



The City of
OKLAHOMA CITY
OFFICE OF THE CITY AUDITOR

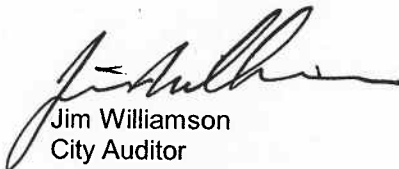
December 23, 2008

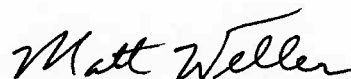
The Mayor and City Council:

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, 2008. 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. We examined, on a test basis, evidence supporting the Schedule and the City's compliance with the Journal Entry and performed 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 financially 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, 2008. Also, in our opinion, during the fiscal year ended June 30, 2008, public safety sales tax expenditures and results therefrom complied, in all financially material respects, with limitations established in the Journal Entry. Other graphs and tables included in the accompanying Public Safety Sales Tax Report are presented for additional information. These graphs and tables have been subjected to the procedures applied during our examination of the Schedule and, in our opinion, are fairly stated in all financially material respects in relation to the Schedule taken as a whole.


Jim Williamson
City Auditor


Matt Weller
Assistant City Auditor

**The City of Oklahoma City
Public Safety Sales Tax Report
Fiscal Year 2007-2008**

Concerned citizens circulated an initiative petition to call an election to make Oklahoma City safer by earmarking funds for improved police and fire protection in early 1989. 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 (City) reached an agreement with certain organizations and taxpayers regarding the use of public safety sales tax proceeds. This agreement was made a District Court order through the Journal Entry of Judgment (Journal Entry). The Journal Entry requires that the City publish an annual Public Safety Sales Tax Report (Report). This Report explains the procedures that must be followed in spending the tax revenue for *listed projects* and *other projects* and summarizes revenues and expenditures from July 1, 2007, through June 30, 2008.

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 principals (GAAP) basis of accounting. The GAAP basis of accounting is discussed further in Note I on page 9 of this report.

The Police Public Safety Sales Tax Fund began the fiscal year with a GAAP basis fund balance of \$11.5 million. Revenues for the fiscal year totaled \$34.1 million, while expenses totaled \$34.8 million. The remaining GAAP basis fund balance in the Police Public Safety Sales Tax Fund was \$10.8 million as of June 30, 2008.

The Fire Public Safety Sales Tax Fund began the fiscal year with a GAAP basis fund balance of \$9.9 million. Revenues for the fiscal year totaled \$34.1 million, while expenses totaled \$32.8 million. The remaining GAAP basis fund balance in the Fire Public Safety Sales Tax Fund was \$11.2 million as of June 30, 2008.

The schedule on page 6 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 4-5 and pages 7-8, respectively.

Spending Policies and Procedures

Several controls were established 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 the Report annually. The City Auditor's opinion letter on the Report is attached.

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 Resolutions must authorize *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 specified 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.

Pages 4 and 5 present the year-end status of selected public safety sales tax projects.

**Police Department
Public Safety Sales Tax Projects
As of June 30, 2008**

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 and Equipment
- Maintenance and Operation Costs for Automated Fingerprint Identification System
- Operation Costs for DNA Laboratory
- Salaries and Benefits, Uniforms, Materials, Services and Equipment for Recruits

Projects Completed/Purchased

- Purchase and Installation of Wireless Communication Equipment at Briefing Stations
- Purchase and Installation of Security System at Police Equine and Canine Facility
- Draper Ranger Station HVAC Replacement

Projects Commenced with Completion Date

- Police Headquarters Renovation¹
- Police Property Room Renovation

See accompanying note to this report.

¹ 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. Preliminary plans for this renovation include demolition of the City jail building but do not currently include a heliport. The need for the heliport will be assessed as part of the renovation project. 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.

**Fire Department
Public Safety Sales Tax Projects
As of June 30, 2008**

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

- Purchase and Installation of Vehicle Exhaust Extraction Systems

Projects Commenced with Completion Date

- Salaries and Benefits for Advanced Life Support Recruits
- Purchase of Computer, Telephone, and Audio-Visual Equipment

See accompanying note to this report.

