

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
FINANCIAL STATEMENTS - CASH BASIS  
AND INDEPENDENT AUDITOR'S REPORTS  
FOR THE YEAR ENDED JUNE 30, 2004**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

July 5, 2005

TO THE BOARD OF THE  
OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT

Transmitted herewith is the audit of the Oklahoma City-County Health Department for the fiscal year ended June 30, 2004. The audit was conducted in accordance with *Government Auditing Standards*.

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 Oklahoma City-County Health Department.

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

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

Sincerely,

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

JEFF A. McMAHAN  
State Auditor and Inspector

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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**BOARD MEMBERS**

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**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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**INTRODUCTION**

The Oklahoma City-County Health Department (the OCCHD) is a special unit of government, which does not possess political or governmental powers other than those necessary to carry out the specific purpose for which it was created. The Department was created pursuant to 63 O.S. § 1-214 and a 1956 operating agreement (revised in 1996) between Oklahoma County and Oklahoma City. The Department provides public health services to all citizens of Oklahoma County.

The governing board of the Department is the City-County Board of Health, created in accordance with 63 O.S. § 1-210. The purpose of the Board is to preserve and promote public health and to assist in the formulation and adoption of uniform health ordinances, rules and regulations within the jurisdiction of the Board. The Board consists of nine members. Five members are appointed by the City Council of Oklahoma City, and four members are appointed by the Board of County Commissioners of Oklahoma County. The Board of Health business meetings are open to the public.

Article X, § 9A of the Oklahoma Constitution authorized the formation of county health departments and authorized a tax levy not to exceed two and one-half mills for the purpose of providing public health services. County voters approved a two and one-half-mill levy to support the operations of the OCCHD. County voters subsequently voted to repeal the personal property tax. The initiative provided that the real property tax levy was increased to make up for the loss of taxable personal property and is now 2.59 mills. Besides the ad valorem tax levy, other significant sources of funding include federal and state grants and contracts.

The operating agreement between Oklahoma County and Oklahoma City provides that the Department will be audited by the State Auditor and Inspector.

See independent auditor's report as it relates to supplementary information.

## **FINANCIAL SECTION**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE BOARD OF THE  
OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT

We have audited the accompanying financial statements of the general fund of the Oklahoma City-County Health Department, as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the Department. 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.

As discussed in Note 1, the Oklahoma City-County Health Department prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Also discussed in Note 1, the financial statements present only the general fund and do not purport to, and do not, present fairly the financial position of the Oklahoma City-County Health Department, as of June 30, 2004, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

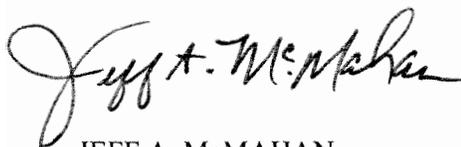
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the general fund of the Oklahoma City-County Health Department, as of June 30, 2004, and the changes in financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2005, on our consideration of Oklahoma City-County Health Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Budgetary Comparison Schedule is not a required part of the financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the Budgetary Comparison Schedule, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it. The Oklahoma City-County Health Department has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the financial statements of the Oklahoma City-County Health Department. 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* and is not a required part of the financial statements of the Oklahoma City-County Health Department. The accompanying schedule of expenditures of state awards is presented as required by Oklahoma City-County Health Department's contracts with the Oklahoma State Department of Health. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion, is fairly stated, in all material respects, in related to the financial statements taken as a whole. The *Introductory Section* is presented for purposes of additional analysis and is not a required part of the financial statement. The *Introductory Section* has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on such information.

Sincerely,



JEFF A. McMAHAN  
State Auditor and Inspector

March 15, 2005

## **Financial Statements**

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
GOVERNMENTAL FUND TYPE - GENERAL FUND  
BALANCE SHEET - CASH BASIS  
JUNE 30, 2004**

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	<u>General Fund</u>
Assets:	
Cash	\$ 6,018,874
Total Assets	<u>\$ 6,018,874</u>
Fund Balance:	
Fund Balance Arising From Cash Transactions	\$ 6,018,874
Total Fund Balance	<u>\$ 6,018,874</u>

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

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
GOVERNMENTAL FUND TYPE - GENERAL FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	General Fund
Cash Receipts:	
Ad Valorem Taxes	\$ 9,540,427
Charges for Services	476,654
Intergovernmental Revenues	4,329,623
Miscellaneous	47,042
Total Cash Receipts	14,393,746
Cash Disbursements:	
Personal Services	10,645,586
Maintenance and Operations	2,564,021
Capital Outlay	880,615
Total Cash Disbursements	14,090,222
Excess of Cash Receipts Over Cash Disbursements	303,524
Fund Balance Arising From Cash Transactions, July 1, 2003	5,715,350
Fund Balance Arising From Cash Transactions, June 30, 2004	\$ 6,018,874

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

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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1. Summary of Significant Accounting Policies

The accompanying financial statements present the receipts, disbursements, and changes in cash balances of the general fund of the Oklahoma City-County Health Department (the OCCHD or the Department). The fund presented is established under statutory authority, and its operation is under the control of the Oklahoma City-County Board of Health (Board). The more significant accounting policies and practices are described below.

A. Reporting Entity

The OCCHD is a special unit of government, which does not possess political or governmental powers other than those necessary to carry out the specific purpose for which it was created. The Department was created, pursuant to 63 O.S. § 1-214 and a 1956 operating agreement (revised in 1996) between Oklahoma County and Oklahoma City. The Department provides public health services to all citizens of Oklahoma County. The Department is not subject to federal or state income taxes.

The governing board of the Department is the City-County Board of Health (Board), created in accordance with 63 O.S. § 1-210. The purpose of the Board is to preserve and promote public health and to assist in the formulation and adoption of uniform health ordinances, rules and regulations within the jurisdiction of the Board. The Board consists of nine members. Five members are appointed by the City Council of Oklahoma City, and four members are appointed by the Board of County Commissioners of Oklahoma County.

The accompanying financial statements include all OCCHD funds, functions, and activities over which the Board exercises significant influence. Significant influence or accountability is based primarily on the oversight exercised by the Board. The Department is not a component unit of another government and does not have any component units. The primary sources of funding for the Department are a countywide ad valorem tax levy, charges for services, and intergovernmental grants and contracts.

Related Organization Excluded from the Reporting Entity

The Board of Health was responsible for the initial appointment of members of the board of a non-profit corporation, but the Department's accountability for this organization does not extend beyond making the appointments. The following organization is not included in the financial statements:

Partners in Public Health, Inc. is a not-for-profit corporation organized for "charitable and educational" purposes.

B. Fund Accounting

A government uses funds to report 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.

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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Summary of Significant Accounting Policies (continued)

General Fund - The general fund is the Department's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. Any other funds presented would account for financial resources whose use is restricted for specified purposes. The cash resources reported in the general fund are unrestricted.

C. Basis of Accounting

The financial statements are prepared on a cash 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. Cash basis presentations that only report receipts and disbursements of cash do not satisfy reporting requirements of operational accountability and do not provide a comprehensive measure of the government's true economic-based financial condition and changes therein.

D. Cash and Equivalents

State statutes authorize the OCCHD to invest in obligations of the U.S. Treasury, certificates of deposit, or savings accounts of banks, savings and loans, and trust companies, if secured by acceptable collateral where the collateral has been deposited with a trustee or custodian bank.

All funds were fully invested or deposited in interest-bearing demand accounts at June 30, 2004.

E. Risk Management

The OCCHD is exposed to various risks of loss related to: torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The OCCHD carries commercial insurance for its physical plant, participates in the Oklahoma State health and dental plans for its health benefits coverage for employees, is self-insured for errors and omissions and for other general liability and workers compensation. Management believes such coverage is sufficient to preclude any significant uninsured losses to the OCCHD. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the Governmental Tort Claims Act in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the 2004 fiscal year.

F. Compensated Absences

Annual Leave - Accrual rates vary in four stages from 15 days (10 hours/month) per year for less than 5 years to 25 days (16 2/3 hours/month) per year for 15 or more years. Maximum accumulation of annual leave is limited to 60 days or 480 hours.

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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Summary of Significant Accounting Policies (continued)

Sick Leave - The accrual rate for sick leave is 15 days (10 hours/month) with no accumulation limit. The amount of sick leave that can be credited towards retirement is based on the most current retirement plan in effect at the time. In December 2003, the Department implemented a policy allowing up to 40 hours of sick leave to be converted to annual leave or to be paid each fiscal year, provided a minimum of 180 hours of sick leave is maintained.

2. Stewardship, Compliance, and Accountability

Budgetary Compliance

Pursuant to 68 O.S. § 3002, on or before August 17 of each year, a budget for each fund, as required by the Board, shall be completed. The budget is adopted by fund and object and submitted to the Oklahoma County Excise Board for approval. The Board may approve changes of appropriations within the fund by object. To increase or decrease the budget by fund requires approval by the Oklahoma County Excise Board.

3. Detailed Notes on Account Balances

A. Deposits

At year-end, the cash balance consisted of amounts in demand deposits and certificates of deposit. The reported amount of the OCCHD's deposits was \$6,018,874 and the bank balance was \$6,202,470. Of the bank balance, all funds were covered by federal depository insurance or collateral held by the Department's agent in the Department's name.

B. Description of Funds

During the year ended June 30, 2004, the OCCHD used only a general fund.

C. Ad Valorem Tax

The 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. The tax is collected by the County Treasurer and remitted to the OCCHD.

The assessed property value as of January 1, 2003, was \$3,722,577,893 after deducting homestead exemptions of \$132,806,559.

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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Detailed Notes on Account Balances (continued)

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, 2004, were approximately 92.1 percent of the tax levy.

D. Pension Plan

Plan Description. In 1991, the Department converted to a defined contribution plan. The defined contribution plan is administered by Massachusetts Mutual Life Insurance Company. Employees working 1,000 or more hours annually are eligible to participate in the plan. The plan may be amended from time to time by action of the Department's Board of Health.

Eligible participants may choose to invest their individual retirement funds in a variety of mutual fund and other investment options available through the plan administrator.

Benefits under the defined contribution plan include entitlement to the amount in the individual employee's account upon retirement, or upon termination of employment due to total and permanent disability. Partial vesting accrues after the second year at the rate of twenty percent (20%) per year, until 100% vesting is completed at the end of six years of service. Upon the death of a vested participant, his or her beneficiary(ies) are eligible to receive the participant's retirement benefits.

Retiring participants may choose from a variety of options from the distribution of benefits under the defined contribution plan. These options include immediate lump sum distribution of the entire account balance, various installment style distributions and/or various annuity options.

The Department contributes 12% of each employee's salary. Employees make no contributions. The Department's cash contributions to the defined contribution plan for the year ending June 30, 2004, were \$841,015. A copy of the plan may be obtained from the Oklahoma County Clerk's Office at 320 Robert S. Kerr, Room 105, Oklahoma City, Oklahoma or you may call 405-713-1400.

E. Capital Leases

The Department is paying on a fifteen (15) year capital lease for the new Health Center West Clinic Building. The lease agreement is with the Oklahoma City Industrial and Cultural Facilities Trust. Payments made by the Department will be used to pay the principal and interest on the Trust's revenue bonds related to the building project. At the end of the lease agreement, the Department plans to take possession of the clinic building for a minimal fee.

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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Detailed Notes on Account Balances (continued)

During the year ending June 30, 2004, the Department paid \$81,855 in principal and interest on the clinic building. No additional lease purchase obligations were incurred.

F. Construction and Other Significant Commitments

As of June 30, 2004, the OCCHD had in progress approximately \$450,000 for a loading dock and inventory storage addition on the east side of the OCCHD main building. The addition is expected to be completed in fiscal year 2005.

G. Contingent Liabilities

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

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

H. Federal Grants

In the fiscal year ended June 30, 2004, the Department received federal funds from the U.S. Departments of Agriculture, Housing and Urban Development, and Health and Human Services. Most of the federal grants were passed through the Oklahoma State Department of Health.

The federal funds included two major programs titled Women, Infants, and Children, and CDC Investigations/Technical Assistance and eleven non-major programs, including Medical Assistance Program (Medicaid Title XIX), Family Planning - Services, Immunization Action Plan, Breast & Cervical Cancer Detection, Sexually Transmitted Disease Control, Tuberculosis Control and Elimination, Preventive Health and Health Service Block Grant, Maternal and Child Health Services Block Grant, Temporary Assistance to Needy Families (TANF), Child Care and Development Block Grant and HUD Emergency Shelter Grant.

Additional information on federal grants is presented in the summary section of the Schedule of Findings and Questioned Costs and the Schedule of Expenditures of Federal Awards.

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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Detailed Notes on Account Balances (continued)

I. State Grants

During fiscal year 2004, the Department received state assistance from the Oklahoma State Department of Health for the purpose of operating programs and providing services contracted by the state department. Further information on state assistance is included in the supplemental Schedule of Expenditures of State Awards, as required by contract.

**Required Supplementary Information**

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances, Budgetary Basis	\$ 5,715,350	\$ 5,715,350	\$ 5,715,350	\$ -
Less: Prior Year Encumbrances	748,202	748,202	721,502	26,700
Beginning Cash Balances, Budgetary Basis	<u>4,967,148</u>	<u>4,967,148</u>	<u>4,993,848</u>	<u>26,700</u>
Receipts:				
Ad Valorem Taxes	8,840,431	8,840,431	9,540,426	699,995
Charges for Services	357,228	357,228	447,996	90,768
Intergovernmental Revenues	3,637,482	3,637,482	4,267,201	629,719
Miscellaneous Revenues	135,990	135,990	138,122	2,132
Total Receipts, Budgetary Basis	<u>12,971,131</u>	<u>12,971,131</u>	<u>14,393,745</u>	<u>1,422,614</u>
Disbursements:				
Personal Services	11,762,261	11,762,261	10,655,411	1,106,850
Maintenance and Operations	3,795,700	3,795,700	2,625,034	1,170,666
Capital Outlay	1,365,318	1,365,318	1,048,920	316,398
Future Capital Outlay (pursuant to O.S. 63 & 1-226)	1,015,000	1,015,000		1,015,000
Total Disbursements, Budgetary Basis	<u>17,938,279</u>	<u>17,938,279</u>	<u>14,329,365</u>	<u>3,608,914</u>
Excess of Receipts and Beginning Cash Balances Over Disbursements, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	5,058,228	<u>\$ 5,058,228</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Fund Balances				
Add: Current Year Encumbrances			<u>960,646</u>	
Ending Cash Balance			<u>\$ 6,018,874</u>	

The accompanying notes to the Budgetary Comparison Schedule are an integral part of this schedule. See independent auditors report as it relates to the required supplementary information.

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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The Budgetary Comparison Schedule 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 Cash Receipts, Disbursements, and Changes in Fund Balances because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances to their related budget year.

Oklahoma Statutes require the Department to prepare a formal budget for the general fund and other funds as the Board of Health may require. The budget presented for the general fund includes the originally approved budgeted appropriations and final budgeted appropriations, as adjusted for supplemental appropriations and approved transfers between budget categories.

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.

Any encumbrances outstanding at year-end are included as reservations of cash balances, budgetary basis, since they do not constitute paid or outstanding warrants. At the end of the fiscal year, unencumbered appropriations are lapsed.

See independent auditors report as it relates to the required supplementary information.

**Schedule of Expenditures of Federal and State Awards**

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
Passed through the State Department of Health:		
Women, Infants and Children	10.557	\$ 935,463
Total U.S. Department of Agriculture		<u>935,463</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>		
Passed through the City of Oklahoma City:		
Emergency Shelter Grants Program	14.231	\$ 9,870
Total U.S. Department of Housing and Urban Development		<u>9,870</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Passed through the State Department of Health:		
Tuberculosis Control Program	93.116	\$ 45,850
Family Planning - Services	93.217	125,455
Immunization Grants	93.268	292,345
Centers for Disease Control - Investigations	93.283	58,123
Centers for Disease Control - Investigations	93.283	733,026
Centers for Disease Control - Investigations	93.283	598,553
Total Centers for Disease Control - Investigations		<u>1,389,702</u>
Temporary Assistance for Needy Families (TANF)	93.558	1,014
Child Care and Development Block Grant	93.575	1,626
Medical Assistance Program (Medicaid Title XIX)	93.778	99,844
Breast and Cervical Cancer Early Detection	93.919	62,866
Preventive Health Services - STD Control	93.977	177,158
Preventive Health Services - STD Control	93.977	43,125
Preventive Health Services - STD Control	93.977	3,260
Preventive Health Services - STD Control	93.977	2,588
Preventive Health Services - STD Control	93.977	17,047
Total Preventive Health Services - STD Control		<u>243,178</u>
Preventive Health & Health Services Block Grant	93.991	18,647
Maternal & Child Health Services Block Grant	93.994	140,203
Total U.S. Department of Health and Human Services		<u>2,420,730</u>
Total Expenditures of Federal Awards		<u>\$ 3,366,063</u>

The accompanying note is an integral part of this schedule.

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Oklahoma City-County Health Department and is presented on the *cash basis of accounting*. Grant expenditures reported were paid or incurred as of June 30, 2004. 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*.

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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<u>State Grantor/Grant Program Title</u>	<u>State Contract Number</u>	<u>State Expenditures</u>
<u>STATE DEPARTMENT OF HEALTH</u>		
Tobacco Use Prevention	Z004509	\$ 49,244
Child Guidance Program	F005519	86,632
Children First Program	F006518	873,613
State Omnibus	F005506	200,583
Total U.S. Department of Housing and Urban Development		<u>1,210,072</u>
Total Expenditures of State Awards		\$ <u><u>1,210,072</u></u>

The accompanying note is an integral part of this schedule.

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
NOTE TO THE SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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Basis of Presentation

The schedule of expenditures of state awards includes the state grant activity of the Oklahoma City-County Health Department, and is presented on the *cash basis of accounting*. Grant expenditures reported were paid or incurred as of June 30, 2004. The information in this schedule is presented in accordance with the contractual requirements of the Oklahoma State Department of Health.

**INTERNAL CONTROL AND COMPLIANCE SECTION**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

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

TO THE BOARD OF THE  
OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT

We have audited the cash basis financial statements of the general fund of Oklahoma City-County Health Department, as of and for the year ended June 30, 2004, and have issued our report thereon dated March 15, 2005. Our report states that the financial statements do not purport to present fairly the financial position of the Oklahoma City-County Health Department in accordance with accounting principles generally accepted in the United States of America; and includes explanatory information that the Management's Discussion and Analysis has not been presented. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oklahoma City-County Health Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

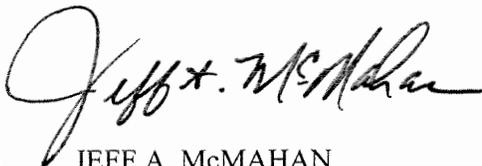
As part of obtaining reasonable assurance about whether Oklahoma City-County Health Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 or other matters that are required to be reported under *Government Auditing Standards*.

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 Oklahoma City-County Health Department, 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 the Act is to ensure and facilitate the public's right of access to and review of government records so they may efficiently and intelligently exercise their inherent political power. Therefore, this report is a matter of public record and its distribution is in no way limited or restricted.

Sincerely,

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

JEFF A. McMAHAN  
State Auditor and Inspector

March 15, 2005

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

TO THE BOARD OF THE  
OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT

Compliance

We have audited the compliance of the Oklahoma City-County Health Department 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, 2004. The Oklahoma City-County Health Department'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 Oklahoma City-County Health Department's management. Our responsibility is to express an opinion on the Oklahoma City-County Health Department's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Oklahoma City-County Health Department'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 Oklahoma City-County Health Department's compliance with those requirements.

In our opinion, the Oklahoma City-County Health Department 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, 2004.

Internal Control Over Compliance

The management of the Oklahoma City-County Health Department 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

Oklahoma City-County Health Department'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.

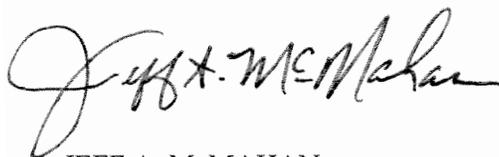
Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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 Oklahoma City-County Health Department, 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

March 15, 2005

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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**SECTION 1 - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:	Unqualified - General Fund
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• 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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.283	CDC Investigations/Technical Assistance
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	Yes

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

No matters were reported.

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

No matters were reported.