

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT
FINANCIAL STATEMENTS - CASH BASIS
AND INDEPENDENT AUDITOR'S REPORTS
FOR THE YEAR ENDED JUNE 30, 2005**

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March 28, 2006

TO THE BOARD OF THE
OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT

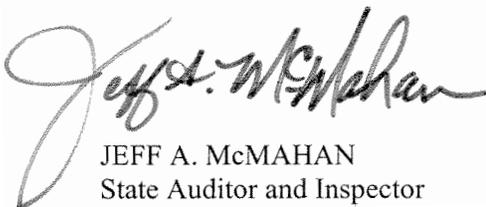
Transmitted herewith is the audit of the Oklahoma City-County Health Department for the fiscal year ended June 30, 2005. The audit was conducted in accordance with *Government Auditing Standards*.

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,



JEFF A. McMAHAN
State Auditor and Inspector

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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Paul B. Dungan, D.V.M., M.P.H.

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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-mills 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

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, 2005, as listed in the table of contents. These financial statements are the responsibility of Oklahoma City-County Health Department'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. 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 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, 2005, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the Oklahoma City-County Health Department prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than 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 respective financial position—cash basis of the general fund of the Oklahoma City-County Health Department, as of June 30, 2005, and the changes in financial position thereof for the year 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 27, 2006, 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 for the General Fund, on page 10, is not a required part of the basic financial statements but is supplementary 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 basic 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 statements. 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.



JEFF A. McMAHAN
State Auditor and Inspector

March 27, 2006

Financial Statements

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT
GOVERNMENTAL FUND TYPE - GENERAL FUND
BALANCE SHEET - CASH BASIS
JUNE 30, 2005**

	<u>General Fund</u>
Assets:	
Cash	\$ 7,250,715
Total Assets	<u>\$ 7,250,715</u>
Fund Balance:	
Fund Balance Arising From Cash Transactions	\$ 7,250,715
Total Fund Balance	<u>\$ 7,250,715</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, 2005**

	General Fund
Cash Receipts:	
Property Taxes	\$ 10,446,784
Charges for Services	494,722
Intergovernmental Revenues	5,197,143
Interest Income	124,499
Total Cash Receipts	16,263,148
Cash Disbursements:	
Personal Services	11,566,756
Maintenance and Operations	2,540,652
Capital Outlay	923,899
Total Cash Disbursements	15,031,307
Excess of Cash Receipts Over Cash Disbursements	1,231,841
Fund Balance Arising From Cash Transactions, July 1, 2004	6,018,874
Fund Balance Arising From Cash Transactions, June 30, 2005	\$ 7,250,715

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, 2005**

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 receipts and disbursements relating to 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 its fiscal activities relating to 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, 2005**

General Fund - The general fund is the Department's general operating fund, accounting for the receipts and disbursements for all financial resources. 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, 2005.

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 2005 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 accrued annual leave is limited to 60 days or 480 hours per year.

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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 will not exceed the amount in the most current retirement plan. Employees may convert up to 40 hours of sick leave to annual leave or pay 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 \$7,250,715 and the bank balance was \$7,404,554. 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, 2005, 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, 2004, was \$3,988,047,245 after deducting homestead exemptions of \$132,052,025.

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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, 2005, were approximately 92.3 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, 2005, were \$918,019. 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. Lease Obligations

The Department is paying on a fifteen (15) year lease renewable annually 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.

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

During the year ending June 30, 2005, the Department paid \$79,536 in principal and interest on the clinic building. No additional lease obligations were incurred.

F. Construction and Other Significant Commitments

As of June 30, 2005, the OCCHD completed construction on a loading dock and inventory storage addition on the east side of the OCCHD main building. Capital assets are not presented in a general fund.

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.

H. Federal Grants

In the fiscal year ended June 30, 2005, 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 Center for Disease Control - Investigations; ten non-major programs, including Emergency Shelter Grants Program, Tuberculosis Control Program, Family Planning - Services, Immunization Grants, Centers for Disease Control - Tobacco Prevention, Breast & Cervical Cancer Early Detection, and Child Guidance.

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.

I. State Grants

During fiscal year 2005, 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 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, 2005**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances, Budgetary Basis	\$ 6,018,874	\$ 6,018,874	\$ 6,018,874	\$ -
Less: Prior Year Encumbrances	960,646	960,646	979,084	(18,438)
Beginning Cash Balances, Budgetary Basis	<u>5,058,228</u>	<u>5,058,228</u>	<u>5,039,790</u>	<u>(18,438)</u>
Receipts:				
Property Taxes	9,386,552	9,386,552	10,446,724	1,060,172
Charges for Services	403,197	403,197	444,917	41,720
Intergovernmental Revenues	3,840,481	3,840,481	5,148,990	1,308,509
Miscellaneous Revenues	124,309	124,309	222,517	98,208
Total Receipts, Budgetary Basis	<u>13,754,539</u>	<u>13,754,539</u>	<u>16,263,148</u>	<u>2,508,609</u>
Disbursements:				
Personal Services	12,925,398	12,925,398	11,598,011	1,327,387
Maintenance and Operations	3,683,510	3,683,510	2,623,467	1,060,043
Capital Outlay	1,163,859	1,163,859	598,272	565,587
Future Capital Outlay (pursuant to 63 O.S. § 1-226)	1,040,000	1,040,000		1,040,000
Total Disbursements, Budgetary Basis	<u>18,812,767</u>	<u>18,812,767</u>	<u>14,819,750</u>	<u>3,993,017</u>
Excess of Receipts and Beginning Cash Balances Over Disbursements, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	6,483,188	<u>\$ 6,483,188</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Fund Balances				
Add: Current Year Encumbrances			767,527	
Ending Cash Balance			<u>\$ 7,250,715</u>	

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

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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 auditor's report as it relates to the required supplementary information.

Schedule of Expenditures of Federal and State Awards



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

September 29, 2006

TO THE BOARD OF THE
OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT

Transmitted herewith are the corrected Schedules of Expenditures of Federal and State Awards for the Oklahoma City-County Health Department for the fiscal year ended June 30, 2005. Please replace pages 12 through 15 of the financial report originally transmitted on March 28, 2006, with these corrected pages.

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 cursive script that reads "Jeff A. McMahan".

JEFF A. McMAHAN
State Auditor and Inspector

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

<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 State Department of Health:		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	\$ 994,817
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	7,559
Total U.S. Department of Agriculture		<u>1,002,376</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>		
Passed Through City of Oklahoma City:		
Emergency Shelter Grants Program	14.231	9,986
Total U.S. Department of Housing and Urban Development		<u>9,986</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Passed Through State Department of Health:		
Project Grants & Cooperative Agreements for Tuberculosis Control Programs	93.116	45,860
Family Planning - Services	93.217	174,638
Immunization Grants	93.268	282,042
Centers for Disease Control and Prevention - Investigations & Technical Assistance	93.283	6,631
Centers for Disease Control and Prevention - Investigations & Technical Assistance	93.283	1,086,160
Total for Centers for Disease Control and Prevention		<u>1,092,791</u>
Breast and Cervical Cancer Early Detection	93.919	40,062
Child Care & Development Block Grant	93.575	8,311
Preventive Health Services - STD Control Grants	93.977	263,628
Maternal & Child Health Services Block Grant to the States	93.994	152,966
Total U.S. Department of Health and Human Services		<u>2,060,298</u>
Total Expenditures of Federal Awards		<u>\$ 3,072,660</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, 2005**

1. 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, 2005. 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*.

2. Corrected Schedule of Expenditures of Federal Awards

The Centers for Disease Control and Prevention – Investigations & Technical Assistance Grant, Tobacco Use Prevention, CFDA# 93.283, which passed through the Oklahoma State Health Department, was included in the Schedule of Expenditures of Federal Awards and should not have been.

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

<u>State Grantor/Grant Program Title</u>	<u>State Contract Number</u>	<u>State Expenditures</u>
<u>STATE DEPARTMENT OF HEALTH</u>		
Family Health Services-Guidance	H002344	\$ 68,656
Family Health Services-Pediatrics	F005633	2,000
Family Health Services-Family Planning	F005633	7,113
Family Health Services-Maternity	F005633	65,858
Children First Program	H002479	1,080,023
State Omnibus - Consumer Inspections	H002384	263,293
Tobacco Use Prevention	Z004509	58,655
Total Oklahoma State Department of Health		1,545,598
Total Expenditures of State Awards		\$ 1,545,598

The accompanying note is an integral part of this schedule.

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

1. 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, 2005. The information in this schedule is presented in accordance with the contractual requirements of the Oklahoma State Department of Health.

2. Corrected Schedule of Expenditures of State Awards

The Child Guidance Service Award, CFDA # 93.575, was included on the Schedule of Expenditures of State Awards and should not have been. The Family Health Services Awards, state contract #F005633 and H002344, was inadvertently left off the previous schedule.

INTERNAL CONTROL AND COMPLIANCE SECTION

**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, 2005, and have issued our report thereon dated March 27, 2006. Our report states that the general fund presentation does 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. Our report also includes an explanatory paragraph that certain required supplementary information has been omitted. 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.

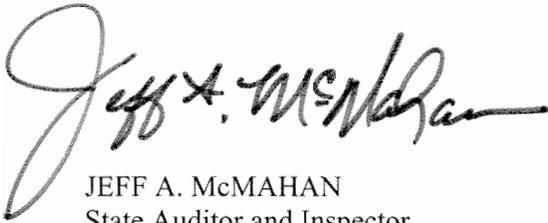
Internal Control Over Financial Reporting

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*.

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 should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.

A handwritten signature in black ink that reads "Jeff A. McMahon". The signature is written in a cursive style with a large initial "J" and a long horizontal stroke at the end.

JEFF A. McMAHAN
State Auditor and Inspector

March 27, 2006

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

**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, 2005. 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, 2005.

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.

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 should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.

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

JEFF A. McMAHAN
State Auditor and Inspector

March 27, 2006

**OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

SECTION 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified - General Fund—Cash Basis
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 and Prevention—Investigation/Tech. Assist.
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, 2005**

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.