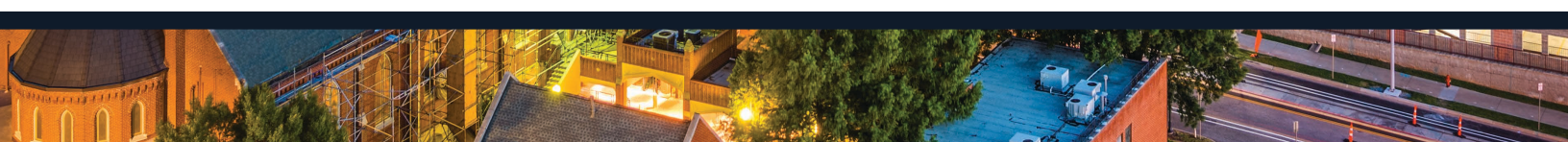




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OKC-County Health Department
Annual Financial Report
Fiscal Year Ended June 30, 2020



OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT

Oklahoma City, Oklahoma

Board of Health

Dr. Gary Raskob, Chairman

Dr. Stephen Cagle, Vice Chair

Dr. Courtney Gray, Secretary/Treasurer

Adam McLain-Snipes, Partnership Development

Mary Mélon

Scott Mitchell

Lois Salmeron, EdD, RN, MS, CNE, ANEF

Major Jemison, DMin

Erika Lucas

Management

Dr. Patrick McGough, DNP, MSHR, RN, Executive Director

Annual Financial Report for the Fiscal Year Ended June 30, 2020

Prepared by The Oklahoma City-County Health Department, Financial Services Department
Marie C. New, CPA, Finance Officer

OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT

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Introductory Section



Oklahoma City-County Health Department
2600 NE 63rd Street, Oklahoma City, OK 73111

January 12, 2021

The Board of Health
Oklahoma City-County Health Department

The Oklahoma City-County Health Department (Department) annual financial report (annual report) provides a comprehensive overview of the Department's financial position and the results of operations during the past fiscal year. It complies with reporting requirements specified by Oklahoma State Statutes and the dictates of effective financial management practices. This report was prepared by the financial services department in compliance with accounting principles generally accepted in the United States of America (U.S. GAAP). It is fairly stated in all material respects. Responsibility for the accuracy of the reported information and the completeness and fairness of the presentation, including disclosures, rests with the Department.

The Department's annual report includes the independent auditor's reports, management's discussion and analysis (MD&A), Department-wide and fund financial statements, related notes, and required and other supplementary information. Management's narrative on the financial activities of the Department for the fiscal year ended June 30, 2020 is in the MD&A section of this report, immediately following the independent auditor's report. The Department's reporting entity is comprised of financial and operating activities conducted within the legal framework of the Department. Only funds within that framework are included.

Independent Audit

The Department engaged BKD, LLP to express opinions on the financial statements based on their audit. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The auditor's examination encompassed the basic financial statements and is presented as the first component of the financial section of this report. BKD, LLP also audited the Department's federal financial assistance programs, complying with the provisions of the Single Audit Act. The Department's Single Audit Report is included in the other supplementary information section of this annual report.

Profile of the Department

The Department is a special unit of government which does not possess political or governing powers other than those necessary to carry out the specific purpose for which it was created. The Department was created pursuant to Oklahoma Statute 63 Section 1-214 and a 1956 operating agreement (revised in 1996) with Oklahoma County and the City of Oklahoma City.

Public health services and activities of the Department include clinical and community health services, public health protection services, and strategic outreach and communication services to all citizens of Oklahoma County.

The governing board of the Department is the Board of Health, created in accordance with Oklahoma Statute 63, Section 1-210.

Economic Outlook

Oklahoma City has a number of factors that positively affect the local economy. The cost of living and the cost of doing business are consistently rated among the best in the country. In addition, low commuting times, convenient airline travel, and excellent entertainment and sports opportunities make Oklahoma City a great place for businesses and residents. The local economy has experienced solid economic growth since mid-2017 and growth has been projected to continue, albeit at a slower pace, particularly in the middle of the Covid-19 pandemic. While Oklahoma City has a diverse economic base, the energy industry still has a major impact on the health of the local economy. A significant transition occurred in fiscal year 2018 as Oklahoma City moved out of the regional recession caused by the collapse of oil prices in 2017 and began to benefit from the strengthening local economy.

Financial Forecast

General and Grants Fund Changes in Fund Balance

| | <u>2019</u> | <u>2020</u> | Projected Change | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|------------------------------------|---------------------------|---------------------------|---------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| REVENUES | | | | | | | |
| Taxes | \$19,116,107 | \$19,805,118 | +3.0% per year | \$20,399,272 | \$21,011,250 | \$21,641,588 | \$22,290,836 |
| Intergovernmental Revenue | 10,698,480 | 10,316,084 | No Change | 10,316,084 | 10,316,084 | 10,316,084 | 10,316,084 |
| Charges for Services | 605,650 | 442,774 | +1.5% per year | 449,416 | 456,157 | 462,999 | 469,944 |
| Licenses & Permits | 368,694 | 298,295 | +1.5% per year | 302,769 | 307,311 | 311,921 | 316,600 |
| Investment Income | 207,807 | 170,757 | No Change | 170,757 | 170,757 | 170,757 | 170,757 |
| Donations | 105,280 | 216,410 | No Change | 216,410 | 216,410 | 216,410 | 216,410 |
| Lease Revenues | 55,659 | 60,021 | No Change | 60,021 | 60,021 | 60,021 | 60,021 |
| Other Income | <u>55,629</u> | <u>78,584</u> | No Change | <u>78,584</u> | <u>78,584</u> | <u>78,584</u> | <u>78,584</u> |
| Total Revenues | 31,213,306 | 31,388,043 | | 31,993,313 | 32,616,574 | 33,258,364 | 33,919,236 |
| EXPENDITURES | | | | | | | |
| Wages | 13,594,364 | 14,120,623 | +3.0% per year | 14,544,242 | 14,980,569 | 15,429,986 | 15,892,886 |
| Fringe Benefits | 5,420,105 | 5,696,106 | +5.0% per year | 5,980,911 | 6,279,957 | 6,593,955 | 6,923,653 |
| Personal Services | 264,295 | 229,530 | +2.0% per year | 234,121 | 238,803 | 243,579 | 248,451 |
| Travel/Training | 458,794 | 347,083 | +2.0% per year | 354,025 | 361,106 | 368,328 | 375,695 |
| Maintenance & Operations | 6,914,865 | 7,910,811 | +1.9% per year | 8,061,116 | 8,214,277 | 8,370,348 | 8,529,385 |
| Capital Outlay | 19,766 | 93,313 | +2.0% per year | 95,179 | 97,083 | 99,025 | 101,006 |
| Debt Service | <u>885,325</u> | <u>887,675</u> | No Change | <u>887,675</u> | <u>887,675</u> | <u>887,675</u> | <u>887,675</u> |
| Total Expenditures | 27,557,514 | 29,285,141 | | 30,157,269 | 31,059,470 | 31,992,896 | 32,958,751 |
| TRANSFERS AND OTHER | | | | | | | |
| FINANCING SOURCES | | | | | | | |
| (USES) | <u>(82,853)</u> | <u>168,806</u> | No Change | <u>168,806</u> | <u>168,806</u> | <u>168,806</u> | <u>168,806</u> |
| Net Revenues (Expenditures) | <u>\$3,572,939</u> | <u>\$2,271,708</u> | | <u>\$2,004,850</u> | <u>\$1,725,910</u> | <u>\$1,434,274</u> | <u>\$1,129,291</u> |

The projected change is used to estimate the percentage amount of change year over year. This amount is based on past experience and may not reflect actual performance in future years.

Major Initiatives

The Department is committed to providing access to public health services for all citizens of Oklahoma County through a regionalization plan that includes sites in all four quadrants of Oklahoma County.

Accountability and Financial Controls

The Department's management has established a comprehensive internal control framework designed to provide sufficient reliable information for the preparation of the Department's financial statements in conformity with U.S. GAAP. Since the cost of internal controls should not outweigh their benefits, the Department's internal controls are designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Department's internal control structure is considered in the independent audit. Receipt of material federal and state financial assistance subjects the Department to further internal control analysis under the provisions of the Single Audit Act. The Department implements cost-effective management and internal control recommendations.

Three Board of Health members constitute the Finance Committee, which is responsible for a detailed review of the budget and other significant Department financial matters. Additionally, the Finance Committee promotes cooperation among auditors and management, preserves the independence of the auditing function, and ensures that appropriate action is taken on audit findings.

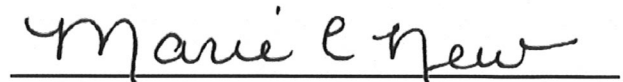
The Department's financial policies are shaped by state law and established by the Board of Health. The Department also maintains budgetary controls to ensure compliance with the legal level of control in the annual budget. The Board of Health approves annually appropriated budgets for the General Fund, Grant Fund, and Capital Projects Fund. The level of budgetary control within the fund is by expenditure category. For additional information on Department budgetary practices, see the notes to the financial statements related to budgetary information.

Acknowledgments

The Department acknowledges the professional and competent services of the Finance Department and its independent auditors.

Respectfully submitted,

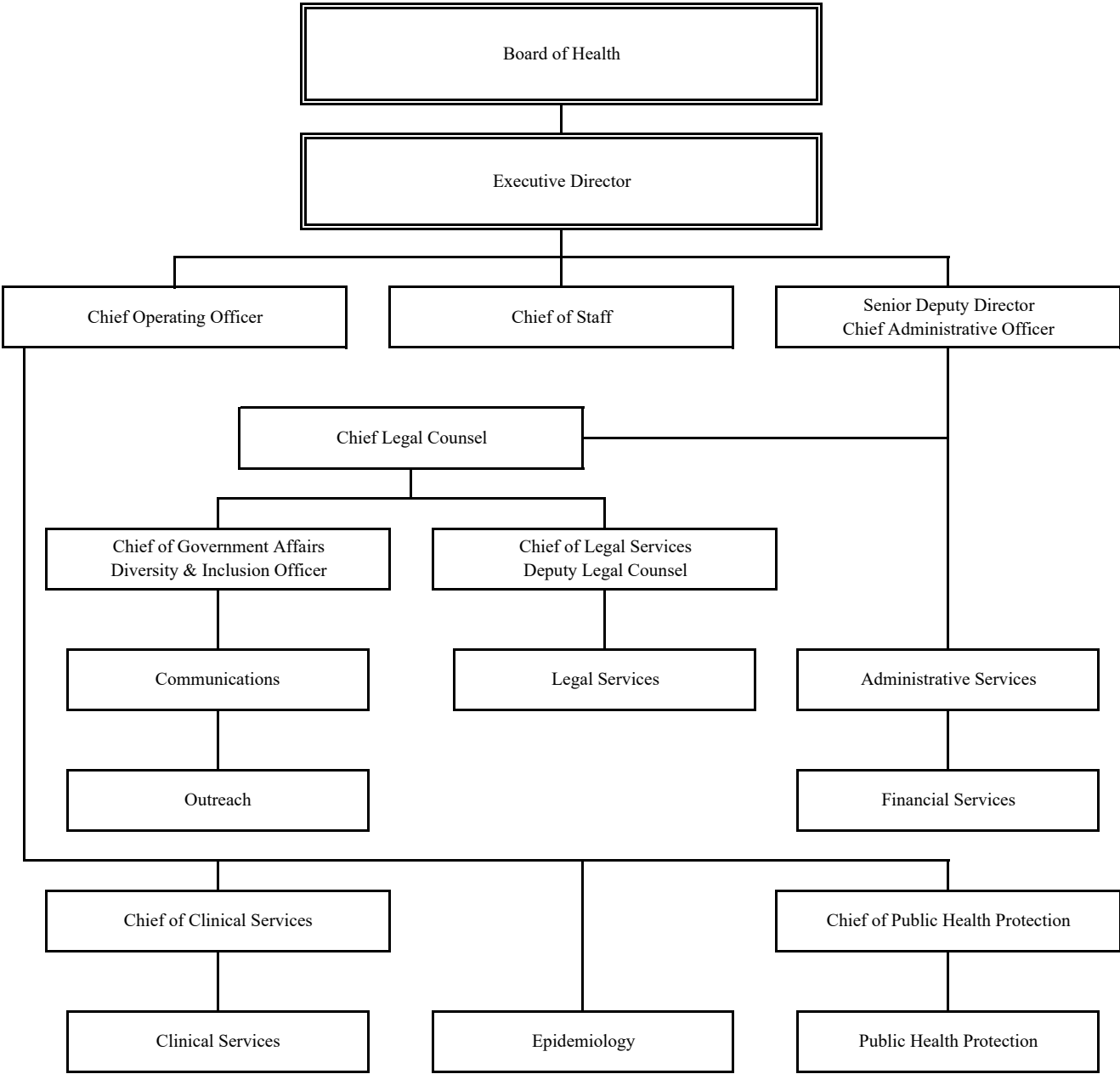

Patrick McGough, DNP, MSNR, RN
Executive Director


Marie C. New, CPA
Finance Officer

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OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT

Organization Chart



SELECTED PERSONNEL
June 30, 2020

OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT

| | |
|---------------------|---------------------------------------------------|
| Patrick McGough | Executive Director |
| John Gogets | Senior Deputy Director |
| Phillip Maytubby | Chief Operating Officer |
| LT Knighten | Chief of Government Relations |
| Kay Hulin | Chief of Staff |
| * Laura Willis | Executive Assistant |
| Myron Coleman | Chief Legal Counsel |
| Emily Carmichael | Deputy Legal Counsel |
| * Debbie Gallamore | Contracts Coordinator |
| * Lynnda Parker | Chief of Clinical Services |
| Dr. William Herron | Medical Director |
| Dr. Gene Claflin | TB Medical Director |
| Dr. Chad Smith | Assistant Medical Director |
| Dr. Joshua Smith | Assistant TB Medical Director |
| * Deborah Shapiro | Clinical Support Administrator |
| Denise Howard | Children First Administrator |
| Vicki Nealis | WIC Administrator |
| Diane Wermey | Office Manager |
| Troy Skow | Food Safety & Environmental Health Administrator |
| Ayankunle Adesigbin | Data Management and Program Evaluation Supervisor |
| * Eddie Withers | Epidemiology Supervisor |
| Lorri Essary | Wellness Now Manager |
| * Molly Fleming | Communications Supervisor |
| Blaine Bolding | Chief of Emergency Preparedness |
| Brad Finkhouse | Lab and Safety Administrator |
| Tonia Lowrey | Community Health Administrator |
| * Cara Gluck | Emergency Preparedness Administrator |
| Chris Portwood | Information Technology Administrator |
| Marie C. New, CPA | Finance Officer |
| Jack Nichols | Facility Services Supervisor |
| Howard Owen | Security Supervisor |
| Jill Gilley | Human Resources Coordinator |
| James Corder | Human Resources Benefits Coordinator |

* Placed in position by OCCHD after June 30, 2020.

Financial Section

Independent Auditor's Report

Board of Health
Oklahoma City-County Health Department
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Oklahoma City-County Health Department (the Department) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Department, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, and other postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The introductory section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. It has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2021, on our consideration of the 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 solely 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 effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

BKD, LLP

Oklahoma City, Oklahoma
January 12, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Oklahoma City-County Health Department (Department) annual financial report, the Department's management provides narrative discussion and analysis of the financial activities of the Department for the fiscal year ended June 30, 2020. The Department's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Additional information is available in the transmittal letter which precedes this discussion and analysis.

Financial Summary

- Department assets and deferred outflows exceeded liabilities and deferred inflows by \$20,534,679 (net position) for 2020. This compares to the previous year when assets and deferred outflows exceeded liabilities and deferred inflows by \$19,606,061.
- Total liabilities for the Department increased by 6.1% or \$1,888,622 to \$32,947,148 during the fiscal year.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$15,670,656 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position of \$142,921 is restricted for debt service.
 - (3) Unrestricted net position is \$4,721,102.
- The Department's funds reported total ending fund balance of \$26,106,419 this year. This compares to the prior year ending fund balance of \$25,177,695, showing an increase of 3.7% or \$928,724 during the current year.

Overview of the Financial Statements

This discussion and analysis introduces the Department's basic financial statements. The basic financial statements include: (1) Department-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Department also includes in this report additional information to supplement the basic financial statements.

Department-wide Financial Statements

The Department's annual report includes two Department-wide financial statements. These statements provide both long-term and short-term information about the overall status of the Department and are presented to demonstrate the extent the Department has met its operating objectives efficiently and effectively using all the resources available and whether the Department can continue to meet its objectives in the foreseeable future. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

The first of these Department-wide statements is the statement of net position. This is the statement of financial position presenting information that includes all of the Department's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Department as a whole is improving or deteriorating, and may identify financial strengths and weaknesses and assess liquidity.

The second Department-wide statement is the statement of activities which reports how the Department's net position changed during the current fiscal year and can be used to assess the Department's operating results in its entirety and analyze how the Department's programs are financed. All current year revenues and expenses are included regardless of when cash is received or paid.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. All Department funds are reported as major funds.

Funds reported in the fund financial statements encompass essentially the same functions reported as activities in the Department-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. These financial statements are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the Department-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the Department-wide statements to assist in understanding the differences between these two perspectives.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to gain a full understanding of the Department-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Department's progress in funding its obligation to provide other post-employment benefits to its employees, including employees of the Department and budget to actual information for the Department's General Fund.

Financial Analysis

The Department's net position at fiscal year-end is \$20,534,679. This is an increase of 4.7% or \$928,618 from last year's net position. Overall the Department's financial position improved during fiscal year 2020.

Summary of Net Position

| | <u>2020</u> | <u>2019</u> | <u>Amount of Change</u> | <u>% Change</u> |
|----------------------------------|----------------------------|----------------------------|-------------------------|-----------------|
| Assets | | | | |
| Current assets | \$28,853,239 | \$28,003,350 | \$849,889 | 3.0% |
| Capital assets, net | 24,790,672 | 24,446,548 | 344,124 | 1.4 |
| Other non-current assets | <u>895,601</u> | <u>919,041</u> | <u>(23,440)</u> | <u>(2.6)</u> |
| Total assets | <u>54,539,512</u> | <u>53,368,939</u> | <u>1,170,573</u> | 2.2 |
| Deferred outflows | <u>2,062,742</u> | <u>694,887</u> | <u>1,367,855</u> | 196.8 |
| Liabilities | | | | |
| Current liabilities | 3,403,219 | 3,523,050 | (119,831) | (3.4) |
| Non-current liabilities | <u>29,543,929</u> | <u>27,535,476</u> | <u>2,008,453</u> | <u>7.3</u> |
| Total liabilities | <u>32,947,148</u> | <u>31,058,526</u> | <u>1,888,622</u> | 6.1 |
| Deferred inflows | <u>3,120,427</u> | <u>3,399,239</u> | <u>(278,812)</u> | (8.2) |
| Net position | | | | |
| Net investment in capital assets | 15,670,656 | 14,865,201 | 805,455 | 5.4 |
| Restricted for: | | | | |
| Debt service | 142,921 | 14,128 | 128,793 | 911.6 |
| Unrestricted | <u>4,721,102</u> | <u>4,726,732</u> | <u>(5,630)</u> | <u>(0.1)</u> |
| Total net position | <u>\$20,534,679</u> | <u>\$19,606,061</u> | <u>\$928,618</u> | 4.7 |

Total assets increased by \$1.17 million. Cash and investments increased \$1.10 million. Restricted deposits increased \$126 thousand related to an increase in scheduled conduit borrowing principal and interest payment amounts. Intergovernmental receivables decreased \$337 thousand related to timing of grant receipts. Capital assets, net of accumulated depreciation, increased \$344 thousand primarily related to equipment acquisition and construction costs for the renovation of the Department's Sequoyah Learning and Wellness Academy of \$1.27 million, and normal depreciation of \$926 thousand.

Total liabilities increased \$1.89 million. Accounts payable and accrued liabilities decreased \$174 thousand related to timing of vendor payments. Compensated absences increased \$111 thousand due mainly to decreased leave usage. The actuarially determined other post-employment (OPEB) balances resulted in an increased net OPEB liability of \$2.4 million.

Deferred outflows increased \$1.37 million and deferred inflows decreased \$279 thousand related to actuarially determined OPEB calculations.

Summary of Changes in Net Position

| | <u>2020</u> | <u>2019</u> | <u>Amount of Change</u> | <u>% Change</u> |
|---------------------------------------|----------------------------|----------------------------|-------------------------|-----------------|
| Revenues | | | | |
| Charges for services | \$802,740 | \$1,037,205 | (\$234,465) | (22.6%) |
| Operating grants and contributions | 10,533,911 | 10,803,760 | (269,849) | (2.5) |
| General revenues | <u>20,181,377</u> | <u>19,734,254</u> | <u>447,123</u> | 2.3 |
| Total revenues | <u>31,518,028</u> | <u>31,575,219</u> | <u>(57,191)</u> | (0.2) |
| Expenses | | | | |
| Clinical services | 8,417,960 | 9,903,272 | (1,485,312) | (15.0) |
| Community health services | 2,413,567 | 2,406,230 | 7,337 | 0.3 |
| Public health protection | 7,464,577 | 4,904,096 | 2,560,481 | 52.2 |
| Strategic communications and outreach | 5,060,306 | 4,529,303 | 531,003 | 11.7 |
| General administration | 5,977,992 | 6,933,324 | (955,332) | (13.8) |
| Depreciation | 925,583 | 793,210 | 132,373 | 16.7 |
| Interest on long-term debt | <u>329,425</u> | <u>342,181</u> | <u>(12,756)</u> | (3.7) |
| Total expenses | <u>30,589,410</u> | <u>29,811,616</u> | <u>777,794</u> | 2.6 |
| Changes in net position | <u>928,618</u> | <u>1,763,603</u> | <u>(834,985)</u> | (47.3) |
| Net position | | | | |
| Beginning net position | <u>19,606,061</u> | <u>17,842,458</u> | <u>1,763,603</u> | 0.0 |
| Ending net position | <u>\$20,534,679</u> | <u>\$19,606,061</u> | <u>\$928,618</u> | 4.7 |

Revenues decreased \$57 thousand. Operating grants and contributions decreased \$270 thousand related mainly to decreased federal and state contract and grant revenues. General revenues increased \$447 thousand primarily related to increased property tax revenue of \$770 thousand. These increases are offset by decreased intergovernmental revenue of \$382 thousand and charges for services of \$234 thousand, primarily due to decreased immunization charges.

Expenses increased \$778 thousand in the current year. Clinical services and general administration decreased \$1.5 million and \$955 thousand, respectively. These decreases were offset by increases in public health protection and strategic communications and outreach, respectively. These fluctuations are primarily related to reassignment of staff to cover Covid-19 crisis activities.

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

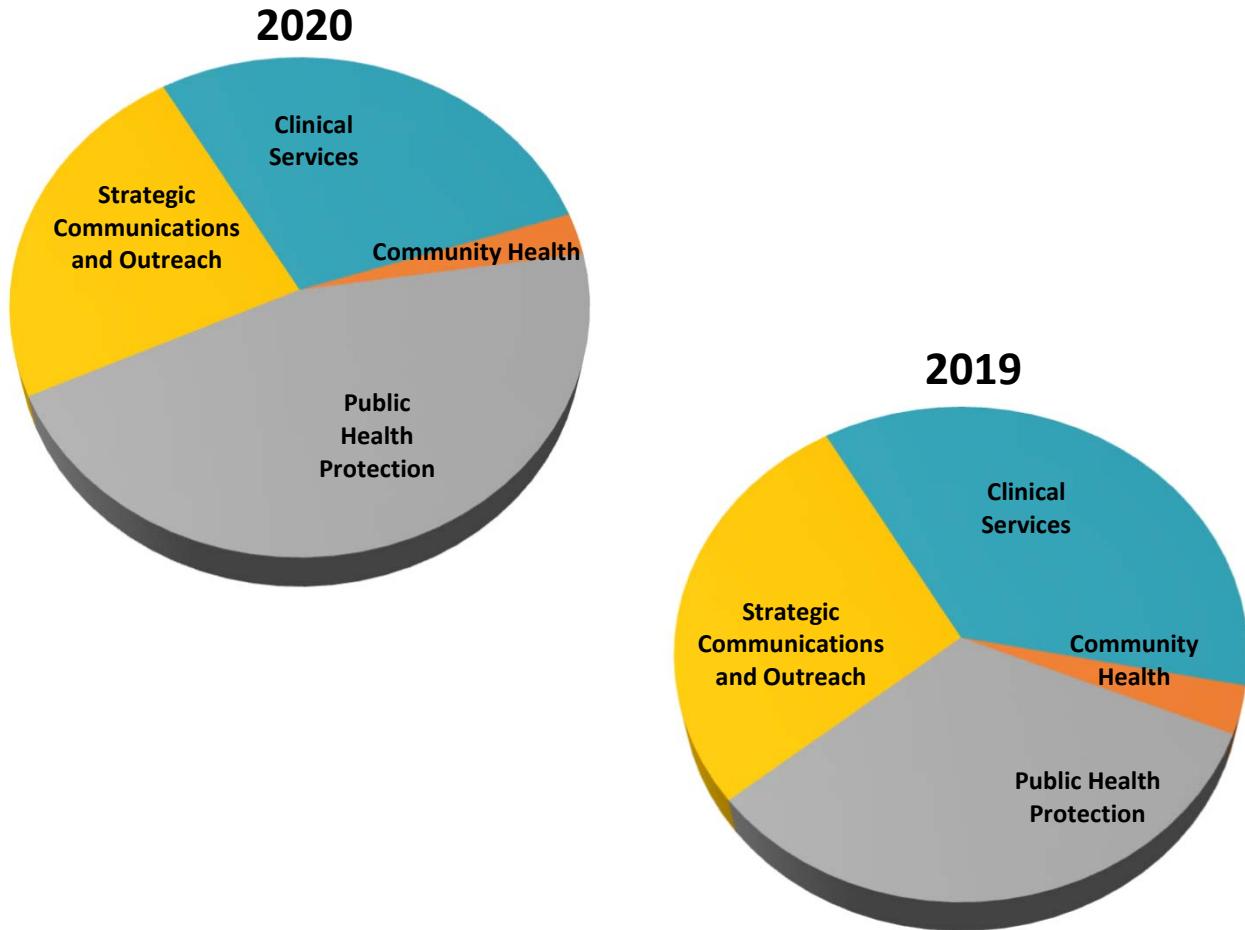
| | <u>2020</u> | <u>2019</u> | <u>Amount of Change</u> | <u>% Change</u> |
|---------------------------------------|----------------------------|----------------------------|---------------------------|-----------------|
| REVENUES | | | | |
| Taxes | \$19,805,118 | \$19,116,107 | \$689,011 | 3.6% |
| Intergovernmental revenue | 1,425,816 | 1,408,692 | 17,124 | 1.2 |
| Charges for services | 442,774 | 605,650 | (162,876) | (26.9) |
| Licenses & permits | 298,295 | 368,694 | (70,399) | (19.1) |
| Investment income | 170,757 | 207,807 | (37,050) | (17.8) |
| Donations | 216,410 | 63,381 | 153,029 | 241.4 |
| Lease revenues | 60,021 | 55,659 | 4,362 | 7.8 |
| Other income | <u>78,584</u> | <u>55,629</u> | <u>22,955</u> | 41.3 |
| Total revenues | 22,497,775 | 21,881,619 | 616,156 | 2.8 |
| EXPENDITURES | | | | |
| Wages and fringe benefits | 13,581,307 | 12,790,369 | 790,938 | 6.2 |
| Personal services | 222,693 | 263,364 | (40,671) | (15.4) |
| Travel/training | 235,386 | 260,097 | (24,711) | (9.5) |
| Maintenance & operations | 5,841,664 | 4,471,754 | 1,369,910 | 30.6 |
| Capital outlay | 93,313 | 5,375 | 87,938 | 1636.1 |
| Debt service | <u>887,675</u> | <u>885,325</u> | <u>2,350</u> | 0.3 |
| Total expenditures | 20,862,038 | 18,676,284 | 2,185,754 | 11.7 |
| EXCESS REVENUES (EXPENDITURES) | 1,635,737 | 3,205,335 | (1,569,598) | (49.0) |
| TRANSFERS AND OTHER | | | | |
| FINANCING SOURCES (USES) | 637,771 | 364,493 | 273,278 | 75.0 |
| CHANGES IN FUND BALANCE | 2,273,508 | 3,569,828 | (1,296,320) | (36.3) |
| FUND BALANCES | | | | |
| Beginning fund balance | | | | |
| As previously reported | 19,164,813 | 15,462,890 | 3,701,923 | 23.9 |
| Change in accounting principle | - | <u>132,095</u> | <u>(132,095)</u> | (100.0) |
| As restated | <u>19,164,813</u> | <u>15,594,985</u> | <u>3,569,828</u> | 22.9 |
| Ending | <u>\$21,438,321</u> | <u>\$19,164,813</u> | <u>\$2,273,508</u> | |

Total General Fund revenues increased \$616 thousand mainly because of increased property tax collections of \$689 thousand and increased donations of \$153 thousand related to the ongoing Covid-19 crisis. These increases are offset by a decrease in charges for services of \$163 thousand, primarily due to decreased immunization charges.

Total General Fund expenditures increased \$2.19 million due mainly to increased maintenance and operations of \$1.37 million and wages and fringe benefits of \$791 thousand, related to the ongoing Covid-19 crisis.

Transfers include amounts received for reimbursement of administrative and overhead (indirect costs) funded by federal and state grantors in the Grant Fund of \$469 thousand and amounts transferred from the Capital Projects Fund to the general fund after the completion of several projects of \$169 thousand..

Expenditures by Program



Expenditures by program increased from fiscal year 2019 by 11.7% overall. Public health protection and general administration expenditures increased 13.19% and .89% from the prior year. This was offset by decreases in clinical services of 2.23%.

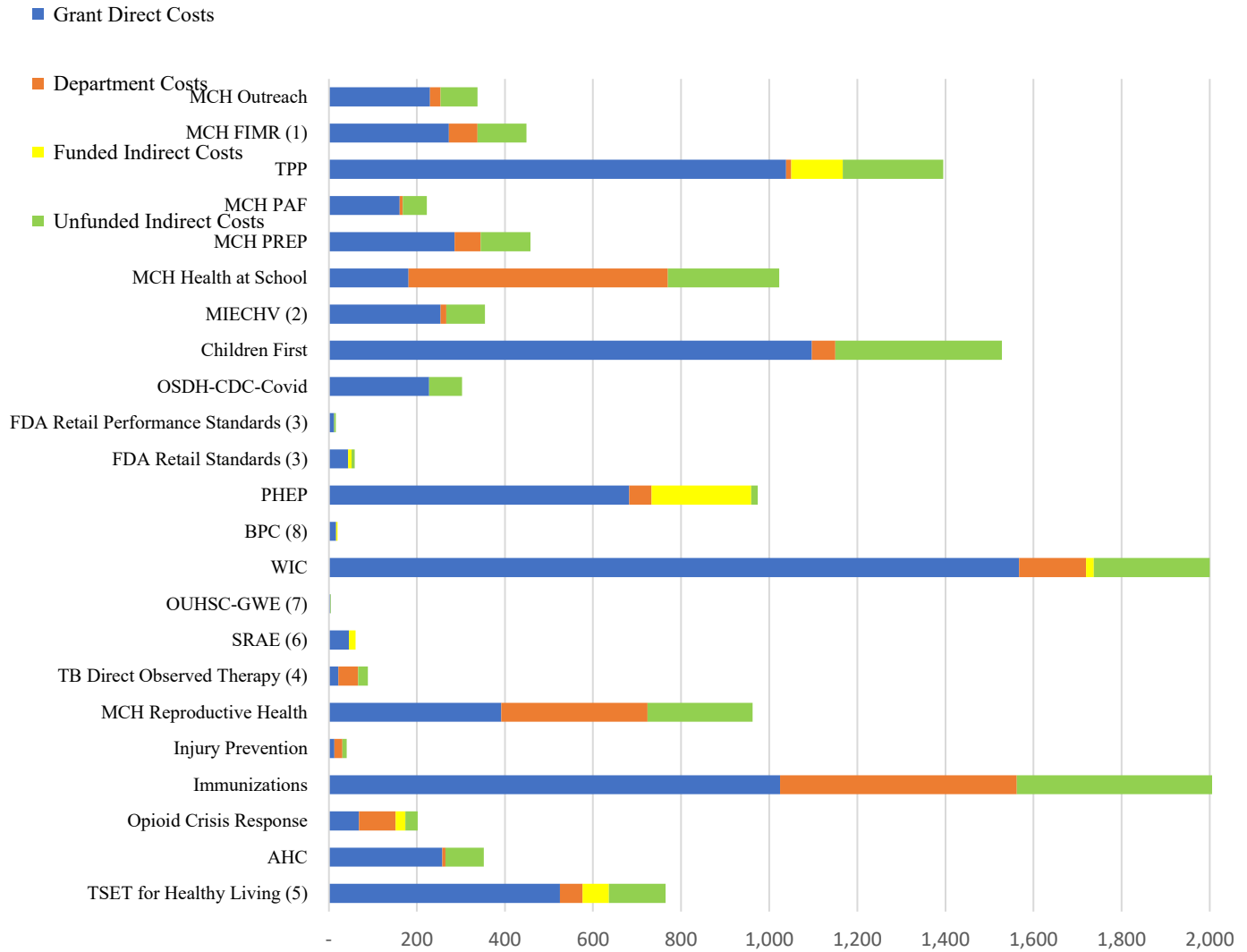
Grants Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

| | <u>2020</u> | <u>2019</u> | <u>Amount of Change</u> | <u>% Change</u> |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-----------------|
| REVENUES | \$8,890,268 | \$9,331,687 | (\$441,419) | (4.7%) |
| EXPENDITURES | | | | |
| Wages and fringe benefits | 6,235,422 | 6,224,100 | 11,322 | 0.2 |
| Personal services | 6,837 | 931 | 5,906 | 634.4 |
| Travel/training | 111,697 | 198,697 | (87,000) | (43.8) |
| Maintenance & operations | 2,069,147 | 2,443,111 | (373,964) | (15.3) |
| Capital outlay | - | <u>14,391</u> | <u>(14,391)</u> | (100.0) |
| Total expenditures | <u>8,423,103</u> | <u>8,881,230</u> | <u>(458,127)</u> | (5.2) |
| EXCESS REVENUES (EXPENDITURES) | 467,165 | 450,457 | 16,708 | 3.7 |
| TRANSFERS AND OTHER | | | | |
| FINANCING SOURCES (USES) | <u>(468,965)</u> | <u>(447,346)</u> | <u>(21,619)</u> | (4.8) |
| CHANGES IN FUND BALANCE | (1,800) | 3,111 | (4,911) | (157.9) |
| FUND BALANCES | | | | 0.0 |
| Beginning fund balance | <u>3,111</u> | - | <u>3,111</u> | 100.0 |
| Ending | <u>\$1,311</u> | <u>\$3,111</u> | <u>(\$1,800)</u> | |

Grant Fund revenues decreased \$441 thousand related to decreases in immunizations of \$432 thousand due to a refocus on Covid-19 response efforts, Children First funding of \$136 thousand, Maternal Child Health OSDH funding of \$97 thousand, and WIC funding of \$88 thousand, offset by new OSDH Covid Funding of \$227 thousand, SRAE funding of \$61 thousand, and BPC funding of \$20 thousand. These changes in grant awards also resulted in a decrease in expenditures of \$458 thousand and an increase in transfers for indirect costs of \$22 thousand, as shown on the next page.

Grant Costs (in thousands)



- (1) Fetal Infant Mortality Review is abbreviated in the above chart as FIMR.
- (2) Maternal, Infant, and Early Childhood Home Visiting Program is abbreviated in the above chart as MIECHV.
- (3) Food and Drug Administration is abbreviated in the above chart as FDA.
- (4) Tuberculosis is abbreviated in the above chart as TB.
- (5) Tobacco Settlement Endowment Trust is abbreviated in the above chart as TSET.
- (6) Sexual Risk Avoidance Education is abbreviated in the above chart as SRAE.
- (7) Oklahoma University Health Sciences Center - Geriatrics Workforce Enhancement is abbreviated in the above chart as OUHSC-GWE.
- (7) Breastfeeding Peer Counseling is abbreviated in the above chart as BPC.

Total expenditures for grant funded programs at June 30, 2020 were \$13,694,991 including grant funded costs of \$8,423,103, unfunded direct costs of \$2,099,805, grant funded indirect costs of \$468,965, and unfunded indirect costs of \$2,703,118. Indirect costs are calculated using the indirect cost rate. The indirect cost for the Department is 32.88% (limited to 16.30% for the WIC grant where facilities are funded by the grant). The indirect cost rate is set each year in July and is reviewed and approved by the Oklahoma State Department of Health.

Capital Projects Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

| | <u>2020</u> | <u>2019</u> | <u>Amount of Change</u> | <u>% Change</u> |
|---------------------------------------|---------------------------|---------------------------|-----------------------------|-----------------|
| REVENUES | \$77,964 | \$142,104 | (\$64,140) | (45.1%) |
| EXPENDITURES | | | | |
| Travel/training | \$ - | \$22,048 | (\$22,048) | (100.0%) |
| Maintenance & operations | 75,748 | 244,221 | (168,473) | (69.0) |
| Capital outlay | <u>1,176,394</u> | <u>2,012,417</u> | <u>(836,023)</u> | (41.5) |
| Total expenditures | <u>1,252,142</u> | <u>2,278,686</u> | <u>(1,026,544)</u> | (45.0) |
| EXCESS REVENUES (EXPENDITURES) | (1,174,178) | (2,136,582) | 962,404 | 45.0 |
| TRANSFERS AND OTHER | | | | |
| FINANCING SOURCES (USES) | <u>(168,806)</u> | <u>146,353</u> | <u>(315,159)</u> | (215.3) |
| CHANGES IN FUND BALANCE | (1,342,984) | (1,990,229) | 647,245 | 32.5 |
| FUND BALANCES | | | | |
| Beginning Fund Balance | <u>6,009,771</u> | <u>8,000,000</u> | <u>(1,990,229)</u> | (0.2) |
| Ending | <u>\$4,666,787</u> | <u>\$6,009,771</u> | <u>(\$1,342,984)</u> | |

Capital Projects Fund revenues decreased \$64 thousand while expenditures decreased \$1.03 million primarily related to the completion and opening of the SOHWC on December 1, 2018.

General Fund Budget

| | Original Budget | Amendments and Revisions | Revised Budget | Revenues, Expenditures and Encumbrances | Variance |
|------------------------------------|--------------------|-----------------------------|----------------------|-----------------------------------------------|--------------------|
| REVENUES | \$22,739,480 | (\$207,585) | \$22,531,895 | \$22,531,895 | \$ - |
| EXPENDITURES | 23,598,428 | (3,628,770) | 19,969,658 | 18,890,569 | 1,079,089 |
| TRANSFERS AND OTHER | | | | | |
| FINANCING SOURCES (USES) | <u>422,793</u> | <u>(5,680,358)</u> | <u>(5,257,565)</u> | <u>758,743</u> | <u>6,016,308</u> |
| NET REVENUES (EXPENDITURES) | <u>(\$436,155)</u> | <u>(\$2,259,173)</u> | <u>(\$2,695,328)</u> | <u>\$4,400,069</u> | <u>\$7,095,397</u> |

General Fund amendments were approved by the Board for \$2.26 million due to a \$2 million increase in funding for Covid-19 response with the remainder of the increase allocated for Oklahoma City Public Schools projects and personnel modifications.

In addition, \$5.62 million of funds allocated to Covid-19 response that was not spent, was re-allocated into fiscal year 2021 for the same use.

Fixed Assets

| | <u>2020</u> | <u>2019</u> | <u>Amount of Change</u> | <u>% Change</u> |
|------------------------------------|---------------------|---------------------|-------------------------|-----------------|
| Land | \$1,767,220 | \$1,767,220 | \$ - | 0.0% |
| Construction in Progress | <u>654,166</u> | <u>13,801</u> | <u>640,365</u> | 4640.0 |
| Non-Depreciable Assets | 2,421,386 | 1,781,021 | 640,365 | 36.0 |
| Buildings | 22,800,120 | 22,724,935 | 75,185 | 0.3 |
| Land Improvements | 2,009,242 | 1,970,701 | 38,541 | 2.0 |
| Computers, Equipment, and Vehicles | 2,272,271 | 1,756,655 | 515,616 | 29.4 |
| Accumulated Depreciation | <u>(4,712,347)</u> | <u>(3,786,764)</u> | <u>(925,583)</u> | (24.4) |
| Depreciable Assets | <u>22,369,286</u> | <u>22,665,527</u> | <u>(296,241)</u> | (1.3) |
| Total | <u>\$24,790,672</u> | <u>\$24,446,548</u> | <u>\$344,124</u> | 1.4 |

Construction in progress increased \$640 thousand primarily due to the remodel of closed schools leased from the Oklahoma City Public School System (OKCPS). Buildings increased \$44 thousand, due to additional construction costs for SOHWC after the facility was opened. Land improvements included a water well for the Sports Facility Soccer Fields of \$29 thousand, and a sign for SOHWC of \$10 thousand. Increases in computers, equipment, and vehicles included \$338 thousand for server upgrades, \$54 thousand for a shooter detection system, and \$86 thousand for an audio video system. Increases in depreciation of \$925 thousand represent normal depreciation.

Debt

2012 Conduit Borrowing

On January 1, 2012, the Department issued bonds through the Oklahoma Finance Authority (OFA) in the amount of \$8,395,000 as conduit debt. The bonds carry interest rates from 2-3.75% with final payment due April 1, 2032. The OFA issued the bonds which were used to construct the NERHWC. The OFA subsequently leased the NERHWC to the Department for amounts equal to the required payments on the bonds. Ownership of the NERHWC will transfer to the Department when the bonds are fully repaid.

2015 Conduit Borrowing

On February 1, 2015, the Department issued bonds through the OFA in the amount of \$5,500,000 as conduit debt. The bonds carry interest rates from 2-3% with final payment due April 1, 2040. The OFA issued the bonds which were used to construct the Gary Cox Partner Building (GCPB). The OFA subsequently leased the Partner Building to the Department for amounts equal to the required payments on the bonds. Ownership of the GCPB will transfer to the Department when the bonds are fully repaid.

| | <u>2020</u> | <u>2019</u> | <u>Amount of Change</u> | <u>% Change</u> |
|------------------------|---------------------|---------------------|-------------------------|-----------------|
| 2012 Conduit Borrowing | \$5,560,000 | \$5,940,000 | (\$380,000) | (6.4%) |
| 2015 Conduit Borrowing | 4,680,000 | 4,855,000 | (175,000) | (3.6) |
| Interest Payable | <u>79,919</u> | <u>83,169</u> | <u>(3,250)</u> | (3.9) |
| Total | <u>\$10,319,919</u> | <u>\$10,878,169</u> | <u>(\$558,250)</u> | (5.1) |

Principal payments are due April 1. Interest is due October 1 and April 1. Interest and principal is accumulated monthly in restricted accounts. Changes in outstanding debt is a result of scheduled debt service payments.

Economic Factors and Rates

Economic Factors

Although property tax collections are not directly related to economic growth, collectability can be negatively affected in times of economic recession. The local economy experienced economic growth and property taxes increased in fiscal year 2020. In addition, the ongoing COVID-19 pandemic will likely impact economic factors for the near future, however, the impact on operations is uncertain at this time.

Conduit Borrowing Bond Rate

The conduit borrowing bonds are rated AA-.

Contacting the Department's Financial Management

This financial report is designed to provide a general overview of the Department's finances, comply with finance-related laws and regulations, and demonstrate commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Department's Financial Services Department at 2600 Northeast 63rd, Oklahoma City, Oklahoma 73112.

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Basic Financial Statements

Department-wide Financial Statements

Provide both long-term and short-term information about the Department's overall status using full accrual accounting.

- * Reports clinical services, community health services, public health protection, strategic communication and outreach, and general administration activities and the general revenues of the Department.*

Fund Financial Statements

Fund Financial Statements

Encompass essentially the same functions reported as the activities reported in the Department-wide financial statements using modified accrual accounting and report the annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

- * General Fund**

Reports the general operations of the Department not reported in other funds.

- * Grants Fund**

Reports the activities related to federal and state grant awards.

- * Capital Projects Fund**

Reports the capital projects and capital related activities of the Department.

STATEMENT OF NET POSITION
June 30, 2020

OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT

| <u>ASSETS</u> | <i>Governmental</i> |
|------------------------------------------------------------|----------------------------|
| <u>CURRENT ASSETS</u> | <u>Activities</u> |
| Cash----- | \$667,106 |
| Restricted deposits----- | 222,840 |
| Investments----- | 23,898,410 |
| Property taxes receivable, net of allowance----- | 1,159,510 |
| Accounts receivable, net----- | 64,545 |
| Intergovernmental receivable----- | 2,103,850 |
| Inventory----- | 557,676 |
| Prepays----- | 179,302 |
| Total current assets----- | <u>28,853,239</u> |
| <u>NON-CURRENT ASSETS</u> | |
| Restricted deposits----- | 894,375 |
| Prepays, non-current----- | 1,226 |
| Capital assets: | |
| Land and construction in progress----- | 2,421,386 |
| Other capital assets, net of accumulated depreciation----- | 22,369,286 |
| Capital assets, net----- | <u>24,790,672</u> |
| Total non-current assets----- | <u>25,686,273</u> |
| Total assets----- | <u>54,539,512</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> ----- | <u>2,062,742</u> |
| <u>LIABILITIES</u> | |
| <u>CURRENT LIABILITIES</u> | |
| Wages and benefits payable----- | 1,055,072 |
| Accounts payable and other accrued liabilities----- | 1,100,850 |
| Compensated absences----- | 556,836 |
| Unearned revenue----- | 40,542 |
| Conduit borrowing----- | 649,919 |
| Total current liabilities----- | <u>3,403,219</u> |
| <u>NON-CURRENT LIABILITIES</u> | |
| Compensated absences----- | 1,516,379 |
| Conduit borrowing----- | 9,670,000 |
| Total other post-employment benefit obligation----- | 18,357,550 |
| Total non-current liabilities----- | <u>29,543,929</u> |
| Total liabilities----- | <u>32,947,148</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> ----- | <u>3,120,427</u> |
| <u>NET POSITION</u> | |
| Net investment in capital assets----- | 15,670,656 |
| Restricted for debt service----- | 142,921 |
| Unrestricted----- | 4,721,102 |
| Total net position----- | <u>\$20,534,679</u> |

See accompanying notes to the financial statements.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT

| | Expenses | Program Revenues | | Total |
|--------------------------------------------|---------------------|----------------------------|------------------------------------------|-----------------------|
| | | Charges for Services | Operating Grants and Contributions | |
| <u>Governmental Activities</u> | | | | |
| Clinical services----- | \$8,417,960 | \$267,623 | \$4,467,507 | (\$3,682,830) |
| Community health services----- | 2,413,567 | - | 2,171,774 | (241,793) |
| Public health protection----- | 7,464,577 | 533,467 | 2,740,781 | (4,190,329) |
| Strategic communications and outreach----- | 5,060,306 | 1,650 | 1,152,445 | (3,906,211) |
| General administration----- | 5,977,992 | - | 1,404 | (5,976,588) |
| Depreciation----- | 925,583 | - | - | (925,583) |
| Interest on long-term debt----- | 329,425 | - | - | (329,425) |
| Total----- | \$30,589,410 | \$802,740 | \$10,533,911 | (\$19,252,759) |
| <u>GENERAL REVENUES</u> | | | | |
| Property taxes----- | | | | 19,857,139 |
| Unrestricted investment income----- | | | | 248,721 |
| Miscellaneous----- | | | | 75,517 |
| Total general revenues----- | | | | 20,181,377 |
| Change in net position----- | | | | 928,618 |
| Net assets-beginning----- | | | | 19,606,061 |
| Net position-ending----- | | | | \$20,534,679 |

See accompanying notes to the financial statements.

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020**

OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT

| | General Fund | Grants Fund | Capital Projects Fund | Total |
|---------------------------------------------------|-------------------------|------------------------|----------------------------------|---------------------|
| ASSETS | | | | |
| Cash----- | \$667,106 | \$ - | \$ - | \$667,106 |
| Restricted deposits----- | 1,117,215 | - | - | 1,117,215 |
| Investments----- | 19,134,468 | - | 4,763,942 | 23,898,410 |
| Property taxes receivable, net of allowance----- | 1,159,510 | - | - | 1,159,510 |
| Accounts receivable and other accrued assets----- | 55,034 | 9,511 | - | 64,545 |
| Intergovernmental receivable----- | 323,678 | 1,780,172 | - | 2,103,850 |
| Due from the Grant Fund----- | 1,540,507 | - | - | 1,540,507 |
| Prepaid expenses----- | 179,078 | 1,311 | 139 | 180,528 |
| Total assets----- | \$24,176,596 | \$1,790,994 | \$4,764,081 | \$30,731,671 |

**LIABILITIES, DEFERRED INFLOWS,
AND FUND BALANCES**

LIABILITIES

| | | | | |
|-----------------------------------------------------|------------------|------------------|---------------|------------------|
| Wages and benefits payable----- | \$886,335 | \$168,737 | \$ - | \$1,055,072 |
| Accounts payable and other accrued liabilities----- | 930,617 | 72,939 | 97,294 | 1,100,850 |
| Due to the General Fund----- | - | 1,540,507 | - | 1,540,507 |
| Unearned revenues----- | 33,042 | 7,500 | - | 40,542 |
| Total liabilities----- | 1,849,994 | 1,789,683 | 97,294 | 3,736,971 |

DEFERRED INFLOWS

| | | | | |
|---------------------------|---------|---|---|---------|
| Unavailable revenues----- | 888,281 | - | - | 888,281 |
|---------------------------|---------|---|---|---------|

FUND BALANCES

| | | | | |
|------------------------------------------------------------------------|---------------------|--------------------|--------------------|---------------------|
| Nonspendable----- | 179,078 | 1,311 | 139 | 180,528 |
| Restricted for debt service----- | 1,117,215 | - | - | 1,117,215 |
| Assigned - purchases on order----- | 235,884 | - | - | 235,884 |
| Assigned - capital projects----- | - | - | 4,666,648 | 4,666,648 |
| Unassigned----- | 19,906,144 | - | - | 19,906,144 |
| Total fund balances----- | 21,438,321 | 1,311 | 4,666,787 | 26,106,419 |
| Total liabilities, deferred inflows, and fund balances----- | \$24,176,596 | \$1,790,994 | \$4,764,081 | \$30,731,671 |

**RECONCILIATION OF THE BALANCE SHEET, GOVERNMENTAL FUNDS, TO THE
STATEMENT OF NET POSITION**

| | |
|---------------------------------------------------------------|---------------------|
| Total fund balances----- | \$26,106,419 |
| Inventory----- | 557,676 |
| Capital assets, net of accumulated depreciation----- | 24,790,672 |
| Earned but unavailable revenue----- | 888,281 |
| Compensated absences----- | (2,073,215) |
| OPEB liability and related deferred inflows and outflows----- | (19,415,235) |
| Conduit borrowing----- | (10,319,919) |
| Net position-governmental activities----- | \$20,534,679 |

See accompanying notes to the financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020**

| | General Fund | Grants Fund | Capital Projects Fund | Total |
|-----------------------------------------|---------------------|------------------|--------------------------|---------------------|
| REVENUES | | | | |
| Property taxes----- | \$19,805,118 | \$ - | \$ - | \$19,805,118 |
| Intergovernmental revenue----- | 1,425,816 | 8,890,268 | - | 10,316,084 |
| Charges for services----- | 442,774 | - | - | 442,774 |
| Licenses & permits----- | 298,295 | - | - | 298,295 |
| Investment income----- | 170,757 | - | 77,964 | 248,721 |
| Donations----- | 216,410 | - | - | 216,410 |
| Lease revenues----- | 60,021 | - | - | 60,021 |
| Other income----- | 78,584 | - | - | 78,584 |
| Total revenues----- | <u>22,497,775</u> | <u>8,890,268</u> | <u>77,964</u> | <u>31,466,007</u> |
| EXPENDITURES | | | | |
| Wages----- | 9,659,472 | 4,461,151 | - | 14,120,623 |
| Fringe benefits----- | 3,921,835 | 1,774,271 | - | 5,696,106 |
| Personal services----- | 222,693 | 6,837 | - | 229,530 |
| Travel/training----- | 235,386 | 111,697 | - | 347,083 |
| Maintenance & operations----- | 5,841,664 | 2,069,147 | 75,748 | 7,986,559 |
| Capital outlay----- | 93,313 | - | 1,176,394 | 1,269,707 |
| Debt service----- | 887,675 | - | - | 887,675 |
| Total expenditures----- | <u>20,862,038</u> | <u>8,423,103</u> | <u>1,252,142</u> | <u>30,537,283</u> |
| Excess revenues (expenditures)----- | <u>1,635,737</u> | <u>467,165</u> | <u>(1,174,178)</u> | <u>928,724</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in/(out)----- | 637,771 | (468,965) | (168,806) | - |
| Net other financing sources (uses)----- | <u>637,771</u> | <u>(468,965)</u> | <u>(168,806)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 2,273,508 | (1,800) | (1,342,984) | 928,724 |
| FUND BALANCES | | | | |
| Beginning of year----- | 19,164,813 | 3,111 | 6,009,771 | 25,177,695 |
| End of year----- | <u>\$21,438,321</u> | <u>\$1,311</u> | <u>\$4,666,787</u> | <u>\$26,106,419</u> |

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE, GOVERNMENTAL FUND TO THE STATEMENT OF
ACTIVITIES, GOVERNMENTAL ACTIVITIES**

| | |
|-------------------------------------------------------------------------|------------------|
| Net change in fund balance----- | \$928,724 |
| Change in inventory----- | (92,551) |
| Capital outlay----- | 1,269,707 |
| Depreciation expense----- | (925,583) |
| Recognition of earned but unavailable revenue----- | 52,021 |
| Change in compensated absences----- | (111,235) |
| Conduit borrowing principal paid----- | 558,250 |
| Change in OPEB liability and related deferred inflows and outflows----- | (750,715) |
| Change in net position-governmental activities----- | <u>\$928,618</u> |

See accompanying notes to the financial statements.

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Notes to Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. A. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the Oklahoma City-County Health Department (Department) financial activities for the fiscal year ended June 30, 2020.

I. B. BASIS OF PRESENTATION

I. B. 1. REPORTING ENTITY

The Department 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 (the County) and Oklahoma City (the City). The Department provides public health services to all citizens of the County.

The governing board of the Department is the Board of Health (the 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 and four members are appointed by the Board of County Commissioners. The Board's business meetings are open to the public.

The Department is not a component unit of another government and does not have any component units.

I. B. 2. RELATED ORGANIZATION

Partners in Public Health, Inc. (PiPH) is a non-profit corporation organized for "charitable and educational" purposes. The Board is responsible for the initial appointment of members to the board of PiPH but the Department's accountability does not extend beyond making the appointments. The financial transactions of PiPH are not included in the accompanying financial statements.

I. B. 3. BASIC FINANCIAL STATEMENTS

Department-wide Financial Statements

The Department-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Department as a whole. Individual funds are not displayed.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include charges for services which include fees and other charges to users of the Department's services. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements include the balance sheet and statement of revenues, expenditures, and changes in fund balance. Fund financial statements are provided for all funds. All funds of the Department are considered major.

I. B. 4. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Generally Accepted Accounting Principles (U.S. GAAP)

The financial statements of the Department are prepared in accordance with U.S. GAAP. The Department applies all relevant GASB pronouncements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Department-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Department considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for imposed nonexchange transactions, such as property taxes, and 180 days for government-mandated nonexchange transactions, such as federal and state grants. Expenditures are recorded when the related fund liability is incurred.

Governmental Funds

General Fund

This fund is the Department's primary operating fund and is used by the Department to account for specific revenues including property tax revenues, health insurance collections, and business license and inspection fees. The revenues are designated to finance general government functions or activities of the Department, including clinical and community health services, public health protection, communications and outreach, and general administration.

Grants Fund

This fund is used to account for the revenues and expenditures of federal and state grants.

Capital Projects Fund

This fund is used to account for the acquisition, construction, and maintenance of the Department's capital projects.

I. C. BUDGET LAW AND PRACTICE

Pursuant to 68 O.S. § 3002, on or before August 17 of each year, a budget for each fund, as required by the Board, is completed. The budget is adopted for the General Fund by object and submitted to the Oklahoma County Excise Board for approval. Budget revisions in excess of fund balance requires approval by the Oklahoma County Excise Board.

The Department's budget is approved by the Board. Budgetary control of Department operations is exercised on an annual basis for the General Fund. Appropriations for the General Fund expire at the close of the fiscal year. Budgetary control of the Grants Fund is established by the granting agency and is exercised for the same period as the grant award. The Capital Projects Fund is budgeted on a project-length basis. Outstanding appropriations in the Grants Funds and Capital Projects Fund are carried forward each year until grants expire or the projects are completed. Management may transfer appropriations without governing body approval.

The Department uses 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 appropriations.

I. D. POLICIES RELATED TO ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY

I. D. 1. CASH AND INVESTMENTS

The Department adopted a formal investment policy in February 2014, as amended. State statutes authorize the Department to adopt a written investment policy directing the investment of the funds of the Department. The investment policy limits investments to obligations of the U.S. Treasury, certificates of deposit, and 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.

The Department maintains and controls a demand deposit operating cash account and an investment pool which is allocated to the funds. Fund pooled investments are allocated based on the fund's position in the pool and reported as investments.

Investments are carried at fair value determined by quoted market prices. The management of the restricted investments is performed in accordance with applicable conduit borrowing bond indentures and at the direction of the trustee bank. Cash deposits are reported at carrying amount which approximates fair value.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

Accounting guidance establishes a consistent framework for measuring fair value and establishes a fair value hierarchy based on the observability of inputs used to measure fair value. These different levels of valuation hierarchy are described as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable.

Level 3 - Significant unobservable prices or inputs.

An investment's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Conduit Borrowing Bond Indentures Restrictions

The conduit bond indentures restrict investing to (1) direct obligations of or obligations which are unconditionally guaranteed by the federal government; (2) bonds, debentures, notes or other indebtedness payable in cash issued by Export Import Bank of the U.S., Federal Financing Bank, Farmer's Home Administration, Federal Housing Administration, Maritime Administration, Public Housing Authorities, and Government National Mortgage Association whose obligations represent the full faith and credit of the United States of America; certificates of deposit secured by collateral described in (1) and (2) above; investments fully insured by federal depository insurance; repurchase agreements; money market accounts; commercial paper; shares of mutual funds; advanced refunding municipal bonds; and guaranteed investment contracts.

I. D. 2. RESTRICTED DEPOSITS

Restricted deposits include investments which are legally restricted by conduit borrowing bond indentures for principal and interest payments.

I. D. 3. RECEIVABLES AND UNCOLLECTIBLE AMOUNTS

Property Taxes Receivable

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 Department. Taxes are due on November 1 following the levy date; however, 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 usually published in May. If the taxes are not paid within 30 days from publication, they shall be placed on the personal tax lien docket.

Property taxes receivable are estimated from the prior calendar year receipts. In the fund financial statements, property tax revenues are recorded for all receipts during the year and for 60 days after year-end.

The Department's millage is set by Oklahoma statute.

In the Department-wide financial statements, property taxes receivable and related revenue include all amounts due the Department regardless of when cash is received.

Accounts Receivable

The Department reports accounts receivable for services rendered at net realizable amounts from third-party payers, patients, and others. The Department provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions.

Intergovernmental Receivables

Significant intergovernmental receivables are due from federal and state governments and include amounts receivable for inspection services and grant awards. Amounts are considered fully collectible and no allowance has been provided.

I. D. 4. INTERFUND BALANCES

Generally, outstanding balances between funds reported as due to/from other funds include outstanding charges by one fund to another for services or goods, funding commitments outstanding at year-end, or other miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as advances to/from other funds and include both the current and non-current portion of interfund loans. All activity is eliminated in the Department-wide financial statements.

I. D. 5. INVENTORIES AND PREPAIDS

Inventories

Inventories, recorded at the lower of cost or market on a first-in, first-out basis, consist of immunizations and medical and pharmaceutical supplies and are recorded on the purchases method and are reported as expenditures on the fund financial statements. Expenses for amounts on hand are reduced and reported as assets on the Department-wide financial statements.

Prepays

Prepays are payments to vendors that benefit future reporting periods and are reported on the consumption basis. Costs are accrued on the fund financial statements. Non-current prepaids benefit periods beyond the following 12 month period. Payments to vendors that are less than \$100 are considered *di minimis* and are reported with expenses/expenditures in the year of payment.

I. D. 6. CAPITAL ASSETS AND DEPRECIATION

The Department generally capitalizes assets with a cost of \$5,000 or more. Items that do not meet the monetary threshold listed in the policy summary are expensed in the period incurred. Property and equipment are stated at actual or estimated historical cost. Donated assets are stated at their acquisition value on the date donated. Capital assets are reported in the Department-wide statements and are depreciated using the straight line method. Assets financed with capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting loss is recorded in operations.

Estimated Useful Lives

| | |
|--------------------------------------|----------|
| Computers and computer software | 3 years |
| Equipment and vehicles | 5 years |
| Office furniture and fixtures | 7 years |
| Land improvements | 20 years |
| Buildings and leasehold improvements | 40 years |

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service.

The Department evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital asset historical cost and related accumulated depreciation are decreased proportionately such that the net decrease equals the impairment loss.

I. D. 7. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In addition to assets and liabilities, the Department-wide statement of net position and the fund balance sheet may report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position or fund balance that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to a future period which will not be recognized as an inflow of resources until that time.

I. D. 8. COMPENSATED ABSENCES

Annual Leave

Accrual rates vary in four stages from 15 days per year (10 hours/month) for less than five years to 25 days per year (16 2/3 hours/month) for 15 or more years of service. Any employee terminating from employment shall be paid for any unused, accrued annual leave up to an amount of 480 hours. All other accrued annual leave over this amount will not be paid to the employee. Compensated absences are generally liquidated by the General Fund.

Sick Leave

The accrual rate for sick leave is 15 days per year (10 hours/month) with no accumulation limit. 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. An additional 40 hours per fiscal year may be converted to annual leave or pay when an employee maintains a minimum balance of 360 hours of sick leave. No accrued, unused sick leave will be paid upon termination from employment.

I. D. 9. CONDUIT BORROWINGS

The Department is a special unit of government with no powers to issue bonded debt. The Oklahoma Finance Authority (OFA) is authorized to issue bonds in order to provide funds for the development of commercial and industrial projects which will benefit the County. This debt is considered conduit debt which is a limited obligation debt instrument issued by a state or local government entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. OFA has issued conduit bonded debt on behalf of the Department to fund Department projects. The Department has entered into lease agreements with the OFA. The lease agreements obligate the Department to pay rentals sufficient to fund the principal and interest of the bonds issued by OFA.

I. D. 10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Department has a single-employer defined benefit OPEB plan (the OPEB Plan). For purposes of measuring the total OPEB liability, deferred outflows, and deferred inflows of resources related to OPEB and OPEB expense, these line items have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

I. D. 11. USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions regarding the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

I. D. 12. FUND EQUITY

Net Position

Net investment in capital assets and legally restricted amounts are separated from unrestricted net position.

Net Investment in Capital Assets

The amount reported is calculated as total capital assets less accumulated depreciation and outstanding debt used to purchase the assets net of unspent portions. Unspent portions of debt, along with any amounts used to fund debt reserves, are included with restricted net position.

Restricted Net Position

Amounts reported as restricted for debt service include those amounts held in restricted accounts as required by the debt instrument. Restricted amounts held to pay conduit borrowing bond interest are reduced by accrued interest payable. Net position restricted for capital projects include unspent debt proceeds legally restricted for capital outlays. Restricted net position also includes purpose restrictions from enabling legislation and other external sources.

Unrestricted Net Position

The amount reported is the remaining net position that does not meet the definitions of net investment in capital assets or restricted net position and is available to fund future operations of the Department.

Fund Balance

Non-Spendable Fund Balance

Fund balance reported as non-spendable includes amounts that cannot be spent because it is not in spendable form or is not expected to be converted to cash, including prepaid expenses and advance funding. In addition, non-current assets which will eventually be converted to cash are reported as non-spendable where unassigned fund balance would otherwise be reported.

Restricted Fund Balance

Restricted fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Assigned Fund Balance

Assigned fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by formal action of the Department's management. Encumbrances in the General Fund are reported as assigned.

Unassigned Fund Balance

Unassigned fund balance includes fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other funds.

Fund Balance Usage

The Department uses restricted amounts when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this, such as grant agreements requiring dollar for dollar spending. Additionally, the Department uses assigned amounts before unassigned amounts of unrestricted fund balance when expenditures are made.

I. D. 13. RISK MANAGEMENT

The Department 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 Department carries commercial insurance for its facilities with a \$75,000 deductible, participates in the state health and dental plans for its health benefits coverage for employees, has coverage through CompSource Oklahoma for workers' compensation coverage and is self-insured for errors and omissions and for other general liability claims under \$175,000. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Department. 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 fiscal year.

I. E. POLICIES RELATED TO REVENUES AND EXPENDITURES/EXPENSES

Major Revenues

Program revenues reported in Department-wide financial statements include inspection service fees and medical service fees.

General revenues reported in the Department-wide financial statements include property taxes, investment income, and other operating income.

I. F. TAX STATUS

The Department is exempt from federal and state income taxes under Section 115 of the Internal Revenue Code for any trade or business related to the Department's tax-exempt purpose or function.

II. ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

II. A. CASH, RESTRICTED DEPOSITS AND INVESTMENTS

Cash

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Department's deposits may not be returned or the Department will not be able to recover collateral securities in the possession of an outside party. The Department's policy requires deposits to be 110 percent secured by collateral valued at market less the amount of the federal depository insurance.

At June 30, 2020, the Department's cash is collateralized with securities held by the pledging financial institution in the name of the Department, less federal depository insurance.

Restricted Deposits and Investments

Restricted Deposits

The conduit borrowing bond indentures require the use of trust accounts. The conduit borrowing bond accounts are used to segregate resources accumulated for debt service payments over the next twelve months. The conduit bond reserve account is used for proceeds of conduit borrowing bond issuances set aside to make up potential future deficiencies in the conduit borrowing bond accounts, or to make the last conduit borrowing bond principal and interest payments.

| | |
|-----------------------------------------------|---------------------------|
| Conduit borrowing bond principal and interest | \$222,840 |
| Conduit borrowing bond reserve | <u>894,375</u> |
| | <u>\$1,117,215</u> |

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Department will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Restricted deposits are held by the conduit borrowing bond trustee in the name of the Department.

| | <u>Cost</u> | Fair Value/ Carrying <u>Amount</u> | Level <u>Inputs</u> | Average Credit Quality/ <u>Ratings (3)</u> | Weighted Average <u>Maturity (4)</u> |
|---------------------------------|---------------------------|------------------------------------------|------------------------|--------------------------------------------------|--------------------------------------------|
| Money market mutual fund (1)(2) | <u>\$1,117,215</u> | <u>\$1,117,215</u> | Level 1 | AAAm/Aaa | 19.47 |

- (1) Cost approximates fair value.
- (2) Consists solely of U.S. Treasury securities.
- (3) Ratings are from nationally recognized statistical rating organizations and provided to indicate associated credit risk.
- (4) Interest rate risk is estimated using weighted average to maturity (days)

Investments

Investment securities are exposed to various risks such as interest rate risk and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Department's financial position. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. The Department's investment policy does not address investment credit risks or interest rate risk.

| | <u>Cost</u> | Fair Value/ Carrying <u>Amount</u> | Level <u>Inputs</u> | Average Credit Quality/ <u>Ratings (3)</u> | Weighted Average <u>Maturity (4)</u> |
|---------------------------------|----------------------------|------------------------------------------|------------------------|--------------------------------------------------|--------------------------------------------|
| Money market mutual fund (1)(2) | <u>\$23,898,410</u> | <u>\$23,898,410</u> | Level 1 | AAAm/Aaa | 43.00 |

- (1) Cost approximates fair value.
- (2) Consists solely of U.S. Treasury securities.
- (3) Ratings are from nationally recognized statistical rating organizations and provided to indicate associated credit risk.
- (4) Interest rate risk is estimated using weighted average to maturity (days)

Fair Value Measurement

A restricted deposit or investment's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Money market funds are reported at fair value, are traded on active markets at quoted prices, and are valued at level 1. There have been no changes in the methodologies used from the prior year.

II. B. RECEIVABLES AND UNCOLLECTIBLE AMOUNTS

| | General Fund | | | Grants Fund |
|------------------------------|--------------------------|------------------------|--------------------------|--------------------------|
| | Amount | Allowance for | Net | Amount |
| | <u>Receivable</u> | Uncollectible | <u>Receivable</u> | <u>Receivable</u> |
| | | <u>Accounts</u> | | |
| Property taxes | <u>\$1,165,337</u> | <u>\$5,827</u> | <u>\$1,159,510</u> | <u>\$ -</u> |
| Patient billings | \$119,602 | \$119,504 | \$98 | \$ - |
| Other accounts receivable | <u>54,936</u> | <u>-</u> | <u>54,936</u> | <u>9,511</u> |
| | <u>\$174,538</u> | <u>\$119,504</u> | <u>\$55,034</u> | <u>\$9,511</u> |
| Intergovernmental receivable | <u>\$323,678</u> | <u>\$ -</u> | <u>\$323,678</u> | <u>\$1,780,172</u> |

II. C. INVENTORIES

Inventories for clinics are held at the Northeast Regional Health and Wellness Center (NERHWC), Southern Oaks Regional Health and Wellness Center (SOHWC), and the West Clinic (West).

| | NERHWC | SOHWC | West | Total |
|------------------|------------------|------------------|-----------------|------------------|
| Immunizations | \$283,393 | \$105,200 | \$56,626 | \$445,219 |
| Medical supplies | 15,789 | 12,960 | 9,027 | 37,776 |
| Other supplies | 405 | 476 | 340 | 1,221 |
| Pharmaceuticals | <u>28,145</u> | <u>27,847</u> | <u>17,468</u> | <u>73,460</u> |
| | <u>\$327,732</u> | <u>\$146,483</u> | <u>\$83,461</u> | <u>\$557,676</u> |

II. D. PREPAID ASSETS

| | General Fund | Grants Fund | Capital Projects Fund | Total |
|--------------------|---------------------|--------------------|------------------------------|------------------|
| Computer equipment | \$459 | \$ - | \$ - | \$459 |
| Insurance | 692 | - | - | 692 |
| Memberships | 3,615 | - | - | 3,615 |
| Software licenses | 158,217 | - | - | 158,217 |
| Subscriptions | 7,548 | 1,311 | - | 8,859 |
| Other | <u>8,547</u> | <u>-</u> | <u>139</u> | <u>8,686</u> |
| | <u>\$179,078</u> | <u>\$1,311</u> | <u>\$139</u> | <u>\$180,528</u> |

Prepaid expenses of \$180,528 include \$1,226 reported with non-current assets.

II. E. CAPITAL ASSETS

Changes in Capital Assets

| | Capital Assets, not depreciated | | | Capital Assets, depreciated | | | Total Capital Assets, net | |
|---------------------------------|---------------------------------|-----------------------------|---------------------------------------------|-----------------------------|---------------------------|------------------------------------------|---------------------------------|-----------------------------------------|
| | Land | Construction In Progress | Total Capital Assets, not depreciated | Buildings & Improvements | Land Improvements | Computers, Equipment, and Vehicles | | Total Capital Assets, depreciated |
| CAPITAL ASSETS | | | | | | | | |
| Balance, June 30, 2019 | \$1,767,220 | \$13,801 | \$1,781,021 | \$22,724,935 | \$1,970,701 | \$1,756,655 | \$26,452,291 | \$28,233,312 |
| Increases | - | <u>640,365</u> | <u>640,365</u> | <u>75,185</u> | <u>38,541</u> | <u>515,616</u> | <u>629,342</u> | <u>1,269,707</u> |
| Balance, June 30, 2020 | <u>1,767,220</u> | <u>654,166</u> | <u>2,421,386</u> | <u>22,800,120</u> | <u>2,009,242</u> | <u>2,272,271</u> | <u>27,081,633</u> | <u>29,503,019</u> |
| ACCUMULATED DEPRECIATION | | | | | | | | |
| Balance, June 30, 2019 | | | | 2,261,614 | 414,713 | 1,110,437 | 3,786,764 | 3,786,764 |
| Increases | | | | <u>575,156</u> | <u>109,867</u> | <u>240,560</u> | <u>925,583</u> | <u>925,583</u> |
| Balance, June 30, 2020 | | | | <u>2,836,770</u> | <u>524,580</u> | <u>1,350,997</u> | <u>4,712,347</u> | <u>4,712,347</u> |
| Total | <u>\$1,767,220</u> | <u>\$654,166</u> | <u>\$2,421,386</u> | <u>\$19,963,350</u> | <u>\$1,484,662</u> | <u>\$921,274</u> | <u>\$22,369,286</u> | <u>\$24,790,672</u> |

II. F. DEFERRED OUTFLOWS OF RESOURCES

OPEB Deferred Outflows

Differences are deferred when the actuarial estimate of the OPEB Plan's experience costs for a given period differ from the actual experience costs. Deferred outflows that result from OPEB Plan experience differences are divided by the beginning expected remaining service life of its members and amortized over that period, with the current year amount included in the determination of OPEB expense. Differences are also calculated and recorded as deferred outflows when actual investment earnings exceed estimated investment earnings. This amount is amortized over a fixed 7 year period for each unique fiscal year. Current year employee contributions are deferred and included in the following year net OPEB liability calculation.

Change in assumptions **\$2,062,742**

III. LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

III. A. COMPENSATED ABSENCES

Compensated absences balances changed from \$1,961,980 to \$2,073,215 by accruals of \$972,112 and usages of \$860,877.

III. B. UNEARNED REVENUES

The Department has reported unearned revenue of \$40,542 at the end of the fiscal year. Included in unearned revenue is \$32,350 collected for annual public bathing licenses, \$7,500 for unspent private donations, and \$692 for advances from retirees for health insurance.

III. C. CONDUIT BORROWING

Series 2012 Conduit Borrowing

On January 1, 2012, the OFA issued Series 2012 Lease Revenue Bonds for \$8,395,000 which bear interest at 2.00% to 3.75% and are payable in annual installments through April 1, 2032. The bonds may be redeemed on or after April 1, 2022 at par plus accrued interest. On the same date, the Department entered into the Series 2012 Facilities Lease Agreement (2012 Lease) with the OFA. The proceeds of the bonds were used for the construction of the Department's Northeast Regional Health and Wellness Center (NERHWC). NERHWC houses the Department's administrative and emergency operations staff and is used to provide community health educational presentations, integrated services with other agencies and meeting spaces for the public. The 2012 Lease obligates the Department to make monthly deposits equal to 1/12th of the annual principal and interest payments to the conduit borrowing bond principal and interest accounts. During the year, the Department paid \$567,650 in rental payments equal to the principal and interest due on the bonds.

Series 2015 Conduit Borrowing

On January 29, 2015, the OFA issued Series 2015 Lease Revenue Bonds for \$5,500,000 which bear interest at 2.00% to 3.375% and are payable in annual installments through April 1, 2040. The bonds may be redeemed on or after April 1, 2024 at par plus accrued interest. On February 1, 2015, the Department entered into the Series 2015 Facilities Lease Agreement (2015 Lease) with the OFA. The proceeds of the bonds were used for the construction of the Department's Gary Cox Partner Building (GCPB). GCPB houses the Department's Northeast location clinic, as well as community health services and emergency operations staff. The 2015 Lease obligates the Department to make monthly deposits equal to 1/12th of the annual principal and interest payments to the conduit borrowing bond principal and interest accounts. During the year, the Department paid \$320,025 in rental payments equal to the principal and interest due on the bonds.

Conduit Borrowing Debt Service Requirements to Maturity

| Fiscal Year | Series 2012 | | | Series 2015 | | |
|-------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2021 | \$390,000 | \$178,150 | \$568,150 | \$180,000 | \$141,525 | \$321,525 |
| 2022 | 405,000 | 166,450 | 571,450 | 185,000 | 137,925 | 322,925 |
| 2023 | 415,000 | 154,300 | 569,300 | 185,000 | 134,225 | 319,225 |
| 2024 | 430,000 | 141,850 | 571,850 | 190,000 | 130,525 | 320,525 |
| 2025 | 440,000 | 130,025 | 570,025 | 195,000 | 126,725 | 321,725 |
| 2026-2030 | 2,400,000 | 440,988 | 2,840,988 | 1,060,000 | 542,725 | 1,602,725 |
| 2031-2035 | 1,080,000 | 60,462 | 1,140,462 | 1,235,000 | 367,863 | 1,602,863 |
| 2036-2040 | - | - | - | 1,450,000 | 150,187 | 1,600,187 |
| | <u>\$5,560,000</u> | <u>\$1,272,225</u> | <u>\$6,832,225</u> | <u>\$4,680,000</u> | <u>\$1,731,700</u> | <u>\$6,411,700</u> |

III. D. NET OPEB LIABILITY

The total OPEB liability is actuarially determined using the actuarial assumptions and substantive plan provisions summarized in Note VII.

| | | | |
|-------------------------------------------------------|----------------------------|--------------------------------|-------------------------------|
| Total OPEB liability | <u>\$18,357,550</u> | | |
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Asset (Liability) |
| Beginning balance | \$15,960,168 | \$ - | \$15,960,168 |
| Service cost | 811,677 | - | 811,677 |
| Interest | 583,340 | - | 583,340 |
| Differences between expected and actual experience | (421,013) | - | (421,013) |
| Changes of assumptions | 1,730,947 | - | 1,730,947 |
| Contributions - employer | - | 307,569 | (307,569) |
| Benefit payments and refunds | <u>(307,569)</u> | <u>(307,569)</u> | <u>-</u> |
| | <u>\$18,357,550</u> | <u>\$ -</u> | <u>\$18,357,550</u> |

III. E. CHANGES IN LONG-TERM OBLIGATIONS

| | Balance <u>July 1, 2019</u> | Additions/ <u>Issuances</u> | Deletions/ <u>Retirements</u> | Balance <u>June 30, 2020</u> | Due Within <u>One Year</u> | Due After <u>One Year</u> |
|----------------------|--------------------------------|--------------------------------|----------------------------------|---------------------------------|-------------------------------|------------------------------|
| Compensated absences | \$1,961,980 | \$972,112 | \$860,877 | \$2,073,215 | \$556,836 | \$1,516,379 |
| Conduit borrowings | 10,878,169 | 329,425 | 887,675 | 10,319,919 | 649,919 | 9,670,000 |
| Net OPEB liability | <u>15,960,168</u> | <u>2,704,951</u> | <u>307,569</u> | <u>18,357,550</u> | <u>-</u> | <u>18,357,550</u> |
| | <u>\$28,800,317</u> | <u>\$4,006,488</u> | <u>\$2,056,121</u> | <u>\$30,750,684</u> | <u>\$1,206,755</u> | <u>\$29,543,929</u> |

III. F. DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue

Unavailable revenue in the fund financial statements includes property tax revenue received more than 60 days following year-end and federal and state grant revenue received more than 180 days following year-end (unavailable to pay liabilities of the current period). At June 30, 2020, property tax revenue earned but unavailable is \$888,281. All federal and state grant revenue is expected to be received within 180 days after year-end.

OPEB Deferred Inflows

Differences are deferred when the OPEB system's actuarial estimate of the plan's experience costs for a given period differ from the actual experience costs. Deferred inflows that result from the OPEB Plan experience differences are divided by the beginning expected remaining service life of its members and amortized over that period, with the current year amount included in the determination of OPEB expense.

| | |
|----------------------------------------------------------------|---------------------------|
| Difference between expected and actual OPEB Plan experience | \$2,988,176 |
| Change in assumptions | <u>132,251</u> |
| | <u>\$3,120,427</u> |

IV. FUND EQUITY

IV. A. NET POSITION

Net Investment in Capital Assets

| | |
|--------------------------------------------------------|----------------------------|
| Capital assets, net | \$24,790,672 |
| Retainages and capital related accounts payable | (97,294) |
| Conduit borrowing payable, net | (10,319,919) |
| Interest payable included in conduit borrowing payable | 79,919 |
| Bond reserve accounts funded with bond proceeds | 894,375 |
| Bond issuance costs paid from bond proceeds | <u>322,903</u> |
| | <u>\$15,670,656</u> |

Restricted for Debt Service

| | |
|-------------------------------------------------|-------------------------|
| Bond principal and interest accounts | \$222,840 |
| Bond reserve accounts | 894,375 |
| Bond reserve accounts funded with bond proceeds | (894,375) |
| Current conduit borrowing interest payable | <u>(79,919)</u> |
| | <u>\$142,921</u> |

Unrestricted

| | |
|--------------|---------------------------|
| Unrestricted | <u>\$4,721,102</u> |
|--------------|---------------------------|

IV. B. FUND BALANCE

| | General Fund | Grants Fund | Capital Projects Fund | Total |
|---------------------------------|----------------------------|------------------------|----------------------------------|----------------------------|
| Non-spendable Fund Balance - | | | | |
| Prepays | \$179,078 | \$1,311 | \$139 | \$180,528 |
| Restricted for Debt Service - | | | | |
| Restricted deposits | 1,117,215 | - | - | 1,117,215 |
| Assigned for Purchases on Order | 235,884 | - | - | 235,884 |
| Assigned for Capital Projects | - | - | 4,666,648 | 4,666,648 |
| Unassigned | <u>19,906,144</u> | <u>-</u> | <u>-</u> | <u>19,906,144</u> |
| | <u>\$21,438,321</u> | <u>\$1,311</u> | <u>\$4,666,787</u> | <u>\$26,106,419</u> |

V. REVENUES AND EXPENSES

V. A. PROPERTY TAXES

The total assessed value of property as of January 1, 2019, was \$7,927,180,950, net of homestead exemptions of \$183,278,446. The Department's apportionment of the assessed value at 2.59 mills is \$20,531,399. Current year tax collections of \$19,109,018 were approximately 93% of the tax levy. In addition, \$696,100 was collected from previous years' assessments.

V. B. INTERGOVERNMENTAL REVENUES

The Department contracts with the state and other governments to provide services. In addition, the Department also receives federal and state grant funding.

Inspection and Licensure Services

The Department contracts with the Oklahoma State Department of Health (OSDH) to provide inspection and licensure services. During the year, the Department reported \$1,425,816 in intergovernmental revenues related to inspection and licensure services on behalf of OSDH and \$298,295 in revenues related to other inspection and licensure services.

Federal Awards

The Department received \$6,577,057 in federal awards including \$1,155,413 directly from U.S. Department of Health and Human Services and \$5,101,389, \$257,667, \$58,753, and \$3,835 passed through from the OSDH, the MyHealth Access Network, Food and Drug Administration, and the Board of Regents of the University of Oklahoma Health Sciences Center, respectively.

State Awards and Contracts

| <u>Grant/Contract Program Title</u> | |
|-------------------------------------------------------------------------------------|---------------------------|
| Affordable Care Act Maternal, Infant, and Early Childhood Visiting Program (MIECHV) | \$59,885 |
| Breastfeeding Peer Counseling | 20,000 |
| Children First Program | 1,097,282 |
| Oklahoma Tobacco Settlement Endowment Trust Healthy Living | 584,713 |
| OSDH Maternal and Child Health Services | |
| Fetal Infant Mortality Review Program | 273,391 |
| Outreach Program | 230,239 |
| OSDH Tuberculosis Direct Observed Therapy | 21,771 |
| Other State Awards | <u>25,930</u> |
| Total state awards | <u>\$2,313,211</u> |

V. C. LEASE REVENUES

OU Physicians

The Department leases space in GCPB to the Board of Regents of University of Oklahoma on behalf of OU Physicians. The initiating lease began in 2015 with the option to renew for four additional 12 month periods. The term of the current year lease began on July 1, 2019 and continued through June 30, 2020. Effective December 1, 2018, the lease was amended to change the location of the south clinic from the South Regional Health and Wellness Center (SRHWC) to the SOHWC. Rent for NERHWC was \$3,100 per month. Rent for SRHWC was \$1,620 per month to November 30, 2018. Rent for SOHWC was \$725 per month from December 1, 2018 through June 30, 2019. On July 1, 2019, the lease was approved for a 12 month period with the option to renew for four additional 12 month periods with a 2% increase.

OU Department of Infectious Disease

On April 1, 2019, the Department leased space in Health Center West (HCW) for a 3 month period at \$1,100 per month, with the option to renew for four additional 12 month periods with a 2% increase.

Minimum Rentals

| | <u>NERHWC</u> | <u>SOHWC</u> | <u>HCW</u> | <u>Total</u> |
|---------------|-------------------------|------------------------|------------------------|-------------------------|
| 2021 | \$38,705 | \$9,047 | \$13,469 | \$61,221 |
| 2022 | 39,479 | 9,228 | 13,738 | 62,445 |
| 2023 | 40,269 | 9,413 | 14,013 | 63,695 |
| 2024 | <u>41,074</u> | <u>9,601</u> | <u>14,293</u> | <u>64,968</u> |
| | <u>\$159,527</u> | <u>\$37,289</u> | <u>\$55,513</u> | <u>\$252,329</u> |
| Rental income | <u>\$37,946</u> | <u>\$8,870</u> | <u>\$13,205</u> | <u>\$60,021</u> |

V. D. OPERATING LEASES

The Department has several noncancelable leases with unrelated parties for rental of facilities, office equipment and other items. These lease terms range from month-to-month to 77 months and expire through June 30, 2023. Additionally, certain equipment leases have contingent rental components (impression charges) that totalled approximately \$50 thousand for the year ended June 30, 2020.

Future Minimum Rental Cost

| | <u>Facilities</u> | Office <u>Equipment</u> | <u>Other</u> | <u>Total</u> |
|----------------|-------------------------|----------------------------|-----------------------|-------------------------|
| 2021 | \$120,599 | \$66,738 | \$ - | \$187,337 |
| 2022 | 72,171 | 58,917 | - | 131,088 |
| 2023 | <u>36,085</u> | <u>4,910</u> | <u>-</u> | <u>40,995</u> |
| | <u>\$228,855</u> | <u>\$130,565</u> | <u>\$ -</u> | <u>\$359,420</u> |
| Lease payments | <u>\$323,187</u> | <u>\$68,271</u> | <u>\$4,852</u> | <u>\$396,310</u> |

V. E. OPEB EXPENSE

The Department reported \$1,058,284 in OPEB expense. The amounts reported as deferred inflows and outflows of resources in the accompanying statement of net position will be recognized as an increase (decrease) in OPEB expense in future years.

Deferred Inflows of Resources and Deferred Outflows of Resources to be Recognized in Future OPEB Expense

| | |
|------------|-----------------------------|
| 2021 | (\$336,733) |
| 2022 | (336,733) |
| 2023 | (336,733) |
| 2024 | (336,730) |
| 2025 | 102,108 |
| Thereafter | <u>187,136</u> |
| | <u>(\$1,057,685)</u> |

VI. INTERFUND TRANSACTIONS

Due To/From Other Funds

Amounts due from the Grants Fund to the General Fund of \$1,540,507 represent negative cash in the Grants Fund related to amounts expended but not yet reimbursed by federal and state grantors.

Transfers

Transfers from the Grants Fund to the General Fund of \$468,965 are for reimbursement of administrative and overhead (indirect costs) funded by federal and state grants. Transfers to the General Fund from the Capital Projects Fund of \$168,806 are to return unspent capital project funds to respond to the COVID-19 pandemic.

VII. DEFINED CONTRIBUTION PENSION PLAN

The Department sponsors a defined contribution plan for the benefit of its employees. The defined contribution plan is administered by Massachusetts Mutual Life Insurance Company. All employees are eligible to participate in the plan. The plan may be amended from time to time by action of the Board. Eligible participants may choose to invest their individual retirement funds in a variety of mutual funds 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. A participant is credited with a year of service for each year the participant works 1,000 hours or more. Partial vesting accrues after the second year at the rate of 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 beneficiaries 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 were \$1,651,255. Forfeitures of unvested contributions for terminated employees at June 30, 2020 were \$146,502.

A copy of the plan may be obtained from the Department’s Finance Office at 2600 Northeast 63rd, Oklahoma City, Oklahoma 73111 or by calling (405) 425-4484.

VIII. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Department provides postemployment healthcare benefits for eligible retired employees and their dependents through a single-employer defined benefit OPEB Plan covering all eligible employees hired before January 1, 2017. The OPEB Plan is administered by the Board. Benefit provisions are contained in the plan document and were established and can be amended by action of the Board. Contributions are equal to the Department's share of insurance premiums due during the year. No assets are accumulated in a trust. Benefits are provided through a third-party insurer, the Oklahoma Office of Management Enterprise Services (OMES) Employees Group Insurance Division (EGID). Employees who officially retire from the Department are eligible for subsidies of up to 75% of the retiree’s portion of monthly health and dental premiums. Other types of coverage can be elected, based on eligibility, for vision, life and disability insurance but retirees are responsible for all premium payments for those options.

Funding Policies, Contribution Methods and Benefit Provisions

| | |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Determination of contribution requirements | Board Resolution |
| Contribution rates: | |
| Employer | 75% of premium |
| Plan members | 25% of premium |
| Eligibility for distribution | General employees are eligible for membership in the plan under the "rule of 60" if hired before January 1, 2010 with a minimum of 8 years of service and total age plus years of service equal 60. General employees hired after January 1, 2010 and before January 1, 2017 are eligible for membership under the "rule of 75" if they retire with a minimum of 8 years of service and total age plus years of service equal 75. |

Membership

| | |
|-------------------------------------------------------------|------------|
| Active members (1) | 90 |
| Retirees and beneficiaries currently receiving benefits (1) | 243 |
| | <u>333</u> |

(1) Membership represents the number of members at the date of the actuarial report.

Annual Required Contributions - Actuarial Assumptions

| | |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Provisions for: | |
| Disability benefits | Yes |
| Death benefits | Yes |
| Valuation date | June 30, 2020 with no adjustments to get to the June 30, 2020 measurement date. Liabilities as of July 1, 2019 are based on an actuarial valuation date of July 1, 2018 projected to July 1, 2019 on a "no gain / no loss" basis. |
| Actuarial cost method | Entry Age Normal Level % of Salary Method |
| Actuarial Assumptions | |
| Discount rate | 2.66% (3.51% prior year) |
| Inflation rate | 3.5% |
| Projected salary increases | 3.0% |
| Health care trend rate | An initial rate of 8.00% decreasing .5% per year to an ultimate rate of 4.50% in 2028 and thereafter |
| Mortality table | SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019 |

The discount rate is based on a yield for 20-year tax exempt general obligation municipal bonds (S&P Municipal Bond 20 Year High Grade Rate Index) with an average rating of AA/Aa or higher (or equivalent quality on other rating scales).

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the Department and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Department and Plan members to that point. Actuarial calculations reflect a long-term perspective. The actuarial methods and assumptions used techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations. No experience study has been performed.

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The Department's total OPEB liability has been calculated using a discount rate of 2.66%. The Department's sensitivity to the discount rate is calculated using a discount rate 1% higher and 1% lower than the current rate.

| | <u>Rate</u> | |
|---------------------|-------------|--------------|
| 1% decrease | 1.66% | \$21,475,277 |
| Current single rate | 2.66 | 18,357,550 |
| 1% increase | 3.66 | 15,859,914 |

Sensitivity of Total OPEB Liability to Changes in the Health Care Trend Rate

The Department's total OPEB liability has been calculated using a health care trend rate that starts at an initial rate of 8.0%, decreasing to an ultimate rate of 4.5%. The Department's sensitivity to the health care trend rate is calculated using a rate 1% higher and 1% lower than the current rates.

| | <u>Rate</u> | |
|---------------------|-------------|--------------|
| 1% decrease | 7.00% | \$15,541,753 |
| Current single rate | 8.00 | 18,357,550 |
| 1% increase | 9.00 | 21,981,131 |

IX. CONTINGENCIES

Amounts received 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; however, the Department expects such amounts, if any, to be immaterial.

As a result of the continuing spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position and changes in financial position of the Department. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

IX. SUBSEQUENT EVENTS

On July 1, 2020, OCCHD modified its Sick Leave Conversion procedure to include conversion options for annual leave and earned comptime hours. Employees may convert up to 240 hours of annual leave, sick leave, or comptime each fiscal year. These changes will be reflected in fiscal year 2021's compensated absences and financial reports.

On July 7, 2020, OCCHD and the City of Oklahoma City (City) entered into a subrecipient agreement for reimbursement of activities eligible to be paid by the Coronavirus Aid, Relief, and Economic Security Act (CARES) up to \$14.01 million. Expenses eligible for CARES were paid beginning in March 2020 onward. An invoice for \$2.54 million was issued to the City for the period of April 1, 2020 through June 30, 2020. This amount was accrued to fiscal year 2021 in order to accurately reflect the period in which the contract was signed and the receivable was created.

Required Supplementary Information

**SCHEDULE OF CHANGES IN NET
OTHER POST-EMPLOYMENT (OPEB)
LIABILITY AND RELATED RATIOS (1)(2)**

OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|----------------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|
| Total OPEB liability | | | |
| Service cost | \$811,677 | \$772,092 | \$871,820 |
| Interest | 583,340 | 622,166 | 645,018 |
| Difference between expected and actual experience of the total OPEB liability | (421,013) | (1,405,894) | (2,840,423) |
| Changes of assumptions | 1,730,947 | 810,701 | (231,440) |
| Benefit payments, including refunds of employee contributions | <u>(307,569)</u> | <u>(284,197)</u> | <u>(287,679)</u> |
| Net change in total OPEB liability | 2,397,382 | 514,868 | (1,842,704) |
| OPEB liability, beginning | <u>15,960,168</u> | <u>15,445,300</u> | <u>17,288,004</u> |
| OPEB liability, ending | <u>\$18,357,550</u> | <u>\$15,960,168</u> | <u>\$15,445,300</u> |
| Covered payroll | <u>\$12,910,920</u> | <u>\$13,417,233</u> | <u>\$12,490,382</u> |
| Total OPEB liability as a percentage of covered payroll | 142.19% | 118.95% | 123.66% |

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, results for measurement years before June 30, 2018, are not available. This information will be developed prospectively beginning in 2018 until eventually 10 years of information is available.
- (2) For each year presented, assumptions made for the discount rate are updated using current year estimates.

BUDGET TO ACTUAL (1)
June 30, 2020

OKLAHOMA CITY-COUNTY HEALTH DEPARTMENT

| | <u>Original</u> | <u>Amendments</u> | <u>Revised</u> | | | | |
|---------------------------------------|--------------------|----------------------|----------------------|--------------------|---------------------|-------------------|--------------------|
| | <u>Budget</u> | <u>and Revisions</u> | <u>Budget</u> | <u>Actual</u> | <u>Encumbrances</u> | <u>Total</u> | <u>Variance</u> |
| Revenues | | | | | | | |
| Taxes----- | \$19,462,238 | \$301,038 | \$19,763,276 | \$19,763,276 | | \$19,763,276 | \$ - |
| Intergovernmental revenue----- | 1,628,925 | (203,109) | 1,425,816 | 1,425,816 | | 1,425,816 | - |
| Charges for services----- | 555,610 | (81,259) | 474,351 | 474,351 | | 474,351 | - |
| Licenses & permits----- | 519,603 | (220,805) | 298,798 | 298,798 | | 298,798 | - |
| Investment income----- | 150,000 | 20,757 | 170,757 | 170,757 | | 170,757 | - |
| Donations----- | 66,905 | (7,345) | 59,560 | 59,560 | | 59,560 | - |
| Lease revenues----- | 59,103 | 918 | 60,021 | 60,021 | | 60,021 | - |
| Other income----- | 297,096 | (17,780) | 279,316 | 279,316 | | 279,316 | - |
| Total revenues----- | 22,739,480 | (207,585) | 22,531,895 | 22,531,895 | | 22,531,895 | - |
| Expenditures | | | | | | | |
| Wages and fringe benefits----- | 16,268,302 | (3,800,161) | 12,468,141 | 12,569,890 | - | 12,569,890 | (101,749) |
| Personal services----- | 260,416 | 33,125 | 293,541 | 223,066 | 567 | 223,633 | 69,908 |
| Travel/training----- | 484,459 | (246,637) | 237,822 | 228,940 | 2,822 | 231,762 | 6,060 |
| Maintenance & operations----- | 5,697,576 | 384,903 | 6,082,479 | 4,745,114 | 232,495 | 4,977,609 | 1,104,870 |
| Debt service----- | 887,675 | - | 887,675 | 887,675 | - | 887,675 | - |
| Total expenditures----- | 23,598,428 | (3,628,770) | 19,969,658 | 18,654,685 | 235,884 | 18,890,569 | 1,079,089 |
| Transfers and Other | | | | | | | |
| Financing Sources (Uses) | | | | | | | |
| Transfers----- | 422,793 | (5,680,358) | (5,257,565) | 758,743 | - | 758,743 | 6,016,308 |
| financing sources/(uses)----- | 422,793 | (5,680,358) | (5,257,565) | 758,743 | - | 758,743 | 6,016,308 |
| Net revenues (expenditures)--- | (\$436,155) | (\$2,259,173) | (\$2,695,328) | \$4,635,953 | (\$235,884) | 4,400,069 | \$7,095,397 |

Reconciliation to the Statement of Revenues, Expenditures, and Changes in Fund Balance

| | |
|--------------------------------------------------|--------------------|
| Revenue accruals----- | (34,120) |
| Expenditure accruals----- | (2,207,353) |
| Transfers and other sources/(uses) accruals----- | (120,972) |
| Encumbrances----- | 235,884 |
| Changes in fund balance----- | \$2,273,508 |

(1) This schedule is prepared on the budgetary basis. Amounts reported as actual revenues and expenditures will differ from the amounts reported in the statement of revenues, expenditures, and changes in fund balance because the budgetary basis of accounting does not include certain revenue and expenditure accruals or encumbrances.

Other Supplementary Information

**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**

Independent Auditor's Report

Board of Health
Oklahoma City-County Health Department
Oklahoma City, Oklahoma

We have audited, 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, the financial statements of the governmental activities and each major fund of the Oklahoma City-County Health Department (the Department), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated January 12, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Health
Oklahoma City-County Health Department

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from 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 financial statements. 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Oklahoma City, Oklahoma
January 12, 2021