

Tulsa City-County Health Department

Financial Statements, Supplemental Information, Internal Control
and Compliance Reports, and Independent Auditor's Report

June 30, 2020 and 2019

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Independent Auditor's Report

To the Board of Health
Tulsa City-County Health Department

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Tulsa City-County Health Department (the Department), a component unit of Tulsa County, as of and for the years ended June 30, 2020 and 2019, respectively, 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

The Department's 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 audits. We conducted our audits 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 2019, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6 through 10, budgetary comparison information on page 41, the schedules of proportionate share of the net pension liability and OPEB liability, and schedules of contributions on pages 42 through 45 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020, 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 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 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.

Tulsa, Oklahoma
October 30, 2020

Stanfield + O'Dell, P.C.

**Management's Discussion
And Analysis**

Management's Discussion and Analysis

The Tulsa City-County Health Department's (the Department) discussion and analysis is designed to present a narrative overview of the financial activities and an analysis of the Department's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the Department's basic financial statements following this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements are designed to provide readers with a broad overview of the Department's finances, in a manner similar to a private-sector business. Therefore, the statements are reported using the accrual basis of accounting. In this way, all assets and liabilities, both financial and capital, short and long-term, are reported. All revenues and expenses applicable to the year are reported, regardless of when cash is received or paid.

The *Statement of Net Position* presents information on the Department's assets and liabilities, with the difference between the two 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 is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Fund Financial Statements present the Department's financial activities in a traditional fund format. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Department, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. The fund financial statements are reported using the modified accrual basis of accounting. See Note B2, Summary of Significant Accounting Policies, to learn more about the modified accrual basis of accounting.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the governmental-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Department's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Department's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them. The notes can be found at the end of the Financial Statements.

Financial Analysis of the Health Department as a Whole

Our discussion and analysis of the Department's performance provides an overview of the financial activities for the fiscal years ended June 30, 2020, 2019 and 2018. Prior period information is provided to facilitate comparative analysis between fiscal periods.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The Department reported total assets and deferred outflows of resources of \$53,679,819, \$46,731,686, and \$41,443,806 for the years ended June 30, 2020, 2019 and 2018, respectively. Of that total, \$14,597,462, \$13,710,030, and \$14,048,914, respectively, or approximately 27.2 percent, 29.3 percent, and 33.9 percent, respectively, is in the form of capital assets, comprised primarily of the agency's investment in its three regional health centers. Investment in capital assets, net of related debt, represented 34.4 percent, 27.5 percent, and 30.1 percent, respectively, of net position, while 65.6 percent, 72.4 percent, and 69.9 percent, respectively, was unrestricted. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Department, assets exceeded liabilities at the close for each of the fiscal years listed below.

Statements of Net Position - Condensed Comparative Information

	6/30/20	6/30/19	6/30/18
Cash	\$ 20,955,473	\$ 18,950,500	\$ 16,863,085
Other current assets	6,535,718	5,359,456	3,913,670
Capital assets - net	14,597,462	13,710,030	14,048,914
Other non-current assets	1,224	2,456	4,780
Deferred outflows of resources	11,589,942	8,709,244	6,613,357
Total assets and deferred outflows of resources	53,679,819	46,731,686	41,443,806
Current liabilities	1,737,468	872,197	990,790
Current portion - non-current liabilities	422,492	418,579	422,130
Compensated absences - long-term portion	1,444,687	1,147,062	1,137,839
Capital lease - long-term portion	8,185,000	8,382,973	8,908,822
Net pension liability	22,627,171	16,056,087	12,184,368
Other post retirement benefits liability	768,245	934,233	878,582
Deferred inflows of resources	713,186	529,601	675,846
Total liabilities	35,898,249	28,340,732	25,198,377
Total net position	\$ 17,781,570	\$ 18,390,954	\$ 16,245,429

Statement of Revenues, Expenses and Changes in Net Position

The Department reported total revenue of \$34,541,262, which represents a 4.0 and 12.0 percent increase over fiscal year 2019 and 2018, respectively. There was an increase in intergovernmental revenue, ad valorem tax revenue and contributions, and slight decreases in other revenues. It is important to note that intergovernmental revenue can only be billed after the expenditures have been incurred and paid. The \$35,150,646 expenditures reported in 2020 were \$4,095,353 more than fiscal year 2019 and expenditures for 2019 were \$1,272,364 more than fiscal year 2018.

Financial Analysis of the Department's Funds

The Department's government functions are reported in the general and capital project funds. The general fund, the chief operating fund of the Department, reported a balance of \$22,592,171, which was \$1,634,297 and \$4,218,332 more than fiscal year 2019 and 2018, respectively. On February 25, 2010, the balance of the proceeds received from the issuance of Health Facilities Revenue bonds was set-up in a capital projects fund. This money has been restricted for the construction of the new North Regional Health Department that was completed in 2013. The project fund had a restricted balance of \$1,223 at the end of fiscal year June 30, 2020 to be used toward the capital lease liability.

Statement of Revenues, Expenses and Changes in Net Position - Condensed Comparative Information

	2020	2019	2018
Intergovernmental revenue	\$ 13,743,965	\$ 12,955,300	\$ 11,730,397
Ad Valorem taxes	15,995,772	15,738,016	14,985,646
Contributions and donations	1,453,264	801,014	929,727
Other revenues	3,348,261	3,706,488	3,184,540
Total revenues	<u>34,541,262</u>	<u>33,200,818</u>	<u>30,830,310</u>
General government expenditures	34,138,666	29,975,320	28,715,119
Other expenditures	1,011,980	1,079,973	1,067,810
Total expenditures	<u>35,150,646</u>	<u>31,055,293</u>	<u>29,782,929</u>
Change in net position	(609,384)	2,145,525	1,047,381
Net position - beginning of year	<u>18,390,954</u>	<u>16,245,429</u>	<u>15,198,048</u>
Net position - end of year	<u>\$ 17,781,570</u>	<u>\$ 18,390,954</u>	<u>\$ 16,245,429</u>

Health Levy Fund Budgetary Highlights

There were no revisions to the original fiscal year 2019-2020 Health Levy Fund Budget for revenues or expenditures. As can be seen in the above table, the growth rate of the ad valorem tax revenue continued to increase. Between the fiscal years 2020 and 2019, the tax levy fund increased 1.6 percent in comparison to the 5.0 percent for fiscal years 2019 and 2018.

Capital Assets

As of June 30, 2020, the Department's net investment in capital assets for its governmental activities was \$6,117,462. This investment in capital assets includes infrastructure, land and improvements, buildings, furniture, fixtures, and equipment. This represents a net increase of \$1,052,657 or 20.8 percent more than the preceding year. The roof replacement project completed in FY2020 was the primary reason for the increase. Fund financial statements record capital asset purchases as expenditures.

Long-Term Debt

At June 30, 2020, the Department had total liabilities of \$35,898,249 with \$9,629,687 of it being long-term debt, compared to the long-term debt of \$9,530,035 in the prior fiscal year.

Pension

At June 30, 2015, the Department adopted the *Governmental Accounting Standards* (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". The statement was effective for fiscal years beginning after June 15, 2014.

Please refer to Note J – Retirement/Benefit Plans in the Notes to Financial Statements for further information regarding the implementation of GASB Statement 68.

Economic Factors and the Impact on Next Year's Budget

The Tulsa Health Department (THD) has a fundamental and complex role and responsibility in the community to protect and improve the health and well-being of all Tulsa County Residents. This work is achieved by promoting healthy lifestyles, researching disease and injury prevention, and detecting, preventing and responding to infectious diseases. The Department provides core public health services such as adult and childhood immunizations; communicable disease control; community outreach and education; epidemiology and surveillance; environmental health regulation such as food safety services and restaurant inspections; neighborhood nuisances prevention and reduction, subpar housing inspections, and tuberculosis testing.

We work closely with community stakeholders and partners and continue to position THD as a Community Health Strategist. This role builds upon our historic niche in the county's health improvement plans and our involvement as an organization and, frankly, is a critical evolution necessary to be a high achieving health department in the future. THD constantly tries to refine, define and implement programs that are successful and review and implement other skills, strategies and programs essential for protecting and improving the health of our county. Occupations within our Department include administrators, nurses, physicians, environmental health specialists, nutritionists, health educators, epidemiologists, accountants, administrative assistants, clerks, and emergency preparedness responders.

Federal, state, and local resources, as is the same for many similar governmental agencies based on their tax revenue source, can vary from year to year which can result in an increased demand for THD services in the event of an economic downturn. Our community continues to become more diverse and grow as new immigrant/refugee populations move to and make their homes in Tulsa County. This could mean many things for the Department as we evolve and press for change to also integrate response(s) to social determinant factors that impact community health status into community improvement plans. This might mean that in some areas of the Department we might respond through policy implementation rather than provide direct services; will be more likely to convene coalitions than work in isolation; and be more likely to access and have real-time data than await the next annual survey. This is a way of moving forward to serve more effectively and efficiently.

We are aware of the need to stay fluid, flexible and dynamic to address challenges that impact our Department's ability to serve our constituents. Saying that, we must constantly monitor the environment and be aware of what issues could result in an impact to our budgets. Our local public health system is under severe and increasing pressure as the Department has been expected to take on more responsibilities with fewer resources and regardless of the popular mantra of - you must do more with less, all you do with less is less.

In 2020, as in previous years, politics will continue to impact our ability to serve the community. While leaders have gathered enough signatures to put expanding Medicaid to a public vote we do not know how the outcome of the election will impact our County's uninsured residents. Congress and the President have previously attempted to repeal and replace the Affordable Care Act (ACA) which could affect Oklahoma's ability to implement expanded Medicaid if it passes so an unknown future is still ahead of us that could impact our ability to meet our mission and purpose. This unknown could strengthen or weaken our local health care system which means prevention will be more important than ever in Tulsa County's history.

In the current climate, there is a real concern that pressures to reduce the federal deficit will affect federal budgeting as well. The legislature has resisted attempts to pass new revenue measures so they will continue cutting state agencies that fund some of our programs and services. If they continue to do that, some state agencies will almost be rendered irrelevant and additional pressure will be added to local service systems to support more of those populations in need with less resources.

While expanding Medicaid continues to be an unknown going forward, increasing access to health care and also improving community infrastructure to enable citizens to make healthy decisions results in positive economic impact, although those savings are not immediately realized. Ultimately, the financial impacts of the Medicaid expansion, including its projected impact on health status and work force factors are conceptual at this time, if expanded healthcare access does not become a reality in county, the impact of that action, or inaction, eventually trickles down to the local level and the Tulsa Health Department.

These programs' routine operations, funding, and workforce have largely been realigned for COVID-19 efforts. The COVID-19 response has taken time, attention, and personnel away from all other unrelated health priorities, as already-underfunded and understaffed local health departments respond to this unprecedented pandemic. However, in doing so, existing essential services, such as immunization, are strained or paused, with health impacts that can ripple through communities.

Lastly, everything the Tulsa Health Department does now and for the foreseeable future will be affected by the pandemic and COVID-19 response from both a budget and operational perspective. For example, THD's immunization programs are being affected by not only the logistical challenges of vaccinating children and adults in times of social distancing and stay-at-home orders, but they are also working to monitor cases and outbreaks of vaccine-preventable diseases occurring under the radar, which could increase as communities reopen and recharge. These same staff and team members are also charged with leading local public health planning efforts to address the overlap of COVID-19 spread and flu season in the fall, as well as in our planning for the eventual mass distribution of the COVID-19 vaccine. Despite the challenges, these programs are adopting innovative and redesigned service delivery methods when possible to adapt and fulfill their critical public health function to provide the services

Request for Information

This financial report is designed to give the reader a general overview of the Department's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Controller at James O. Goodwin Health Center, 5051 South 129th East Avenue, Tulsa, Oklahoma 74134.

Financial Statements

Tulsa City-County Health Department

Statements of Net Position

June 30,

	Governmental activities	
	2020	2019
Assets and deferred outflows		
Current assets		
Cash	\$ 20,955,473	\$ 18,950,500
Accounts receivable - net	180,541	124,988
Intergovernmental receivable	4,174,559	2,721,858
Ad Valorem taxes receivable	942,757	947,687
Inventory	1,237,861	1,564,923
Total current assets	27,491,191	24,309,956
Non-current assets		
Restricted cash	1,224	2,456
Capital assets - net	12,857,218	11,969,786
Non-depreciable capital assets	1,740,244	1,740,244
	14,598,686	13,712,486
Deferred outflows of resources		
Pension	11,560,225	8,660,583
Other post retirement benefits	29,717	48,661
Total assets	\$ 53,679,819	\$ 46,731,686
Liabilities, deferred inflows, and net position		
Current liabilities		
Accounts payable	\$ 1,387,571	\$ 596,817
Accrued liabilities	14,109	20,759
Deferred revenue	285,698	208,564
Payable to Tulsa County	50,090	46,057
Current portion - non-current liabilities	422,492	418,579
Total current liabilities	2,159,960	1,290,776
Non-current liabilities		
Compensated absences, less current portion	1,444,687	1,147,062
Capital lease, less current portion	8,185,000	8,382,973
Net pension liability	22,627,171	16,056,087
Other post retirement benefits liability	768,245	934,233
Total non-current liabilities	33,025,103	26,520,355
Deferred inflows of resources		
Pension	478,987	469,955
Other post retirement benefits	234,199	59,646
Total liabilities	35,898,249	28,340,732
Net position		
Net investment in capital assets	6,117,462	5,064,805
Restricted	1,223	2,456
Unrestricted	11,662,885	13,323,693
	17,781,570	18,390,954
Total liabilities and net position	\$ 53,679,819	\$ 46,731,686

The accompanying notes are an integral part of these financial statements.

Tulsa City-County Health Department

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2020

	Program revenues			Net (expense) revenue
	Expenses	Charges for services	Operating grants and contributions	
Functions/programs - Primary government				
General government	\$ 34,138,666	\$ 2,700,185	\$ 15,197,229	\$(16,241,252)
Depreciation and amortization	712,839	-	-	(712,839)
Interest on long-term debt	299,141	-	-	(299,141)
Total governmental activities	\$ 35,150,646	\$ 2,700,185	\$ 15,197,229	(17,253,232)
 General revenues:				
Ad Valorem taxes				15,995,772
Interest earnings				295,215
Miscellaneous				352,861
Change in net position				(609,384)
 Net position				
Beginning of year				18,390,954
End of year				\$ 17,781,570

The accompanying notes are an integral part of these financial statements.

Tulsa City-County Health Department

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2019

	Expenses	Program revenues		Net (expense) revenue
		Charges for services	Operating grants and contributions	
Functions/programs - Primary government				
General government	\$ 29,975,320	\$ 3,071,127	\$ 13,756,314	\$ (13,147,879)
Depreciation and amortization	644,858	-	-	(644,858)
Interest on long-term debt	435,115	-	-	(435,115)
Total governmental activities	<u>\$ 31,055,293</u>	<u>\$ 3,071,127</u>	<u>\$ 13,756,314</u>	(14,227,852)
General revenues:				
Ad Valorem taxes				15,738,016
Interest earnings				307,927
Miscellaneous				<u>327,434</u>
Change in net position				2,145,525
Net position				
Beginning of year				<u>16,245,429</u>
End of year				<u>\$ 18,390,954</u>

The accompanying notes are an integral part of these financial statements.

Tulsa City-County Health Department

Balance Sheet- Governmental Funds

June 30, 2020

	General fund	Capital projects fund	Total governmental funds
Assets			
Cash	\$ 20,955,473	\$ -	\$ 20,955,473
Accounts receivable - net	180,541	-	180,541
Intergovernmental receivables	4,174,559	-	4,174,559
Ad Valorem taxes receivable	162,753	-	162,753
Inventory	1,237,861	-	1,237,861
Restricted cash	-	1,223	1,223
	<hr/>		
Total assets	\$ 26,711,187	\$ 1,223	\$ 26,712,410
Liabilities and fund balance			
Accounts payable	\$ 1,314,014	\$ -	\$ 1,314,014
Accrued liabilities	14,112	-	14,112
Deferred revenue	2,740,800	-	2,740,800
Payable to Tulsa County	50,090	-	50,090
Total liabilities	4,119,016	-	4,119,016
	<hr/>		
Fund balance			
Non-spendable	1,237,861	-	1,237,861
Restricted	-	1,223	1,223
Unassigned	21,354,310	-	21,354,310
Total fund balance	22,592,171	1,223	22,593,394
	<hr/>		
Total liabilities and fund balance	\$ 26,711,187	\$ 1,223	\$ 26,712,410

Reconciliation

Total fund balance - governmental fund	\$ 22,593,394
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term tax and grant revenues receivable not collected within sixty days of year-end, are not financial resources and are not reported in the fund.	780,004
Capital assets used in governmental activities are not financial resources and are not reported in the fund.	14,597,462
Deferred outflows are not financial resources and are not reported in the fund.	11,589,942
Accrued liabilities paid after 60 days past year-end.	(73,557)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund.	(7,597,077)
Net pension liability is not due and payable in the current period and, therefore, is not reported in the fund.	(23,395,416)
Deferred inflows are not financial resources and are not reported in the fund.	(713,182)
	<hr/>
Net position of governmental activities	\$ 17,781,570

The accompanying notes are an integral part of these financial statements.

Tulsa City-County Health Department

Balance Sheet - Governmental Funds

June 30, 2019

	General fund	Capital projects fund	Total governmental funds
Assets			
Cash	\$ 18,950,500	\$ -	\$ 18,950,500
Accounts receivable - net	124,988	-	124,988
Intergovernmental receivables	2,721,858	-	2,721,858
Ad Valorem taxes receivable	108,440	-	108,440
Inventory	1,564,923	-	1,564,923
Restricted cash	-	2,455	2,455
	<hr/>		
Total assets	\$ 23,470,709	\$ 2,455	\$ 23,473,164
<hr/>			
Liabilities and Fund Balance			
Accounts payable	\$ 596,817	\$ -	\$ 596,817
Accrued liabilities	20,762	-	20,762
Deferred revenue	1,849,169	-	1,849,169
Payable to Tulsa County	46,057	-	46,057
Total liabilities	2,512,805	-	2,512,805
<hr/>			
Fund balance			
Non-spendable	1,564,923	-	1,564,923
Restricted	-	2,455	2,455
Unassigned	19,392,981	-	19,392,981
Total fund balance	20,957,904	2,455	20,960,359
<hr/>			
Total liabilities and fund balance	\$ 23,470,709	\$ 2,455	\$ 23,473,164
<hr/>			
Reconciliation			
Total fund balance - governmental fund			\$ 20,960,359
Amounts reported for governmental activities in the statement of net position are different because:			
Long-term tax and grant revenues receivable not collected within sixty days of year-end, are not financial resources and are not reported in the fund.			839,247
Capital assets used in governmental activities are not financial resources and are not reported in the fund.			13,710,030
Deferred outflows are not financial resources and are not reported in the fund.			8,709,244
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund.			(8,308,008)
Net pension liability is not due and payable in the current period and, therefore, is not reported in the fund.			(16,990,320)
Deferred inflows are not financial resources and are not reported in the fund.			(529,598)
			<hr/>
Net position of governmental activities			\$ 18,390,954
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The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2020

	General fund	Capital projects fund	Total governmental funds
Revenues:			
Ad Valorem taxes	\$ 16,055,015	\$ -	\$ 16,055,015
Licenses and permits	1,043,923	-	1,043,923
Intergovernmental revenue	12,925,377	-	12,925,377
Charge for services (fees)	1,657,403	-	1,657,403
Contributions and donations	1,404,872	-	1,404,872
Miscellaneous	654,065	-	654,065
Total revenue	<u>33,740,655</u>	<u>-</u>	<u>33,740,655</u>
Expenditures:			
Health and welfare:			
Salaries and wages	15,641,049	-	15,641,049
Employee benefits	6,798,648	-	6,798,648
Travel	376,174	-	376,174
Operating expenses	6,861,561	1,232	6,862,793
Other charges	400,315	-	400,315
Capital outlay:	1,564,275	-	1,564,275
Debt service:			
Principal	-	-	-
Interest	-	464,366	464,366
Total expenditures	<u>31,642,022</u>	<u>465,598</u>	<u>32,107,620</u>
Excess of revenues over expenditures	2,098,633	(465,598)	1,633,035
Other financing sources (uses):			
Transfers in (out)	(464,366)	464,366	-
Excess of revenues over expenditures and other financing sources	<u>1,634,267</u>	<u>(1,232)</u>	<u>1,633,035</u>
Fund balance at June 30, 2019	<u>20,957,904</u>	<u>2,455</u>	<u>20,960,359</u>
Fund balance at June 30, 2020	<u>\$ 22,592,171</u>	<u>\$ 1,223</u>	<u>\$ 22,593,394</u>
Net change in fund balances - total government funds			\$ 1,633,035
Amounts reported for governmental activities are different because:			
Long-term tax revenues not collected within sixty days of year-end, are not financial resources and are not reported in the fund.			(59,243)
Grant revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			866,980
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation exceeded capital outlays in 2020.			840,132
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			165,225
Some revenues and expenses reported in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			<u>(4,055,513)</u>
Changes in net position of governmental activities			<u>\$ (609,384)</u>

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2019

	General fund	Capital projects fund	Total governmental funds
Revenues:			
Ad Valorem taxes	\$ 15,492,144	\$ -	\$ 15,492,144
Licenses and permits	1,167,059	-	1,167,059
Intergovernmental revenue	12,269,247	-	12,269,247
Charge for services (fees)	1,903,452	-	1,903,452
Contributions and donations	862,337	-	862,337
Miscellaneous	639,700	-	639,700
Total revenue	<u>32,333,939</u>	<u>-</u>	<u>32,333,939</u>
Expenditures:			
Health and welfare:			
Salaries and wages	15,021,906	-	15,021,906
Employee benefits	6,414,510	-	6,414,510
Travel	446,072	-	446,072
Operating expenses	6,425,878	2,325	6,428,203
Other charges	333,598	-	333,598
Capital outlay:	423,125	-	423,125
Debt service:			
Principal	-	249,670	249,670
Interest	-	435,115	435,115
Total expenditures	<u>29,065,089</u>	<u>687,110</u>	<u>29,752,199</u>
Excess of revenues over expenditures	3,268,850	(687,110)	2,581,740
Other financing sources (uses):			
Transfers in (out)	(684,785)	684,785	-
Excess of revenues over expenditures and other financing sources	<u>2,584,065</u>	<u>(2,325)</u>	<u>2,581,740</u>
Fund balance at June 30, 2018	<u>18,373,839</u>	<u>4,780</u>	<u>18,378,619</u>
Fund balance at June 30, 2019	<u>\$ 20,957,904</u>	<u>\$ 2,455</u>	<u>\$ 20,960,359</u>
Net change in fund balances - total government funds			\$ 2,581,740
Amounts reported for governmental activities are different because:			
Long-term tax revenues not collected within sixty days of year-end, are not financial resources and are not reported in the fund.			245,874
Grant revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.			686,053
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation exceeded capital outlays in 2019.			(140,892)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			249,670
Some revenues and expenses reported in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			<u>(1,476,920)</u>
Changes in net position of governmental activities			<u>\$ 2,145,525</u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

June 30, 2020 and 2019

Note A – Financial Reporting Entity

The Tulsa City-County Health Department (the Department or TCCHD) is an agency of Tulsa County, Oklahoma (the County) and was created in 1950 by a joint resolution between the City of Tulsa and the Board of County Commissioners. A nine (9) member board oversees the day-to-day operations of the Department. The City of Tulsa appoints five (5) members. The remaining four (4) members that are appointed by the Board of County Commissioners are only required to be registered voters. The Department, in association with the Oklahoma State Department of Health, is responsible for meeting a variety of health-related needs of the County, including code enforcement of health service regulations; family planning services; dental and health clinics and referrals; maternal and child health services, immunizations for infants; and certain psychological services for adolescents. The Department has approximately 350 employees, including resident doctors, nurses and clinicians.

The Department obtains funding through a variety of sources, including an annual Ad Valorem millage levy collected on all real property located in Tulsa County, Oklahoma, and funds appropriated to the Department from the Oklahoma State Department of Health. The Department is a component unit of Tulsa County due to the nature and significance of their relationship with a primary government. They are such that exclusion would cause the reporting entity's financial statements to be misleading and incomplete. Furthermore, Tulsa County sets the budget for the Department yearly and manages the Department's accounting records.

The accompanying financial statements present the activities of the Department (the primary government) and its blended component unit, the Community Health Foundation, Inc. (the Foundation). The Foundation is a legally separate, tax-exempt organization. It acts primarily as a fund-raising organization that receives gifts and support for Department programs and capital projects. Although the Department does not control the timing or amount of receipts from the Foundation, the Foundation's restricted resources can only be used by, or for the benefit of, the Department. Consequently, the Foundation is considered a component unit of the Department and is included in the Capital Projects Fund.

See comments on the COVID-19 response at Note N.

Note B – Summary of Significant Accounting Policies

1. Basic Financial Statements – GASB Statement #34 - The basic financial statements include both government-wide and fund financial statements.

Government-Wide Statements – The government-wide financial statements include the statements of net position and the statements of activities. These statements report financial information for the Department and is represented by a primary government.

Statements of Net Position – The statements of net position report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the Department. These assets and liabilities are presented in order of their relative liquidity. An asset's liquidity is determined by how readily it converts to cash and whether restrictions limit the Department's ability to use the resources. A liability's liquidity is based on its maturity, or when cash is used to liquidate it. The difference between the Department's assets and its liabilities is its net position.

Notes to Financial Statements

June 30, 2020 and 2019

Note B – Summary of Significant Accounting Policies - Continued

1. Basic Financial Statements – GASB Statement #34 - Continued

Net Position is displayed in three components – net investment in capital assets, unrestricted and restricted.

Statements of Revenues, Expenses and Changes in Net Position – The statements of revenues, expenses and changes in net position report 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 includes the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the Department’s services; (2) operating grants and contributions which finance annual operating activities. These revenues are subject to externally-imposed restrictions of these program uses. Other revenue sources and Ad Valorem taxes not properly included with program revenues are reported as general revenues.

General Fund – This fund type is used to account for all financial resources, except those required by law or administrative action, to be accounted for in another fund. The general fund is always reported as a major fund in the governmental fund statements.

Capital Projects Fund – This fund accounts for financial resources earmarked or segregated for the acquisition and construction of major capital facilities and other project-oriented activities.

2. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Department are prepared in accordance with generally accepted accounting principles (GAAP). The Department’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The Government-wide statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. *Measurable* defines the amount of the transactions and *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 fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: intergovernmental revenues, patient services, investment income and Ad Valorem taxes.

Notes to Financial Statements

June 30, 2020 and 2019

Note B – Summary of Significant Accounting Policies - Continued

3. Assets, Liabilities and Net Position

Cash – State law requires that all cash belonging to the County be placed in the custody of the County Treasurer. A “pooled cash” concept is used in maintaining the cash and investment records. Under this concept, all cash is pooled together for investment purposes. Interest income is credited to the appropriate funds or departments.

Accounts Receivable – Accounts receivable include amounts due from patient fees incurred as of year-end and amounts due from private insurance carriers and state insurance programs, (i.e., Medicaid and private carriers). These amounts are shown net of an allowance for uncollectible balances. Outstanding fees greater than 15 months are written off.

Intergovernmental Receivables – Balance represents amounts earned but not received under federal and state grants.

Inventories – Inventories are stated at the lower of cost or market, determined by the first-in, first-out method of accounting. Inventories are comprised of vaccines, most of which are donated by the Oklahoma Department of Health. During 2020 and 2019, approximately \$1,256,810 and \$2,025,248, respectively, in vaccines were received from the State.

Capital Assets and Depreciation – The Department’s property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets in excess of \$500 are capitalized and depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations. Estimated useful lives for depreciable assets are 40 – 50 years for buildings and leasehold improvements and 8 – 18 years for furniture, fixtures and equipment.

Deferred Revenue – The Department’s deferred revenue represents funds not used from donations and contracts from other organizations; and for the funds statements, revenue not collected within 60 days of year-end. The donations stipulate that funds are required to be returned if not expended for the designated purpose; therefore, revenue is earned upon use of funds for designated purposes.

Compensated Absences – It is the Department’s policy to permit employees to accumulate earned but unused Paid Time Off (PTO) benefits. All regular fulltime employees are eligible to accrue PTO. Regular part-time employees who work at least 20 hours per week are eligible to accrue at a pro-rated leave time. PTO may be used for vacation, personal illness, funeral attendance, emergencies, or other personal business. PTO is accrued each pay period and can be accrued up to a maximum of 320 hours. TCCHD employees who terminate their employment under satisfactory conditions will be paid for accrued PTO. The maximum amount of PTO hours that can be paid is capped at 320 hours.

Notes to Financial Statements

June 30, 2020 and 2019

Note B – Summary of Significant Accounting Policies - Continued

3. Assets, Liabilities and Net Position - Continued

PTO accrued beyond the maximum allowable limit will be deposited into an extended sick leave (ESL) account. ESL commences on the third consecutive day absent for a personal illness. Employees may use their ESL for illnesses of immediate family members as defined in Section 321 FMLA. Time deposited in the extended sick leave (ESL) account may not be transferred back to the accrued PTO account, and is not paid to an employee upon separation for any reason, including retirement, therefore, no accrual has been recorded. The governmental fund financial statements record expenditures when employees are paid for PTO. The government-wide financial statements present the cost of PTO as a liability. The Department's compensated absence for the years ended June 30, 2020 and 2019 was \$1,572,179 and \$1,303,389, respectively. The current portion of the compensated absences is \$127,492 as of June 30, 2020.

Net Position – The government-wide financial statements utilize a net position presentation that is categorized as investment in capital assets, restricted and unrestricted. Net investment in capital assets was intended to reflect the portion of net position which is associated with non-liquid capital assets, less outstanding capital-asset-related debt. Restricted net position is held for capital outlay. Unrestricted net position represents unrestricted liquid assets.

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted assets first, then unrestricted resources as they are needed.

4. Revenues, Expenses and Expenditures

Property Tax Revenue – The Department receives an apportionment of Ad Valorem tax collected by the County, which acts as a collecting agent for many other governmental entities. The County is responsible for assessing, billing, collecting and distributing the Ad Valorem tax to the Department. In fiscal years 2020 and 2019, the County levied 2.5 mills of protested taxes for the Department's operations. Tax collections are recorded as revenue in the year received. In addition, the Department may also receive miscellaneous revenues collected by the County.

Grant Revenue – Revenues from State and Federal grants are recognized when expenditures are made.

5. Subsequent Events

The Department has evaluated subsequent events through October 30, 2020, the date the financial statements were available to be issued.

Notes to Financial Statements

June 30, 2020 and 2019

Note C – Stewardship, Compliance and Accountability

Under Oklahoma law, the Department may not obligate funds for periods extending beyond the current fiscal year, except for the issuance of general obligation bonds. All lease and lease-purchase agreements, whether or not they are capitalized, must be re-approved at the beginning of each fiscal year. Federal and State grant revenues and expenditures are accounted for in accordance with applicable contract provisions.

Budget Law and Practice – Guidelines for the County Budget Act are documented in Title 19, Section 1410 of the Oklahoma Statutes. At least thirty (30) days prior to the beginning of each fiscal year, the County Budget Board shall complete a budget for each fund, including the TCCHD, of the county for which a budget is required. Each budget shall provide a complete financial plan for the budget year. The budget format shall be as prescribed by the State Auditor and Inspector. The format shall contain at least the following in tabular form for each fund, itemized by department and account within each fund:

1. Actual revenues and expenditures for the immediate prior fiscal year;
2. Estimated actual revenues and expenditures for the current fiscal year; and
3. Estimated revenues and proposed expenditures for the budget year.

The Budget Board of Tulsa County complies with the purpose of the Budget Act, which is to:

1. Establish uniform and sound fiscal procedures for the preparation, adoption, execution and control of budgets;
2. Enable counties to make financial plans for both current and capital expenditures, and to ensure that their executive staffs administer their respective functions in accordance with adopted budget;
3. Make available to public and investors sufficient information as to the financial conditions, requirements and expectations of the county government;
4. Assist county governments to improve and implement generally accepted accounting principles as applied to governmental accounting, auditing and financial reporting, and standards of governmental finance management.

The legal level of control is that expenditures budgeted in each fund may not exceed the budgeted revenues, including fund balance, for the fund. Once approved, the County Budget Board may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Budgets are submitted annually in accordance with the budget act. The budgets are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. The budget and actual financial statements are reported on this basis. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

Notes to Financial Statements

June 30, 2020 and 2019

Note C – Stewardship, Compliance and Accountability - Continued

Budgets are adopted on a basis consistent with State legal requirements. A reconciliation from the budgetary basis to generally accepted accounting principles is presented in the statements of revenues, expenditures and changes in fund balance – budget and actual.

Budgetary Control – TCCHD’s appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and character (health and welfare and capital outlay) that constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to authorization by the Department Head and approval by the Budget Board. All budget revisions are subject to final review by the County Budget Board. No budget revisions were made during the year ended June 30, 2020.

Encumbrances – Encumbrances represent commitments related to unperformed contracts for goods or services. Under the governmental reporting model, encumbrances include purchase orders, contracts and other commitments for expenditure of resources. The encumbrance reserves the applicable appropriated revenue source. Encumbrances outstanding at year-end are reported as part of unassigned fund balance in the general fund balance in the amount of \$1,193,576 and \$909,845 at June 30, 2020 and 2019, respectively, and do not constitute expenditures or liabilities because the commitment will be honored during the subsequent year.

Budget Variance – Budget variance is the difference between the revised appropriation and the actual amount received or expended and encumbered during the current year.

Note D – Fund Equity

Beginning with fiscal year 2010, the Department implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Non-spendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact (such as inventory).

Restricted – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed – Amounts constrained to specific purposes by the Department itself, using its highest level of decision-making authority (i.e., Board of Health). To be reported as committed, amounts cannot be used for any other purpose unless the Department takes the same highest level action to remove or change the constraint.

Assigned – Amounts that are designated by the Department for a specific purpose but are not spendable until a budget ordinance is passed by the Board of Health.

Notes to Financial Statements

June 30, 2020 and 2019

Note D – Fund Equity - Continued

Unassigned – All amounts not included in other spendable classifications. Positive amounts are reported only in the general fund.

The General fund had an unassigned fund balance of \$21,354,310 and \$19,392,981 at June 30, 2020 and 2019, respectively. Unassigned fund balance was designated as follows at June 30, 2020 and 2019: Capital improvements - \$69,308 and \$1,041,941, respectively; emergency events - \$1,000,000; and self-insurance - \$150,069. Inventory of \$1,237,861 and \$1,564,923 was considered non-spendable fund balance at June 30, 2020 and 2019, respectively.

The Capital Projects fund had restricted funds of \$1,223 and \$2,455, at June 30, 2020 and 2019, respectively, which was restricted to capital outlays.

Note E – Cash

General Fund cash is maintained by the treasurer of Tulsa County and is subject to the depository collateral risk of all the pooled funds of Tulsa County. Capital Projects Fund cash is held in a FDIC insured bank.

Note F – Accounts Receivable

Accounts receivable is comprised of the following at June 30:

	2020	2019
Private pay	\$ 250,174	\$ 203,311
Less: allowance for doubtful accounts	(69,633)	(78,323)
Fund statement	180,541	124,988
Accounts receivable collected greater than 60 days after year-end	-	-
Government wide statement	<u>\$ 180,541</u>	<u>\$ 124,988</u>

Notes to Financial Statements

June 30, 2020 and 2019

Note G – Capital Assets

Capital asset activity for the years ended June 30, 2020 and 2019 is as follows:

	Balance June 30, 2019	Acquisitions	Sales or disposals	Balance June 30, 2020
Primary government				
Governmental activities				
Capital assets, not depreciated				
Land and improvements	\$ 1,740,244	\$ -	\$ -	\$ 1,740,244
Total capital assets, not depreciated	1,740,244	-	-	1,740,244
Capital assets, depreciated				
Building	15,685,679	909,468	-	16,595,147
Furniture, fixtures and equipment	4,154,381	650,046	(130,019)	4,674,408
Infrastructure	350,557	41,850	-	392,407
Total capital assets, depreciated	20,190,617	1,601,364	(130,019)	21,661,962
Capital assets	21,930,861	1,601,364	(130,019)	23,402,206
Accumulated depreciation				
Building	5,543,781	364,515	-	5,908,296
Furniture, fixtures and equipment	2,596,173	337,507	(128,926)	2,804,754
Infrastructure	80,877	10,817	-	91,694
Total accumulated depreciation	8,220,831	712,839	(128,926)	8,804,744
Depreciable assets, net	11,969,786	888,525	(1,093)	12,857,218
Governmental capital assets, net	\$ 13,710,030	\$ 888,525	\$ (1,093)	\$ 14,597,462

Depreciation expense of \$712,839 was charged to general government for the year ended June 30, 2020.

Notes to Financial Statements

June 30, 2020 and 2019

Note G – Capital Assets - Continued

	Balance June 30, 2018	Acquisitions	Sales or disposals	Balance June 30, 2019
Primary government				
Governmental activities				
Capital assets, not depreciated				
Land and improvements	\$ 1,844,939	\$ -	\$ (104,695)	\$ 1,740,244
Total capital assets, not depreciated	1,844,939	-	(104,695)	1,740,244
Capital assets, depreciated				
Building	15,578,863	106,816	-	15,685,679
Furniture, fixtures and equipment	3,855,394	306,956	(7,969)	4,154,381
Infrastructure	350,557	-	-	350,557
Total capital assets, depreciated	19,784,814	413,772	(7,969)	20,190,617
Capital assets	21,629,753	413,772	(112,664)	21,930,861
Accumulated depreciation				
Building	5,188,861	354,920	-	5,543,781
Furniture, fixtures and equipment	2,321,685	279,354	(4,866)	2,596,173
Infrastructure	70,293	10,584	-	80,877
Total accumulated depreciation	7,580,839	644,858	(4,866)	8,220,831
Depreciable assets, net	12,203,975	(231,086)	(3,103)	11,969,786
Governmental capital assets, net	\$ 14,048,914	\$ (231,086)	\$ (107,798)	\$ 13,710,030

Depreciation expense of \$644,858 was charged to general government for the year ended June 30, 2019.

Note H – Capital Lease

On February 25, 2010, Tulsa County Industrial Authority (TCIA), a related party, issued \$11,350,000 of Health Facilities Revenue Bonds. On December 1, 2019, TCIA issued \$8,615,000 of Health Facilities Revenue Bonds, Refunding Series 2019, effectively defeasing and subsequently redeeming the 2010 bonds. Repayment of the new bonds is secured by a capital lease with the Department. Under the terms of the lease, quarterly payments are made to the bond trustee for retirement of the applicable bonds and the related interest. The lease matures in February 2040 and is secured by certain property.

Notes to Financial Statements

June 30, 2020 and 2019

Note H – Capital Lease - Continued

The Department leases certain land, buildings, improvements, and equipment under an agreement classified as a capital lease. The cost of these assets represents approximately \$8,007,000 and accumulated amortization at June 30, 2020 and 2019, was approximately \$3,691,000 and \$3,532,000, respectively. Capital leases are capitalized using interest rates appropriate at the inception of the lease. Amortization of these assets is included in depreciation expense.

During the fiscal year 2019, the Department sold land for \$263,598. The proceeds from the sale was applied to the principal balance of the capital lease.

Minimum lease commitments under the capital lease are as follows:

Year ended June 30:	Principal	Interest	Total
2021	295,000	295,470	590,470
2022	322,500	267,900	590,400
2023	330,000	258,225	588,225
2024	342,500	246,650	589,150
2025	357,500	232,950	590,450
2026-2030	2,012,500	940,375	2,952,875
2031-2035	2,370,000	584,925	2,954,925
2036-2040	2,450,000	207,675	2,657,675
	<u>\$ 8,480,000</u>	<u>\$ 3,034,170</u>	<u>\$ 11,514,170</u>

Changes in all types of long-term liabilities as reflected in the statements of net position are as follows:

	Balance 07/01/19	Additions	Deletions	Balance 07/01/20	Due within one year
Capital lease - Building	\$ 8,645,225	\$ 8,615,000	\$ 8,780,225	\$ 8,480,000	\$ 295,000
Compensated absences	1,303,389	360,435	91,645	1,572,179	127,492
	<u>\$ 9,948,614</u>	<u>\$ 8,975,435</u>	<u>\$ 8,871,870</u>	<u>\$ 10,052,179</u>	<u>\$ 422,492</u>

Note I – Commitments and Contingencies

Operating Leases – The Department normally enters into leases for facility rental. Oklahoma law prohibits the Department from obligating funds for periods exceeding one year. The governing board on a yearly basis must approve all operating lease agreements. As a result, future payments for operating leases are not disclosed.

Notes to Financial Statements

June 30, 2020 and 2019

Note I – Commitments and Contingencies - Continued

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

Litigation – The Department is routinely involved in various legal matters. Management is of the opinion that these matters will not have a materially adverse impact on the Department’s financial statements.

Note J – Retirement/Benefit Plans

The Department provides all full-time employees retirement benefits through participation in the Tulsa County Employees’ Retirement System (the System), a single-employer-defined benefit contributory pension plan, which covers participants with retirement, death and disability benefits. A nine-member Board of Trustees administers the System. Benefit terms are established and can be amended by the System’s Board of Trustees. The System issues stand-alone financial statements, which can be obtained from Tulsa County at 500 South Denver, Tulsa, Oklahoma 74103.

The System and Tulsa County have a June 30th year-end. Tulsa County has elected to use the preceding year-end of the System as its measurement date; therefore, net pension liability and related deferred inflows are reported as of June 30, 2019 and 2018. The System’s pension liability was based on an actuarial valuation as of June 30, 2019 and 2018. Pension payments by the Department from the measurement date to June 30, 2020 and 2019 are reported as deferred outflows.

Notes to Financial Statements

June 30, 2020 and 2019

Note J – Retirement/Benefit Plans – Continued

The changes in the Department’s net pension liability, as of the measurement date, consisted of the following at June 30, 2020 and 2019:

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) - (b)
Balances at June 30, 2019	\$ 66,511,770	\$ 50,455,683	\$ 16,056,087
Changes for the year:			
Service cost	1,242,244	-	1,242,244
Interest on total pension liability	4,977,808	-	4,977,808
Effect of plan changes	2,701	-	2,701
Effect of economic/demographic gains or losses	(257,787)	-	(257,787)
Effect of assumption changes or inputs	4,191,899	-	4,191,899
Benefit payments	(4,019,702)	(4,019,702)	-
Employer contributions	-	2,031,922	(2,031,922)
Member contributions	-	361,423	(361,423)
Net investment income	-	1,210,004	(1,210,004)
Administrative expenses	-	(17,568)	17,568
Net changes	6,137,163	(433,921)	6,571,084
Balances at June 30, 2020	\$ 72,648,933	\$ 50,021,762	\$ 22,627,171
Balances at June 30, 2018	\$ 61,303,917	\$ 49,119,549	\$ 12,184,368
Changes for the year:			
Service cost	1,175,164	-	1,175,164
Interest on total pension liability	4,651,895	-	4,651,895
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	1,171,462	-	1,171,462
Effect of assumption changes or inputs	1,371,479	-	1,371,479
Change in proportion	704,299	-	704,299
Benefit payments	(3,866,446)	(3,866,446)	-
Employer contributions	-	1,979,630	(1,979,630)
Member contributions	-	351,790	(351,790)
Net investment income	-	2,896,847	(2,896,847)
Administrative expenses	-	(25,687)	25,687
Net changes	5,207,853	1,336,134	3,871,719
Balances at June 30, 2019	\$ 66,511,770	\$ 50,455,683	\$ 16,056,087

Notes to Financial Statements

June 30, 2020 and 2019

Note J – Retirement/Benefit Plans - Continued

Employer contribution between the measurement date of June 30 2019 and 2018, and the Department’s year-end are reported as deferred outflows. At June 30, 2020 and 2019, these payments amounted to \$2,257,613 and \$1,992,791, respectively.

Plan Description and Provisions

Membership in the System is mandatory for all eligible employees. An employee becomes eligible on the first day of employment as a regular, full-time employee. Oklahoma Statutes include elected and appointed salaried County officials as employees for retirement system purposes. Seasonal, temporary, hourly, part-time, or contracted workers are not considered to be eligible employees. Full-time employees of the Department, along with other employees of the County and certain related agencies, participate in this plan.

For the plan year ended June 30, 2020 and 2019, the Department’s covered payroll was \$22,627,171 and \$16,056,087, respectively, and total payroll for all covered employees of the plan amounts to \$123,645,746 and \$76,499,726, respectively. The Department’s share (18.30% and 18.30%, respectively) of the net pension liability was determined based on this ratio. The Department’s total payroll was approximately \$15,600,000 and \$15,000,000, respectively.

Normal Retirement Benefits

An employee becomes eligible to receive benefits at age 62 with 5 years of service or he/she attains the “Rule of 80” retirement, where his/her age in years and months added to his/her years and months of participation in the System equal the sum of 80 years or more.

The monthly annuity payable to the employee is based on a percentage to be applied to the average compensation of the highest paid thirty-six (36) months of employment. The three highest years need not be contiguous, but each year must consist of twelve consecutive months. Benefits are calculated on the average base payroll earnings and do not include overtime, allowances, et cetera. The benefit percentages for years of credited service range from 10 percent at five years of credited service to 50 percent for twenty years of credited service. Beyond 20 years, there is a 1.5% increase in the percentage rate for each year of credited service, to a maximum of 100%.

Disability Benefits

Disability benefits are available to participants who have become permanently disabled as a direct result of Department employment. The employee must have the required eight years of participation in the retirement system to receive benefits. Medical proof of disability, as well as a written statement of condition and cause from the employee’s supervisor must accompany applications for disability. The System’s Board of Trustees may require additional medical proof and makes the final determination of eligibility. There are no age requirements.

Notes to Financial Statements

June 30, 2020 and 2019

Note J – Retirement/Benefit Plans - Continued

The percentage and base salary used to calculate benefits for employees who qualify for disability retirement is the same as that used in calculating “regular” retirement benefits except that the maximum percentage that may be applied is 40% (for a disability retiree having 15 or more credited years of service) if vested as of June 30, 2010. For anyone vested after June 30, 2010 or hired after June 30, 2010, the maximum percentage is 40% (for a disability retiree having 18 years or more of credited years of service).

A review of all disability retirees is conducted by the System Board of Trustees each August, at which time disability retirees must submit medical proof that they remain disabled. This requirement for the annual disability review ends when the retiree reaches age 62.

Death Benefits

As of November 1, 2000, a surviving spouse is eligible to receive 70% of the retirement benefit of a vested, deceased employee who was retired, or who had reached the Rule of 80. If the vested employee had not reached the age of 62 or attained the Rule of 80, the surviving spouse can either start receiving full retirement benefits when their spouse would have reached the age of 62 or attained the Rule of 80, or start receiving retirement benefits at a reduced percentage calculated by an actuarial formula when their spouse would have reached the age of 55.

As of July 1, 2010, a surviving spouse of a member who was not vested as of June 30, 2010 or was hired after June 30, 2010, is eligible to receive 67% of the retirement benefit to which the employee/retiree was entitled.

Reduced Benefits

There is a reduced benefit available to employees who have attained age 55 with at least five years of credited service (the last two years must be consecutive), at an actuarially-reduced percentage from the normal rate of age 62.

Contributions

In accordance with Title 19 OSA 953 of the Oklahoma Statutes, contribution rates as set by the Board are applied to all full-time base salaries and wages and the result contributions are credited to the pension fund on a monthly basis.

Beginning July 1, 2007, the total employer and employee contributions shall not exceed sixteen and one-half percent (16.5%) of the monthly compensation of each member. The appropriation for the fiscal year ending June 30, 2008 can be raised to thirteen and one-half percent (13.5%), for the fiscal year ending June 30, 2009 can be raised to fourteen and one-half percent (14.5%), for the fiscal year ending June 30, 2010 can be raised to fifteen and one-half percent (15.5%), and for the fiscal year ending June 30, 2011 and each year thereafter, can be raised to sixteen and one-half percent (16.5%), as permitted by Title 19 O.S. 2007, Section 954, as amended. Contributions during the fiscal year ended June 30, 2020 and 2019 was \$2,257,613 and \$1,992,791, respectively.

Notes to Financial Statements

June 30, 2020 and 2019

Note J – Retirement/Benefit Plans - Continued*Actuarial Assumptions*

Key assumptions used in the plans actuarial valuation were:

	June 30,	
	2018	2019
Discount rate	7.25%	6.75%
Long-term expected rate of return	7.25%	6.75%
Valuation date	July 1, 2018	July 1, 2019
Measurement date	June 30, 2018	June 30, 2019
Inflation	2.50%	2.50%
Salary increase including inflation	5% grade down to 2.5%	5% grade down to 2.5%
Mortality	RP-2014 Mortality for employees, healthy annuitants, and disabled annuitants with generational projection from 2006 using Scale MP-2017 for healthy participants	RP-2014 Mortality for employees, healthy annuitants, and disabled annuitants with generational projection from 2006 using Scale MP-2017 for healthy participants
Actuarial cost method	Entry age normal	Entry age normal

The actuarial assumptions that determined the total pension liability as of June 30, 2019 were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The net pension liability of the Department is calculated using the discount rate of 6.75 percent as of June 30, 2019 and 7.25 percent as of June 30, 2018. The Department's net pension liability as of June 30, 2019 and 2018, would increase to \$32,333,529 and \$20,791,673, respectively, if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent and 6.25 percent) and would decrease to \$14,617,774 and \$6,310,127, respectively, if the rate were increased 1-percentage-point higher (7.75 percent and 8.25 percent) than the current rate.

Pension Plan Fiduciary Net Position

The pension plan's fiduciary net position has been determined on the same basis used by the pension plan. Detailed information about the pension plan's fiduciary net position and other information is available in the separately issued, stand-alone financial report of the System.

Notes to Financial Statements

June 30, 2020 and 2019

Note J – Retirement/Benefit Plans – Continued*Asset Allocation*

The Board has adopted the following asset allocation for 2020 and 2019 among stocks, bonds, and cash to serve as a general guideline in investing the Plan's assets:

	2019			
	Current			Long-term
	Minimum	allocation	Maximum	rate of return
US Cash	0.00%	3.10%	5.00%	0.68%
US Core Fixed Income	8.50%	22.60%	28.50%	1.61%
US Intermediate Bonds	8.50%	16.00%	28.50%	1.33%
US High Yield Bonds	0.00%	9.70%	19.50%	3.45%
US Large Caps	19.25%	14.00%	39.25%	3.34%
US Mid Caps	19.25%	19.00%	39.25%	3.42%
Foreign Developed Equity	0.00%	9.70%	19.25%	4.63%
Master Limited Partnerships	0.00%	5.90%	18.00%	2.59%
Arithmetic mean return				2.50%
Long-term expected rate of return				6.75%

	2018			
	Current			Long-term
	Minimum	allocation	Maximum	rate of return
US Cash	0.00%	2.80%	5.00%	0.29%
US Core Fixed Income	8.50%	22.40%	28.50%	1.93%
US Intermediate Bonds	8.50%	16.80%	28.50%	1.61%
US High Yield Bonds	0.00%	9.60%	19.50%	3.47%
US Large Caps	19.25%	10.20%	39.25%	3.13%
US Mid Caps	19.25%	21.90%	39.25%	3.32%
Foreign Developed Equity	0.00%	10.30%	19.25%	3.97%
Master Limited Partnerships	0.00%	6.00%	18.00%	2.78%
Arithmetic mean return				2.50%
Long-term expected rate of return				7.25%

Notes to Financial Statements

June 30, 2020 and 2019

Note J – Retirement/Benefit Plans - ContinuedBasis of Accounting

The financial statements of the System are prepared using the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America. At June 30, 2014, the System adopted the provisions of Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*.

The System is considered a Pension Trust Fund (Fiduciary Fund) in Tulsa County's Financial Report. Copies of Tulsa County Employee's Retirement System's Comprehensive Annual Financial Report are available from the County Clerk's office or at www.tulsacounty.org.

Deferred inflows will be amortized to net pension expense (income) in future years as follows:

	Deferred inflows				
	Contributions during measurement period	Change in proportion	Investment return	Change in assumptions	Experience difference
Planning year June 30:					
2021	\$ (53,418)	\$ -	\$ -	\$ -	\$ (135,712)
2022	(35,692)	-	-	-	(83,190)
2023	(25,574)	-	-	-	(61,919)
2024	(13,751)	-	-	-	(47,738)
2025	(2,898)	-	-	-	(19,095)
	<u>\$ (131,333)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (347,654)</u>

Deferred outflows will be amortized to net pension expense (income) in future years as follows:

	Deferred outflows				
	Contributions	Change in proportion	Investment return	Change in assumptions	Experience difference
Planning year June 30:					
2021	\$ 2,257,613	\$ 57,768	\$ 1,238,404	\$ 1,805,327	\$ 231,501
2022		84,310	481,405	1,334,835	224,219
2023		85,479	683,166	1,030,255	216,937
2024		34,192	519,658	877,869	86,775
2025		-	-	310,511	-
	<u>\$ 2,257,613</u>	<u>\$ 261,749</u>	<u>\$ 2,922,633</u>	<u>\$ 5,358,797</u>	<u>\$ 759,433</u>

Notes to Financial Statements

June 30, 2020 and 2019

Note J – Retirement/Benefit Plans - Continued

The Department also sponsors a defined contribution retirement plan (a 401(a) plan) for employees who choose to participate. The Department matches employee contributions up to \$50 a month which vests immediately. During the years ended June 30, 2020 and 2019, the Department made contributions of approximately \$123,000 and \$120,000. The Department also sponsors a post-retirement defined benefit plan covering retired employees.

Note K – Other Post-Employment Benefits

Plan Description

The Department offers post-employment benefit (OPEB) options for health care, prescription drug, dental, and vision benefits for retired employees under the age of 65 and their dependents that elect to make required benefit payments on a monthly basis. These benefits are provided through a defined benefit, single-employer-substantive plan with Tulsa County, which serves as administrator of the plan. A substantive plan is one in which the plan terms are understood by the County, the Department, and the plan members. This understanding is based on communications between the employer and plan member and the historical pattern of practice with regard to the sharing of benefit costs. All of the Department's employees may become eligible for those post-retirement benefits if they are retired members under the age of 65 of the Tulsa County Employees' Retirement System (the System). No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75 "Accounting and Reporting for Post Employment Benefits Other Than Pensions." The net effect of the adoption of this standard in 2018 on beginning net position for 2017 was a reduction of \$859,691. This change was comprised of the other post-employment benefits liability of \$878,582, deferred inflows of \$68,656 and deferred outflows of (\$87,547).

Benefits Provided

The Plan covers all current retirees of the System under the age of 65 who elected post-retirement medical coverage through Tulsa County, and future retired employees under the age of 65 of Tulsa County through the County's fully insured health plan. The benefit levels are the same as those afforded to active employees. The benefits offered by the County to retirees include health care, prescription drug, dental and vision benefits. The retirees become eligible to receive benefits when they retire through the System.

The amount of benefit payments during fiscal year June 30, 2020 were \$26,997.

Notes to Financial Statements

June 30, 2020 and 2019

Note K – Other Post-Employment Benefits - Continued

OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2020, the Department reported a liability of \$934,233 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date. The Department’s proportion of the total OPEB liability was based on the Department’s participation in the plan relative to the total participation of the substantive plan as of June 30, 2019. Based upon this information, the Department’s proportion was 17.30 percent.

Changes of assumptions reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2019 resulting in recognition of a deferred inflow of resources.

For the year ended June 30, 2020, the Department recognized OPEB expense of \$38,886. At June 30, 2020, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ -	\$ 234,199
Authority contributions subsequent to the measurement date	29,717	
Total	<u>\$ 29,717</u>	<u>\$ 234,199</u>

For the year ended June 30, 2020, deferred outflows of resources totaling \$29,717 resulting from Department contributions subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred inflows		
	Change in proportion	Change in assumptions	Experience difference
Planning year June 30:			
2020	-	27,169	-
2021	-	27,169	-
2022	-	27,169	-
2023	-	27,169	-
2024	-	27,169	-
Thereafter	-	98,354	-
	<u>\$ -</u>	<u>\$ 234,199</u>	<u>\$ -</u>

Notes to Financial Statements

June 30, 2020 and 2019

Note K – Other Post-Employment Benefits – Continued

Actuarial Assumptions

The total OPEB liability as of June 30, 2020, was determined based on an actuarial valuation prepared as of June 30, 2019 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Inflation - 2.30%
- Salary Increases - 3.00%
- Discount Rate – 3.50% for 2019 and 3.87% for 2018
- Healthcare Cost Trend Rates – 6.5% for 2018 gradually decreasing to a rate of 3.9% for 2090 and beyond.
- Retirement Age - Experience-based table of rates based on age and service

<u>Age</u>	<u>Rate</u>
55-64	20%
65-69	30%
70	100%

- Turnover – Crocker, Sarason, & Straight T-7 rates, increased 0.2 for the first year and 0.1 for the second year. Rates range from 9.68% at age 25 to .15% at age 60.
- Participation Rate – 40% for employees who retire prior to age 65 and dependents at the same rate.
- Mortality – RP – 2000 for Employees & Healthy Annuitants, male and female rates, with generational projection based on Scale AA.

The discount rate was based on the 20-year municipal Bond General Obligation Index.

Sensitivity of the Department’s proportionate share of the total OPEB liability to changes in the discount rate

The following presents the Department’s proportionate share of the total OPEB liability, as well as what the Department’s proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current discount rate:

	1% Decrease (2.50%)	Current discount Rate (3.50%)	1% Increase (4.50%)
Employers' total OPEB liability	\$ 890,046	\$ 768,245	\$ 697,046

Notes to Financial Statements

June 30, 2020 and 2019

Note K – Other Post-Employment Benefits – Continued

Sensitivity of the District’s proportionate share of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the Department’s proportionate share of the total OPEB liability, as well as what the Department’s proportionate share of the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.6 percent decreasing to 4 percent) or 1-percentage-point higher (10.5 percent decreasing to 6.5 percent) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current trend rates</u>	<u>1% Increase</u>
Employers' total OPEB liability	\$ 4,135,234	\$ 768,245	\$ 913,250

Note L – Related Party Transactions

There were no related party transactions during the fiscal years ended June 30, 2020 and 2019.

Note M – Ad Valorem Tax Abatement

Tulsa County and certain cities in Tulsa County approve tax incentives in the form of Ad Valorem tax abatements. The purpose of these abatements is to stimulate economic growth within the County. Total abatement of Ad Valorem tax due the Department was as follows for the calendar year 2019:

Approved abatements related to Tax Increment Financing Districts	\$ 95,886
Approved abatements related to Tax Incentive Districts	76,955
Approved abatements related to Indian Housing Authority Owned Properties	<u>10,034</u>
Total tax abatements	<u>\$ 182,875</u>

Abatement of tax is for a maximum of six years for each property.

Note N – COVID-19 Response

As a result of the spread of the COVID-19 coronavirus, the Department’s programs, routine operations, funding, and workforce have largely been realigned for COVID-19 efforts. In addition, economic uncertainties have arisen which are likely to impact the Department. The potential financial impact and duration of this occurrence cannot be reasonably estimated at this time.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law providing certain economic aid packages for state and local governments. The Department submitted and received approval of their application for funding under the Coronavirus Relief Fund, administered by Tulsa County. The Department incurred expenses qualifying for reimbursement under this program of approximately \$1.3M as of June 30, 2020.

Required Supplemental Information

Tulsa City-County Health Department

**Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis)**

Year Ended June 30, 2020

	Original/final budget	Total actual	Variance
Revenues			
Ad Valorem taxes	\$ 16,000,702	\$ 16,000,702	\$ -
Licenses and permits	971,626	971,626	-
Intergovernmental revenue	11,055,032	11,055,032	-
Charge for services (fees)	1,764,431	1,678,248	(86,183)
Miscellaneous	2,004,203	2,117,752	113,549
Total revenues	<u>31,795,994</u>	<u>31,823,360</u>	<u>27,366</u>
Expenditures and encumbrances			
Health and welfare:			
Salaries and wages	15,647,226	15,647,226	-
Employee benefits	6,792,967	6,810,772	17,805
Travel	354,168	411,717	57,549
Operating expenses	4,140,631	4,621,523	480,892
Other charges	368,785	408,878	40,093
Capital outlay	518,753	1,443,452	924,699
Total expenditures and encumbrances	<u>27,822,530</u>	<u>29,343,568</u>	<u>1,521,038</u>
Excess of revenues over expenditures and encumbrances	<u>3,973,464</u>	<u>2,479,792</u>	<u>(1,493,672)</u>
Interfund transfers			
Transfer to CC Health Trust	(464,366)	(464,366)	-
Transfer to CC Health Designated	-	(1,127)	(1,127)
Total transfers	<u>(464,366)</u>	<u>(465,493)</u>	<u>(1,127)</u>
Excess of revenues over expenditures, encumbrances and other uses	<u>\$ 3,509,098</u>	2,014,299	<u>\$ (1,494,799)</u>
Fund balance, beginning (Non-GAAP budgetary basis)		<u>20,805,621</u>	
Fund balance, ending (Non-GAAP budgetary basis)		22,819,920	
Adjustments to Generally Accepted Accounting Principles			
Revenue and expense accruals		<u>(227,749)</u>	
Fund balance, ending (GAAP basis)		<u>\$ 22,592,171</u>	

Tulsa City-County Health Department

Schedule of Proportionate Share of the Net Pension Liability - last 10 fiscal years*

As of Plan Year-end of June 30,

	2020	2019	2018	2017	2016	2015
Department's proportion of the net pension liability	18.30%	18.30%	17.30%	17.30%	17.34%	17.87%
Department's proportionate share of the net pension liability	\$ 22,627,171	\$ 16,056,087	\$ 12,184,368	\$ 13,398,702	\$ 6,990,594	\$ 3,174,300
Department's covered-employee payroll	\$ 14,715,668	\$ 13,999,450	\$ 13,285,711	\$ 13,245,038	\$ 13,320,342	\$ 12,939,420
Department's proportionate share of the net pension liability as a percentage of its covered-employee payroll	153.76%	114.69%	91.71%	101.16%	52.48%	24.53%
Plan fiduciary net position as a percentage of the total pension liability	70.04%	76.86%	80.14%	77.49%	87.12%	94.00%

* Note - Only the current period and previous four years are presented because 10-year data is not available.

Tulsa City-County Health Department

Schedule of Proportionate Share of the Net OPEB Liability - last ten fiscal years*

As of Plan Year-end of June 30,

	2020	2019	2018
Department's proportion of the net OPEB liability	16.48%	16.48%	16.48%
Department's proportionate share of the net OPEB liability	\$ 768,245	\$ 934,233	\$ 878,582
Department's covered-employee payroll	\$ 13,495,863	\$ 12,607,155	\$ 12,655,985
Department's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	5.69%	7.41%	6.94%

* Note - Only the current fiscal year is presented because 10-year data is not available.

Tulsa City-County Health Department

Schedule of Contributions - Pension - last 10 fiscal periods*

June 30,

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,257,613	\$ 1,992,791	\$ 1,868,877	\$ 1,884,769	\$ 1,864,848	\$ 1,811,519
Contribution in relation to contractually required contribution	\$ 2,164,895	\$ 1,851,978	\$ 1,876,472	\$ 1,764,997	\$ 1,807,218	\$ 1,726,054
Contribution deficiency (excess)	\$ (92,718)	\$ (140,813)	\$ (7,595)	\$ 119,772	\$ 57,630	\$ 85,465
Department's covered-employee payroll	\$ 14,715,668	\$ 13,999,450	\$ 13,999,450	\$ 13,245,038	\$ 13,320,342	\$ 12,909,902
Contributions as a percentage of covered-employee payroll	15%	14%	13%	14%	14%	14%

* Note - Only the current period and previous four years are presented because 10-year data is not available.

Tulsa City-County Health Department

Schedule of Contributions - OPEB - last ten fiscal years*

June 30,

	2020	2019	2018
Contractually required contribution	\$ 48,661	\$ 40,906	\$ 40,442
Contribution in relation to contractually required contribution	\$ 26,717	\$ 48,661	\$ 40,906
Contribution deficiency (excess)	\$ 21,944	\$ (7,755)	\$ (464)
Department's covered-employee payroll	\$ 13,495,863	\$ 12,607,155	\$ 12,655,985
Contributions as a percentage of covered-employee payroll	0%	0%	0%

* Note - Only the current period is presented because 10-year data is not available.



**Independent Auditor's 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***

The Board of Health
Tulsa City-County Health Department

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 Tulsa City-County Health Department (the Department), a component unit of Tulsa County, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated October 30, 2020.

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) to determine the 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.

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.

Tulsa, Oklahoma
October 30, 2020

Stanfield + O'Dell, P.C.



**Independent Auditor's Report on Compliance for Each Major
Program and Report on Internal Control over
Compliance in Accordance with the Uniform Guidance**

The Board of Health
Tulsa City-County Health Department

Report on Compliance for Each Major Federal Program

We have audited the Tulsa City-County Health Department's (the Department), a component unit of Tulsa County, compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Department's major federal programs for the year ended June 30, 2020. The Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Department's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Department's compliance.

Opinion on Each Major Federal Program

In our opinion, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Department's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities and each major fund of the Tulsa City-County Health 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. We issued our report thereon dated October 30, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Tulsa, Oklahoma
February 5, 2021

Stanfield + O'Dell, P.C.

Tulsa City-County Health Department

Schedule of Expenditures and Federal Awards

Year Ended June 30, 2020

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
Healthy Start Initiatives Grant	93.926		87,744	692,604
			<u>29,172</u>	<u>242,595</u>
			116,916	935,199
<i>Passed through the Oklahoma Department of Mental Health and Substance Abuse:</i>				
Oklahoma System of Care: Strengthening our CareNet (SOC2)	93.104	1H79SM063403	-	2,107
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	PO4529060041 PO4529060297	-	96,601
			-	<u>2,381</u>
				98,982
State Targeted Response to the Opioid Crisis Grants	93.788	PO4529059625	-	41,624
Resource Prevention Coordinator Alcohol & Substance Abuse	93.959	PO4529050228	-	266,053
<i>Passed through the Oklahoma State Department of Health:</i>				
Public Health Emergency Preparedness	93.069	PO3409023009	-	1,000,000
Teen Pregnancy Prevention	93.092	PO3409022318	-	296,381
National Center for Injury Prevention and Control Family Planning Services	93.136 93.217	PO3409022558 PO3409022318	-	14,754
			-	664,387
Immunization Grants	93.268	PO3409021561	-	116,286
Immunization Grants - Donated Vaccines	93.268	N/A	-	<u>1,256,810</u>
				1,373,096
Public Health Crisis Response Awards	93.354	PO3409022558 PO3409023982	-	34,241
			-	<u>172,432</u>
				206,673
Pregnancy Assistance Fund Program	93.500	PO3409022318	-	123,547
Fetal Infant Mortality Review (Medical Assistance Program)	93.778	PO3409022318	-	60,875
Maternal, Infant, and Early Childhood Home Visiting Program (MIECHV Program)	93.870	PO3409021278 PO3409022688	-	187,662
			-	<u>44,740</u>
				232,402
Maternal and Child Health Services Block Grant to States	93.994	PO3409022318	-	258,793
			<u>116,916</u>	<u>5,574,873</u>
Total U.S. Department of Health and Human Services				
U.S. Department of Agriculture				
<i>Passed through the Oklahoma State Department of Health:</i>				
Special Supplemental Nutrition Program of Women, Infants and Children	10.557	PO3409020537	-	2,093,016
U.S. Department of Housing and Urban Development				
Lead-Based Paint Hazard Control	14.900		-	28,075
U.S. Department of the Treasury				
<i>Passed through Tulsa County</i>				
Coronavirus Relief Fund	21.019	N/A	-	1,317,617
Total Federal Awards Expended				
			<u>\$ 116,916</u>	<u>\$ 9,013,581</u>

The accompanying notes are an integral part of this schedule.

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2020

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Tulsa City-County Health Department (the Department) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Tulsa City-County Health Department, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Department.

The Schedule of Expenditures of Federal Awards has been prepared on the basis of accounting as defined by the Uniform Guidance. Under this basis, expenditures are recognized when the activity related to the award occurs.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

For non-cash assistance, amounts expended equal the fair value at the time of receipt or the assessed value provided by the federal agency.

Note C – Indirect Cost Rate

The Department has elected not to use the 10% de minimis indirect cost rate, which is allowed in the Uniform Guidance, Section 414.

Note D – Non-cash Assistance

The Department received \$1,256,810 in non-cash assistance in the form of donated vaccines from CFDA #93.268 Immunization Grants.

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2020

Section I – Summary of Auditor's Results

Financial Statements

Type of auditors report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(s) identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program of Women, Infants and Children
21.019	Coronavirus Relief Fund
93.994	Maternal and Child Health Services Block Grant to the States

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low-risk auditee	Yes
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Section II – Financial Statement Findings - None

Section III – Federal Awards Findings - None

Tulsa City-County Health Department

Summary Schedule of Prior Year Audit Findings

For the Year Ended June 30, 2020

Section II – Findings Required to be Reported in Accordance with *Government Auditing Standards*:

None reported for the June 30, 2019, period.

Section III – Finding Required to be Reported in Accordance with *Uniform Guidance*:

None reported for the June 30, 2019, period.