the standards of the Information Systems Audit and Control Association (COBIT Delivery & Support 7), management should educate and train users to ensure that users are making effective use of technology and are aware of their risks and responsibilities.

Condition: The County does not have written policies and procedures addressing information security or provide adequate awareness training.

Effect: The lack of Information System policies, procedures and awareness training could result in the loss of:

- Ad valorem information;
- Other county financial information;
- State and federal reporting data.

Recommendation: We recommend the County establish Information Security policies and procedures, implement a security awareness training program, and require participation by employees whose positions involve using computers.

Management Response: This was discussed in the Officer's Meeting on August 2, 2004, and it was determined that the personnel policy concerning *Use of County Property* dated May of 2004, contained the appropriate policy and procedures for information security.

CANADIAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

Finding 2003-7 – Ad Valorem Tax

Criteria: Effective internal controls include the following: pre-numbered duplicate receipts be issued, documenting the date received, the receipt number, mode of payment and the amount paid. Receipt numbers should be issued in sequential order with voided receipts retained to insure a complete record of the receipt number sequence.

Title 62 O.S. 2001, § 2913 allows ad valorem taxes to be paid in two installments. If the first half is timely paid by December 31st the taxpayer is allowed to pay the second half by March 31st without incurring any interest penalty. Title 62 O.S. 2001, § 2914, requires that the receipts issued by the treasurer "...shall be, in manner and form, the same as the tax rolls..."

Condition: While performing cash composition testwork for the ad valorem tax billing system, we noted the Manatron system used by the Treasurer, printed receipts that did not record the date payments were received, the receipt numbers, the mode of payment or whether the payment was for half of the bill or in full.

Recommendation: We recommend that the receipt forms printed by the Manatron system be modified to clearly indicate the date of payment, a sequential receipt or control number, the mode of payment and whether the payment was in full or the first or second half payment.

Management Response: Our system does identify cash and check receipts.

Auditor's Response: We did note the daily taxpayer printout does note the mode of payment; however, the actual physical receipt given to the taxpayer does not note the mode of payment.

Finding – 2003-9 – Documentation of all adjustments on Daily Reports

Criteria: Effective internal controls include evidence of adjustments to the general ledger balances and bank balances be reported on daily reports and included in daily jackets to properly account for account activity.

Condition: The audit of the general ledger official depository bank account and official depository account balance revealed that on 46 days of 252 working dates (18%), the bank balance did not agree to the fund balance on the general ledger. Further investigation of these variances revealed that the adjustments were not documented or noted in the daily report; however, the adjustments or corrections were documented in the daily jackets. Additionally, the adjustment or corrections appear to be largely related to bank errors such as "missing bank items", deposit corrections, lock box errors, and non-sufficient fund fees.

Effect: Failing to properly document corrections and adjustment to the official depository bank account and the general ledger balances could result in manipulation of account balances.

CANADIAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

Recommendation: We recommend the County Treasurer document in detail the daily corrections and adjustments to each fund or bank account on the daily report and that the general ledger balance funds be reconciled to the general ledger bank accounts on a daily basis prior to filing the report with the County Clerk to provide proper internal control over the accounting of funds held by the Treasurer in Canadian County.

Management Response: On the depository account we do not receive warrants daily, this means we can't detect an error (encoding or missing items) until we receive and balance our bank statements. (Bank statements are received from 10 to 12 days after the first of the month.) Since we can't detect or anticipate an error until the statement is balanced, we can't note an error on the daily journal until we detect an error. Once the problem is recognized, it is placed on the daily journal. We anticipate more problems in the future as "Check 21" becomes effective and we will no longer receive warrants on a daily basis on the General Account. This will cause detection of errors to be delayed.

SECTION 3 – Findings related to the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.

Finding 2003-8 – Federal Funding

Criteria: OMB Circular A-133, section 300 requires certain auditee responsibilities. Section 300(a) requires that, “the auditee shall identify, in its accounts, all federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and the name of the pass-through entity.” Section 300(b) requires that the auditee “maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

Condition: The County expended \$1,381,894 for the year ended June 30, 2003. Of the total expended, \$784,504 was not identified by the County on its draft schedule of expenditures of Federal awards. During our audit testwork, the following additional awards were identified:

1. The Federal Equitable Sharing Agreement in the amount of \$415,073.
2. The Child Nutrition Cluster (school breakfast & lunch) in the amount of \$22,769.
3. JAIBG Block Grant funds and Byrne Formula Grant funds in the amounts of \$138,000 and \$208,662, respectively.

CANADIAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

Effect: Inaccurate reporting of federal expenditures may lead to the omission of required audit procedures for federal grants and could jeopardize future federal grant opportunities.

Recommendation: We recommend the County establish procedures to assure that its federal programs are being adequately managed and monitored.

Management Response: 1. The County Clerk's office was not aware Federal Equitable Sharing Agreement awarded to the Sheriff's office was reportable. 2.&3. The Schedule of Expenditures of Federal Awards was sent to the Juvenile Justice Center to be completed and (Child Nutrition Cluster, JAIBG Block Grant Funds, Byrne Formula Grant Funds) were left off in error. The County Clerk's office will now verify report before sending back to auditors.

SECTION 4 - Other Audit Findings - This section contains audit findings not required to be reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, but which we believed were significant enough to bring to the County's attention. We recommend that the County consider these matters and take appropriate corrective action.

Finding 2003-1 - Exempt Manufacturing Tax Reimbursement

Criteria: Title 68 O.S. 2001, § 2919 states: "Whenever any taxes are paid, the county treasurer shall write upon the tax roll, opposite the description of the real estate or property whereon the same were levied, the word Paid together with the date of such payment and the name of the person paying the same."

Condition: The County Treasurer's office entered the exempt manufacturing payment received from the Oklahoma Tax Commission in June into the Manatron system dating the receipt June 31, 2003 (invalid date). The amount was then apportioned manually; however, the system was manipulated in order to show the taxes as paid and exclude the amounts from the monthly tax apportionment performed by the system.

Effect: The Manatron tax collection system can be manipulated to allow posting to nonexistent dates, thereby bypassing the apportionment routine and effectively invalidating the system controls.

Recommendation: We recommend the County Treasurer notify the software vendor of the programming error that allows posting of payments on nonexistent dates and request a software update to correct this error.

Management Response: The County Treasurer's office is in the process of bidding a new software program that will have tighter controls.

**CANADIAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003**

Finding – 2003-6 – Pledged Collateral

Criteria: Title 62 O.S. 2001, § 517.4 states: “A treasurer of a public entity shall require that financial institutions deposit collateral securities or instruments to secure the deposits of the public entity in each such institution ...such amount shall not be less than the amount of the deposit to be secured, less the amount insured.”

Condition: During the heavy property tax collection period tested from January 22, 2003 to February 6, 2003, the amount of collateral pledged was not adequate in the amount of \$2,404,241.96 to cover the County’s deposits in one of its banks (Bank of Oklahoma).

At June 30, 2003, the same bank was underpledged by \$1,481,821.29.

Effect: The County’s deposits were not adequately collateralized and at risk in the event of a bank failure.

Recommendation: We recommend during heavy tax collections, pledged collateral be increased and/or some cash be invested in 90 or 180 day T-Bills to reduce funds on deposit and comply with 62 O.S. 2001, § 517.4.

Management Response: The County Treasurer will continue to monitor tax collections during tax season to ensure collateral is adequate. Bank of Oklahoma will pledge ample Letters of Credit at beginning of tax season to cover collections.

**Statistical Data
(Unaudited)**

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

TAXPAYER NAME	JANUARY 1, 2002 NET ASSESSED VALUATION	% OF TOTAL NET VALUATION
Oklahoma Gas & Electric Co.	\$ 21,024,977	4.93%
Southwestern Bell Tele LP	10,886,712	2.55%
Xerox Corp	8,633,638	2.03%
Normac/Lopez	4,097,628	0.96%
Duke Energy Field Services Inc.	3,602,811	0.85%
CMI Corporation	2,877,697	0.67%
Oklahoma Natural Gas Co.	2,783,679	0.65%
Sprint Comm. Co. LP	2,591,961	0.61%
Seagate Technology Inc.	2,383,201	0.56%
Enogex Gas Gathering LLC	2,028,224	0.48%
Total	<u>\$ 60,910,528</u>	<u>14.29%</u>

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

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

Total net assessed value as of January 1, 2002		<u>\$ 426,377,037</u>
Debt limit - 5% of total assessed value		\$ 21,318,852
Total bonds outstanding	0	
Total judgments outstanding	0	
Less cash in sinking fund	<u>0</u>	<u>-</u>
Legal debt margin		<u>\$ 21,318,852</u>

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

	2003
Estimated population	87,697
Net assessed value	\$ 426,377,037
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0%
Net bonded debt per capita	\$ -

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

<u>Tax Year</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
2002	\$56,249,534	\$44,900,740	\$347,038,553	\$21,811,790	\$426,377,037	\$3,784,906,892