



The City of
OKLAHOMA CITY

December 20, 2011

The Mayor and City Council:

The Office of the City Auditor has examined the schedule of public safety sales tax revenues, expenditures, and fund balances (Schedule) included in the accompanying Public Safety Sales Tax Report for the fiscal year ended June 30, 2011. The Schedule was prepared by City of Oklahoma City (City) management to (1) present public safety sales tax revenues, expenditures and fund balances as included in the City's audited Comprehensive Annual Financial Report, and (2) inform the citizens that public safety sales tax expenditures and results therefrom complied with the Journal Entry of Judgment (Journal Entry) filed on January 12, 1993, in Oklahoma County District Court. Our responsibility is to express an opinion based upon our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the Schedule and the City's compliance with the Journal Entry and performing such other procedures as considered necessary under the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Schedule presents fairly, in all material respects, public safety sales tax revenues, expenditures and fund balances as included in the City's audited Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. Also, in our opinion, during the fiscal year ended June 30, 2011, public safety sales tax expenditures and results therefrom complied, in all material respects, with limitations established in the Journal Entry.

Our examination was conducted for the purpose of forming an opinion on the Schedule as a whole. The graphs and tables included in the accompanying Public Safety Sales Tax Report are presented for purposes of additional analysis and are not a required part of the Schedule. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Schedule. The information has been subjected to the procedures applied during our examination of the Schedule and certain additional procedures, including reconciling such information directly to the underlying accounting and other records used to prepare the Schedule or to the Schedule itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the Schedule taken as a whole.


Jim Williamson
City Auditor


Matt Weller
Assistant City Auditor


Janet McWilliams
Audit Manager



Public Safety Sales Tax Report

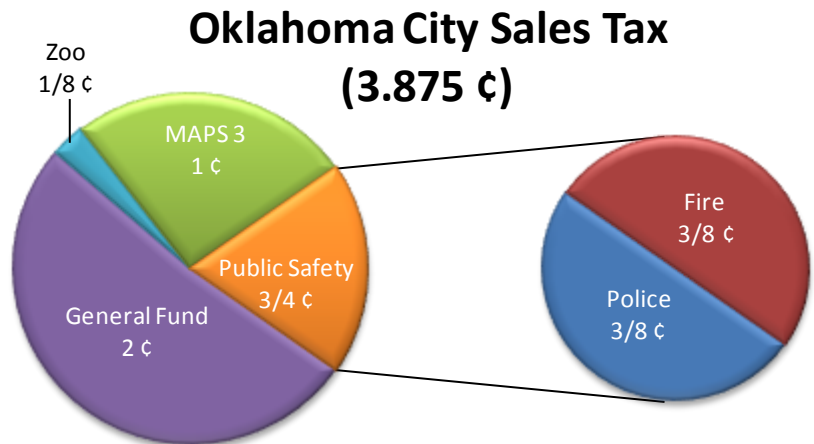
City of Oklahoma City

Fiscal Year 2010-2011

Introduction

On June 20, 1989, Oklahoma City voters approved a permanent 3/4-cent sales tax to fund public safety. The additional funds generated by the tax have increased the City's ability to fight crime and protect citizens against the dangers of fire on a daily basis. The public safety sales tax ordinance (Ordinance No. 19,226) earmarks the tax for police, firefighting and fire-rescue "services, facilities, and /or equipment", commencing with certain *listed projects*. The ordinance also permits funding of *other projects*.

In January 1993, the City of Oklahoma City reached an agreement with certain organizations and taxpayers regarding the use of the public safety sales tax proceeds. This agreement was made a District Court order through the Journal Entry of Judgment which requires that the City publish an annual Public Safety Sales Tax Report. This report explains the procedures to be followed when spending tax revenue for *listed projects* and *other projects* and summarizes revenues and expenditures from July 1, 2010, through June 30, 2011.



Schedule of FY 2010-2011 Revenues, Expenditures, and Fund Balances (GAAP Basis)

	POLICE	FIRE
Beginning Fund Balance	\$7,904,678	\$6,989,146
Revenues	35,537,246	35,472,004
Expenditures	33,022,213	33,751,156
Ending Fund Balance ¹	\$10,419,712	\$8,709,994

FY 2010 - 2011 Uniformed Positions By Funding Source

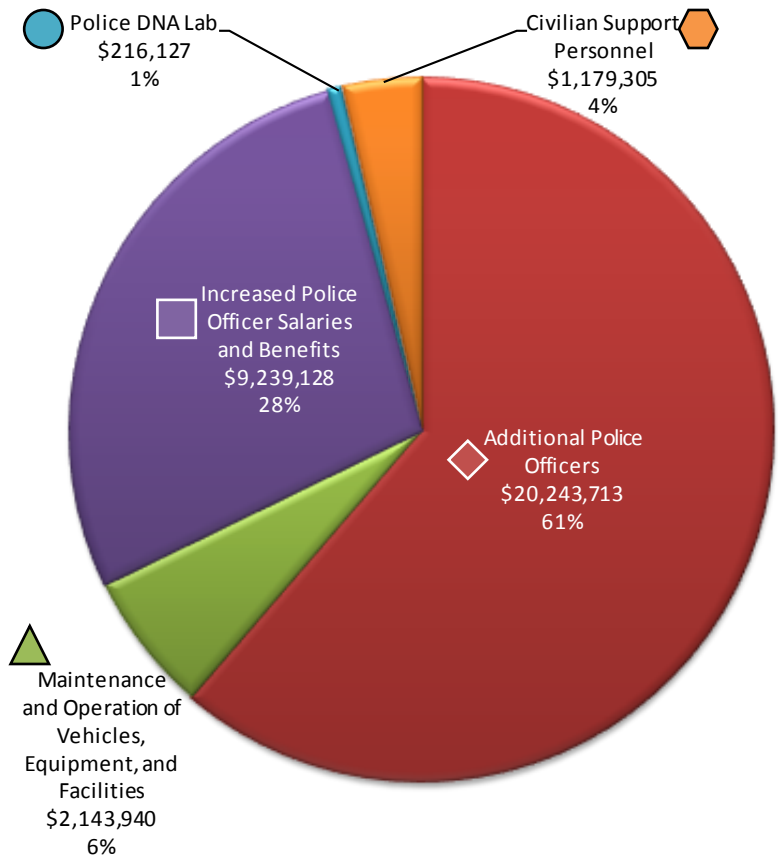
	POLICE ²	FIRE ³
General Fund	743	675
MAPS 3 Use Tax Fund	55	45
Sales Tax Fund	226 ⁴	202
Total Uniformed Positions	1,024	922

POLICE PUBLIC SAFETY SALES TAX FUND

**Police Public Safety Sales Tax Projects
As of June 30, 2011**

- Projects Commenced and Continuing
- ◆ Salaries and Benefits for Post-Tax Police Officers
 - Increased Salaries and Benefits for Pre-Tax Police Officers
 - ⬡ Civilian Support Personnel
 - ▲ Maintenance and Operation Costs for Vehicles, Equipment, and Facilities
 - Operation Costs for DNA Laboratory

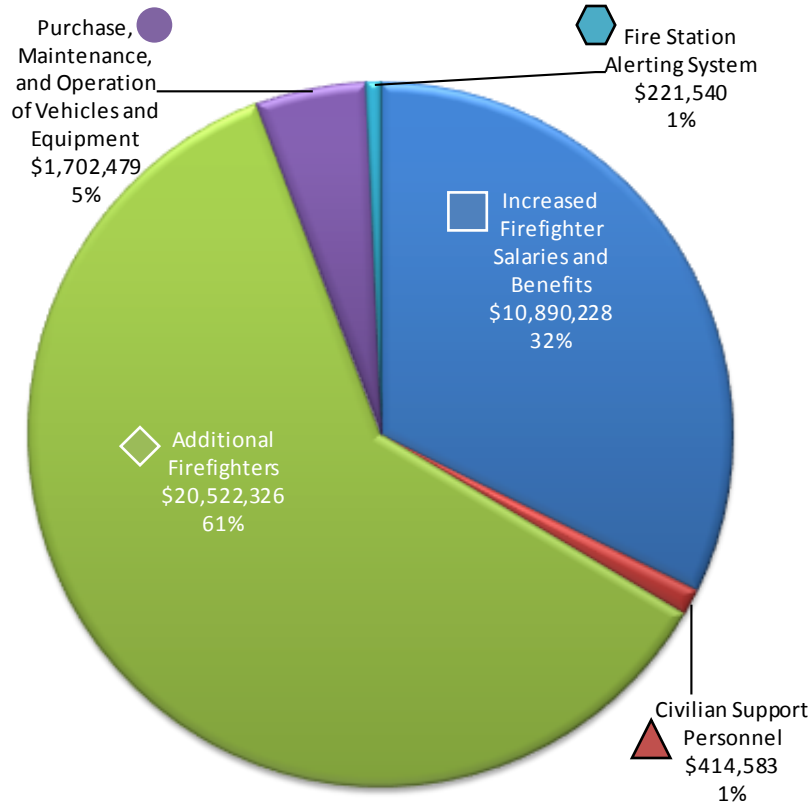
- Projects Commenced with Completion Date
- ▲ Police Headquarters Renovation⁵
 - ▲ Police Property Room Renovation
 - ◆ Unremibursed Salaries and Benefits for Seven Police Officer Positions Substantially Funded by a Federal Grant⁴



**Total Expenditures
\$33,022,213**

FIRE PUBLIC SAFETY SALES TAX FUND

**Fire Public Safety Sales Tax Projects
As of June 30, 2011**



**Total Expenditures
\$33,751,156**

Projects Commenced and Continuing

- ◆ Salaries and Benefits for Post-Tax Firefighters
- Increased Salaries and Benefits for Pre-Tax Firefighters
- ▲ Civilian Support Personnel
- Purchase and Maintenance of Fire Fighting Tools and Equipment
- Advanced Life Support Equipment Training for New Paramedics
- Physical Wellness Program Training, Equipment and Services for Firefighters

Projects Completed/Purchased

- ◆ Fire Station Alerting System

Projects Commenced with Completion Date

- Purchase of Computers, Telephones, and Audio Visual Equipment

Overview of Spending

The Journal Entry requires that information presented in this Report be presented consistently with the financial information in the City's audited Comprehensive Annual Financial Report (CAFR), which uses the generally accepted accounting principles (GAAP) basis of accounting. The GAAP basis fund balance for the Police and Fire Public Safety Sales Tax Funds includes revenue and expense accruals. These fund balance amounts do not necessarily reflect cash available for future operations.¹

The schedule on page 1 provides a financial summary of the Police and Fire Public Safety Sales Tax Funds for the fiscal year. A schedule indicating the year-end status of certain projects and graphs depicting expenditures by category are also included on pages 2-3.

Spending Policies and Procedures

Several controls are in place to ensure that public safety sales tax funds are spent only for public safety improvements:

- Revenues are placed in separate funds.
 - Ordinance No. 19,226 lists specific voter approved *listed projects* funded by the tax.
 - Two public hearings are conducted to inform citizens about *other projects* proposed for funding by the tax.
 - Proposed projects are adopted by City Council Resolution each fiscal year.
 - As required by the Journal Entry, the City Auditor audits this annual report.
-

Project Type

As noted above, City Ordinance No. 19,226 earmarks the tax for the purpose of providing police, firefighting, and/or fire-rescue "services, facilities and/or equipment," and establishes two specific types of projects, *listed projects*

and *other projects*. *Listed projects* are specific projects cited in City Ordinance No. 19,226. They include staffing, equipment, and new or improved facilities. *Other projects* provide new, additional, or increased police, firefighting, or fire rescue services and/or new, additional, or improved facilities or equipment. City Council must authorize by resolution *other project* expenditures. As of January 1993, all *other projects* must comply with criteria set forth in the Journal Entry.

Other Project Criteria

Project Description

For an *other project* to be funded, the Police and Fire Departments must present a complete description of the project, including its cost and purpose, to the City Council. The description must show the *other project* will provide new, additional, or increased police, firefighting, or fire rescue services and/or new, additional, or improved facilities or equipment.

Public Hearing

The City Council must hold two public hearings on *other projects* proposed for public safety sales tax funding and make the project description available to the public at least three days before the first public hearing. Projects may begin after the two public hearings and City Council approval.

Project Status

Projects are categorized each fiscal year into one of three categories. The project categories are as follows:

Commenced and Continuing - Includes projects that are recurring in nature. Examples would be the salaries and benefits for post-tax police officers and firefighters added as a result of the public safety sales tax and the increased salaries and benefits for pre-tax police officers and firefighters.

Completed/Purchased - Includes projects and other items which were completed, placed in service, or purchased during the fiscal year.

Commenced with Completion Date - Includes projects that are in various states of completion with an expected completion date in the near future. An example of this would be refurbishment to a fire truck that was commenced in one fiscal year and completed in a subsequent fiscal year.

Endnotes

¹ For cash management purposes, the City uses a budgetary basis of accounting that includes encumbrances. Using the budgetary basis of accounting, the fund balance in the Police and Fire Public Safety Sales Tax Funds totaled \$3,612,523 and \$3,688,623 respectively, as of June 30, 2011.

² The Journal Entry of Judgment designated 811 uniformed Police Department positions as pre-tax. The City and the Fraternal Order of Police agreed to civilianize a uniformed position that existed prior to approval of the Public Safety Sales Tax in a memorandum of understanding dated February 24, 2003, reducing designated pre-tax positions to 810. For FY 2010-2011, the City Council exercised their discretion under State law to fund 798 pre-tax positions from the General Fund and MAPS 3 Use Tax Fund.

³ The Journal Entry of Judgment designated 738 uniformed Fire Department positions as pre-tax. A City Council Resolution dated January 18, 1997 designated 748 uniformed positions as pre-tax. For FY 2010-2011, the City Council exercised their discretion under State law to fund 720 pre-tax positions from the General Fund and MAPS 3 Use Tax Fund.

⁴ Seven of the 226 positions in the Police Public Safety Sales Tax Fund were substantially

funded by a federal grant during the fiscal year ended June 30, 2011.

⁵ The Journal Entry states that two listed projects, construction of a heliport on the Police headquarters building and renovation of the City jail building, were to be held in abeyance until determined necessary by the City Council. In December 2007, City voters approved a General Obligation Bond project to renovate the Police headquarters building. On July 1, 2008, the City Council approved a Resolution directing that Public Safety Sales Tax funds previously set aside for the jail building renovation and heliport be used specifically for renovation of the Police headquarters building.