



MEMORANDUM

Council Agenda
Item No. IX. BA
1/3/2023

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: Craig Freeman, City Manager

Receive Fiscal Year 2022 Public Safety Sales Tax Report.

Background:

The Public Safety Sales Tax Report is required by the Journal Entry of Judgment and covers the fiscal year ended June 30, 2022. It contains information about project status, revenues, expenditures and fund balance. The Report will be available to citizens through the City Clerk's Office and online at www.okc.gov.

The Office of the City Auditor is required by the Journal Entry of Judgment to examine the information in the Report. The City Auditor issued an opinion stating that the Public Safety Sales Tax Report presents fairly, in all financially material respects, public safety sales tax revenues, expenditures and fund balances as included in the City's audited Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. Also included in the opinion is a statement that the City has complied in all financially material respects with the limitations established in the Journal Entry of Judgment during the fiscal year ended June 30, 2022. The Office of the City Auditor's opinion letter is attached to the Report.

As Staff worked to develop the report, it was noted that two projects approved by Council on June 22, 2021 (Item No. IX. S.1&2, R.1&2) exceeded their planned appropriation. Exhibit B to the resolution approved the expenditure of funds for maintenance and operation costs for police vehicles and equipment estimated at \$1,875,421. The total amount expended was \$2,103,267.18, which exceeded the resolution amount by \$227,846.18 due to higher than budgeted fuel cost. Exhibit D to the resolution approved the expenditure of funds for fire support personnel not to exceed \$873,653. The total amount expended was \$979,368.99, which exceeded the resolution amount by \$105,715.99, due to accrued leave payouts being higher than budget and a few new employees hired at starting salaries greater than budget.

There is no legal requirement for amending the listed projects resolution estimated amounts when they are exceeded. However, in the interest of transparency, Staff desired to inform the Council of this difference.

Review:
Finance Department

Recommendation: Report be received.



**The City of
OKLAHOMA CITY**

January 3, 2023

The Mayor and City Council:

The Office of the City Auditor has audited the accompanying Public Safety Sales Tax Report (Report), which is intended to reflect public safety sales tax revenues, expenditures and fund balances and results therefrom as included in the City's audited Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2022.

Procedures performed during our audit included examining documents and schedules supporting expenditures of public safety sales tax funds; agreeing amounts reflected in the Report to the ACFR; analyzing public safety sales tax expenditures for compliance with the Journal Entry of Judgement (Journal Entry) filed on January 12, 1993, in Oklahoma County District Court and reviewing for fair presentation other information included in the Report.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). GAGAS requires that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Based on the results of our audit, we believe that:

- The Report presents fairly, in all material respects, public safety sales tax revenues, expenditures and fund balances as included in the City's ACFR for the fiscal year ending June 30, 2022; and
- Public safety sales tax expenditures and results therefrom, complied, in all material respects, with limitations established in the Journal Entry during the fiscal year ending June 30, 2022.

Handwritten signature of Matt Weller in black ink.

Matt Weller
City Auditor

Handwritten signature of Christy Barron in black ink.

Christy Barron
Audit Manager



Public Safety Sales Tax Report

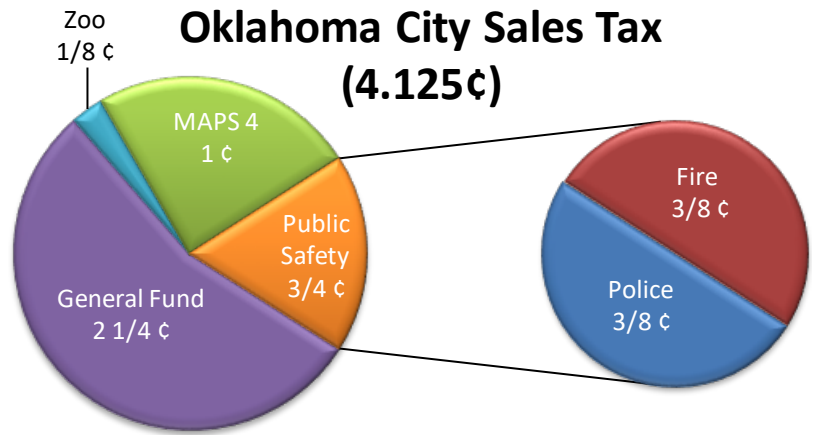
City of Oklahoma City

Fiscal Year 2022(FY22)

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, 2021, through June 30, 2022.



Schedule of FY22 Revenues, Expenditures, and Fund Balances (GAAP Basis)

	POLICE ²	FIRE ³
Beginning Fund Balance	\$ 24,942,003	\$ 22,714,726
Revenues	51,516,840	54,032,634
Expenditures	41,882,267	49,102,258
Ending Fund Balance ¹	\$ 34,576,576	\$ 27,645,102

FY22 Uniformed Positions By Funding Source

	POLICE ⁴	FIRE ⁵
General Fund	1,015	797
Sales Tax Fund	220	202
Total Uniformed Positions	1,235	999

POLICE PUBLIC SAFETY SALES TAX

Police Public Safety Sales Tax

Projects

As of June 30, 2022

Projects Commenced and Continuing

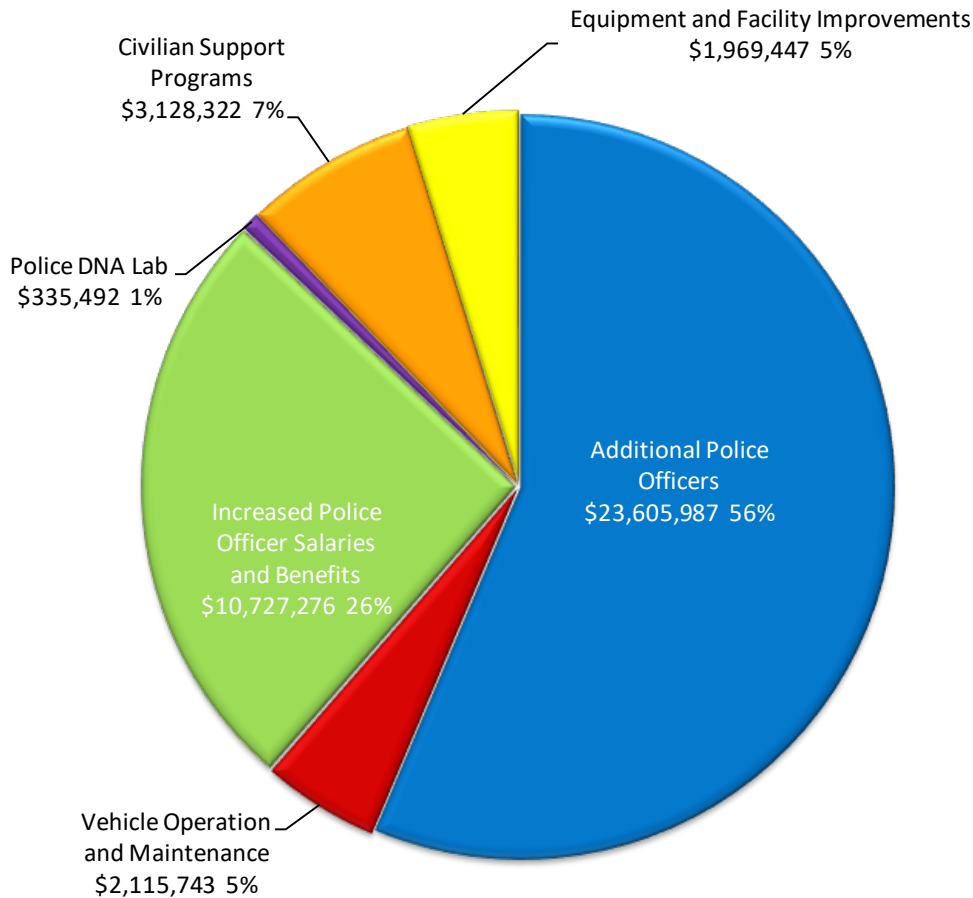
- Salaries and Benefits for Post-Tax Police Officers²
- Increased Salaries and Benefits for Pre-Tax Police Officers
- Salaries and Benefits for Civilian Support Personnel
- Vehicle Operation and Maintenance
- Operation Costs for DNA Laboratory
- Recruit Services, Supplies and Equipment
- Salaries and Benefits for Property Crime Specialist Program
- Salaries and Benefits for Crime Analyst Position
- Facility Improvements
- Services, Supplies and Equipment
- Police Headquarters Parking Lot

Projects Commenced with Completion Date

- Timekeeping System Upgrade
- Police Facility Ballistic Glass Project

Projects Completed and Purchased

- Canine/Equine Facility Roof Replacement



Total Expenditures
\$41,882,267

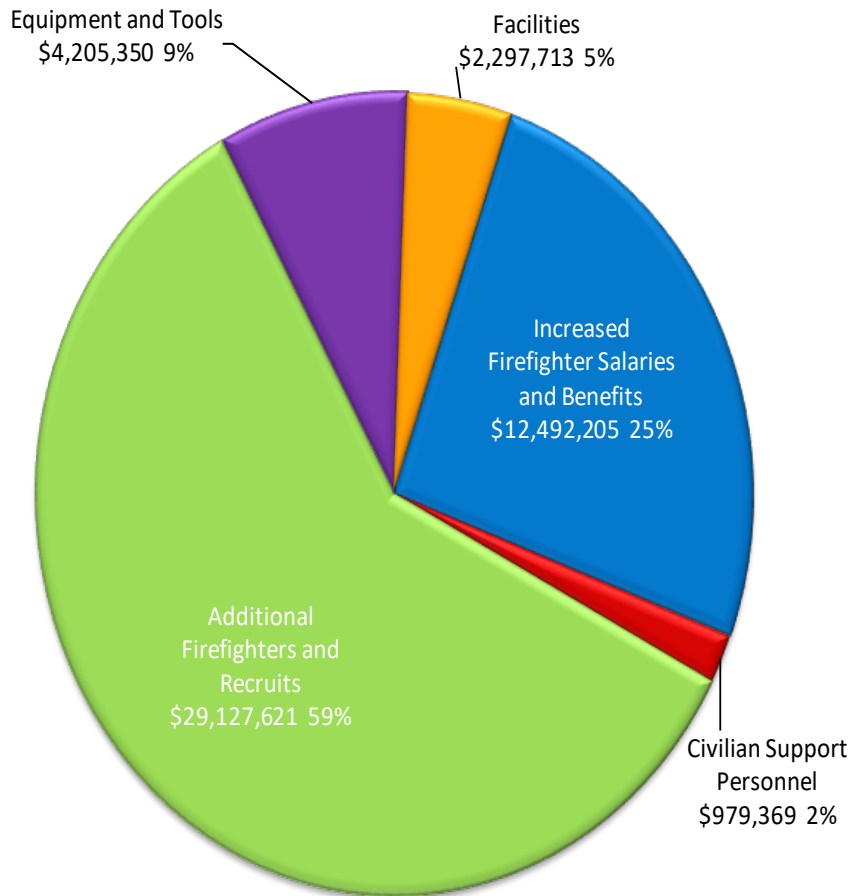
FIRE PUBLIC SAFETY SALES TAX FUND

Fire Public Safety Sales Tax Projects

As of June 30, 2022

Projects Commenced and Continuing

- Salaries and Benefits for Post-Tax Firefighters³
- Increased Salaries and Benefits for Pre-Tax Firefighters
- Salaries and Benefits for 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
- Salaries, Benefits and Uniforms for Recruits
- Fire Facility Repairs and Maintenance
- Purchase of Technology Equipment
- Fire Station—New Construction and Remodels



Total Expenditures
\$49,102,258

Overview of Spending

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

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*. As noted above, *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.

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.

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

Endnotes

¹ The Journal Entry requires that information presented in this Report be presented consistently with the financial information in the City's audited Annual Comprehensive Financial Report (ACFR), 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.

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 \$25,814,117 and \$18,216,233 respectively, as of June 30, 2022.

² The revenue and expenditure amounts include \$1,337,286 for pension payments made by the State of Oklahoma to the Oklahoma Police Pension & Retirement System on behalf of uniformed positions funded by the Police Public Safety Sales Tax Fund.

³ The revenue and expenditure amounts include \$3,668,403 for pension payments made by the State of Oklahoma to the Oklahoma Firefighters Pension & Retirement System on behalf of uniformed positions funded by the Fire Public Safety Sales Tax Fund.

⁴ 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 FY22, the City Council exercised their discretion under State law to fund 1,015 pre-tax positions from the General Fund. These positions include the restoration of 34 positions that were frozen in FY21.

⁵ 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 FY22, the City Council exercised their discretion under State law to fund 797 pre-tax positions from the General Fund. These positions include the restoration of 21 positions that were frozen in FY21.