

**Tulsa City-County Health Department**

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

**June 30, 2021 and 2020**

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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, 2021 and 2020, 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, 2021 and 2020, 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 39, the schedule of proportionate share of the net pension liability on page 40, and schedule of contributions on page 41 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 28, 2021, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 28, 2021

*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, 2021. 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, 2021, 2020 and 2019. 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 \$57,320,498, \$53,679,819, and \$46,731,686 for the years ended June 30, 2021, 2020, and 2019, respectively. Of that total, \$14,832,920, \$14,597,462, and \$13,710,030, respectively, or approximately 25.9 percent, 27.2 percent, and 29.3 percent, respectively, are 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 44.1 percent, 34.4 percent, and 27.5 percent, respectively, of net position, while 55.9 percent, 65.6 percent, and 72.4 percent, respectively, were 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

	6/30/21	6/30/20	6/30/19
Cash	\$ 24,077,375	\$ 20,955,473	\$ 18,950,500
Other current assets	3,890,847	6,535,718	5,359,456
Capital assets - net	14,832,920	14,597,462	13,710,030
Other non-current assets	-	1,224	2,456
Deferred outflows of resources	14,519,356	11,589,942	8,709,244
<b>Total assets and deferred outflows of resources</b>	<b>57,320,498</b>	<b>53,679,819</b>	<b>46,731,686</b>
Current liabilities	1,184,627	1,737,468	872,197
Current portion - non-current liabilities	523,331	422,492	418,579
Compensated absences - long-term portion	1,347,760	1,444,687	1,147,062
Capital lease - long-term portion	7,862,500	8,185,000	8,382,973
Net pension liability	31,034,719	22,627,171	16,056,087
Other post retirement benefits liability	-	768,245	934,233
Deferred inflows of resources	309,322	713,186	529,601
<b>Total liabilities</b>	<b>42,262,259</b>	<b>35,898,249</b>	<b>28,340,732</b>
<b>Total net position</b>	<b>\$ 15,058,239</b>	<b>\$ 17,781,570</b>	<b>\$ 18,390,954</b>

### Statement of Revenues, Expenses and Changes in Net Position

The Department reported total revenue of \$33,952,731, which represents a 1.7 percent decrease and a 2.3 percent increase over fiscal year 2020 and 2019, respectively. There was an increase in ad valorem tax revenue, and decreases in intergovernmental revenue, contributions and other revenues. It is important to note that intergovernmental revenue can only be billed after the expenditures have been incurred and paid. The \$36,676,062 of expenditures reported in 2021 were \$1,525,416 more than fiscal year 2020 and expenditures for 2020 were \$4,095,353 more than fiscal year 2019.

## 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 \$24,956,118, which was \$2,363,947 and \$3,998,222 more than fiscal year 2020 and 2019, 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 was restricted for the construction of the new North Regional Health Department that was completed in 2013. The project fund had a restricted balance of zero at the end of fiscal year June 30, 2021.

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

	2021	2020	2019
Intergovernmental revenue	\$ 13,453,708	\$ 13,743,965	\$ 12,955,300
Ad Valorem taxes	16,796,831	15,995,772	15,738,016
Contributions and donations	1,340,566	1,453,264	801,014
Other revenues	2,361,626	3,348,261	3,706,488
<b>Total revenues</b>	<u>33,952,731</u>	<u>34,541,262</u>	<u>33,200,818</u>
General government expenditures	35,573,359	34,138,666	29,975,320
Other expenditures	1,102,703	1,011,980	1,079,973
<b>Total expenditures</b>	<u>36,676,062</u>	<u>35,150,646</u>	<u>31,055,293</u>
<b>Change in net position</b>	(2,723,331)	(609,384)	2,145,525
<b>Net position - beginning of year</b>	<u>17,781,570</u>	<u>18,390,954</u>	<u>16,245,429</u>
<b>Net position - end of year</b>	<u>\$ 15,058,239</u>	<u>\$ 17,781,570</u>	<u>\$ 18,390,954</u>

### Health Levy Fund Budgetary Highlights

There were no revisions to the original fiscal year 2020-2021 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 2021 and 2020, the tax levy fund increased 5.0 percent in comparison to the 1.6 percent for fiscal years 2020 and 2019.

### Capital Assets

As of June 30, 2021, the Department's net investment in capital assets for its governmental activities was \$6,647,920. This investment in capital assets includes infrastructure, land and improvements, buildings, furniture, fixtures, and equipment. This represents a net increase of \$530,458 or 8.7 percent more than the preceding year. Computer software upgrades were the primary reason for the increase. Fund financial statements record capital asset purchases as expenditures.

### Long-Term Debt

At June 30, 2021, the Department had total liabilities of \$42,262,259 with \$9,210,260 of it being long-term debt, compared to the long-term debt of \$9,629,687 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 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 historical niche in the county's health improvement plans and our growth as an organization and frankly is a critical evolution necessary to be a high achieving health department in the future. THD constantly works 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, are 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 could mean that in some areas of the Department we might respond through policy implementation 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 2021, as in previous years, politics continue to impact our ability to serve the community. The state of Oklahoma did narrowly pass Expanded Medicaid this year and THD and other stakeholders are currently working to sign people up for expanded Medicaid. This initiative will allow thousands of Oklahomans to access health care and improve health status. We still have challenges ahead of us not knowing if those actions will 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 but 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 function as intended in our state and 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 our residents need.

### **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 129<sup>th</sup> East Avenue, Tulsa, Oklahoma 74134.

## **Financial Statements**

Tulsa City-County Health Department

**Statements of Net Position**

June 30,

	Governmental activities	
	2021	2020
<b>Assets and deferred outflows</b>		
Current assets		
Cash	\$ 24,077,375	\$ 20,955,473
Accounts receivable - net	178,424	180,541
Intergovernmental receivable	2,146,141	4,174,559
Ad Valorem taxes receivable	859,537	942,757
Inventory	706,745	1,237,861
Total current assets	27,968,222	27,491,191
Non-current assets		
Restricted cash	-	1,223
Capital assets - net	13,092,676	12,857,218
Non-depreciable capital assets	1,740,244	1,740,244
	14,832,920	14,598,685
Deferred outflows of resources		
Pension	14,519,356	11,560,225
Other post retirement benefits	-	29,717
Total assets	\$ 57,320,498	\$ 53,679,818
<b>Liabilities, deferred inflows, and net position</b>		
Current liabilities		
Accounts payable	\$ 580,986	\$ 1,387,570
Accrued liabilities	19,825	14,109
Deferred revenue	549,760	285,698
Payable to Tulsa County	34,056	50,090
Current portion - non-current liabilities	523,331	422,492
Total current liabilities	1,707,958	2,159,959
Non-current liabilities		
Compensated absences, less current portion	1,347,760	1,444,687
Capital lease, less current portion	7,862,500	8,185,000
Net pension liability	31,034,719	22,627,171
Other post retirement benefits liability	-	768,245
Total non-current liabilities	40,244,979	33,025,103
Deferred inflows of resources		
Pension	309,322	478,987
Other post retirement benefits	-	234,199
Total liabilities	42,262,259	35,898,248
Net position		
Net investment in capital assets	6,647,920	6,117,462
Restricted	-	1,223
Unrestricted	8,410,319	11,662,885
	15,058,239	17,781,570
Total liabilities and net position	\$ 57,320,498	\$ 53,679,818

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, 2021

	Program revenues			
	Expenses	Charges for services	Operating grants and contributions	
<b>Functions/programs - Primary government</b>				
General government	\$ 35,573,359	\$ 2,073,896	\$ 14,794,274	\$(18,705,189)
Depreciation and amortization	807,247	-	-	(807,247)
Interest on long-term debt	295,456	-	-	(295,456)
Total governmental activities	<u>\$ 36,676,062</u>	<u>\$ 2,073,896</u>	<u>\$ 14,794,274</u>	(19,807,892)
 <b>General revenues:</b>				
Ad Valorem taxes				16,796,831
Interest earnings				90,734
Miscellaneous				<u>196,996</u>
Change in net position				(2,723,331)
 <b>Net position</b>				
Beginning of year				<u>17,781,570</u>
End of year				<u><u>\$ 15,058,239</u></u>

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

	Expenses	Program revenues		Net (expense) revenue
		Charges for services	Operating grants and contributions	
<b>Functions/programs - Primary government</b>				
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	<u>\$ 35,150,646</u>	<u>\$ 2,700,185</u>	<u>\$ 15,197,229</u>	(17,253,232)
<b>General revenues:</b>				
Ad Valorem taxes				15,995,772
Interest earnings				295,215
Miscellaneous				<u>352,861</u>
Change in net position				(609,384)
<b>Net position</b>				
Beginning of year				<u>18,390,954</u>
End of year				<u>\$ 17,781,570</u>

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

Tulsa City-County Health Department

**Balance Sheet – Governmental Funds**

June 30, 2021

	General fund	Capital projects fund	Total governmental funds
<b>Assets</b>			
Cash	\$ 24,077,375	\$ -	\$ 24,077,375
Accounts receivable - net	178,424	-	178,424
Intergovernmental receivables	2,146,141	-	2,146,141
Ad Valorem taxes receivable	150,108	-	150,108
Inventory	706,745	-	706,745
	<hr/>		
Total assets	\$ 27,258,793	\$ -	\$ 27,258,793
<b>Liabilities and fund balance</b>			
Accounts payable	\$ 580,995	\$ -	\$ 580,995
Accrued liabilities	19,825	-	19,825
Deferred revenue	1,667,799	-	1,667,799
Payable to Tulsa County	34,056	-	34,056
Total liabilities	2,302,675	-	2,302,675
<hr/>			
Fund balance			
Non-spendable	706,745	-	706,745
Restricted	-	-	-
Unassigned	24,249,373	-	24,249,373
Total fund balance	24,956,118	-	24,956,118
	<hr/>		
Total liabilities and fund balance	\$ 27,258,793	\$ -	\$ 27,258,793
<hr/>			
<b>Reconciliation</b>			
Total fund balance - governmental fund			\$ 24,956,118
Amounts reported for governmental activities in the statement of net assets are different because:			
Long-term tax and grant revenues receivable not collected within 60 days of year-end, are not financial resources and are not reported in the fund.			709,429
Capital assets used in governmental activities are not financial resources and are not reported in the fund.			14,832,920
Deferred outflows are not financial resources and are not reported in the fund.			14,519,356
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund.			(8,615,551)
Net pension liability is not due and payable in the current period and, therefore, is not reported in the fund.			(31,034,719)
Deferred inflows are not financial resources and are not reported in the fund.			(309,314)
			<hr/>
Net position of governmental activities			\$ 15,058,239
			<hr/>

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
<b>Assets</b>			
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
<hr/>			
<b>Liabilities and Fund Balance</b>			
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
<hr/>			
<b>Reconciliation</b>			
Total fund balance - governmental fund			\$ 22,593,394
Amounts reported for governmental activities in the statement of net position are different because:			
Long-term tax and grant revenues receivable not collected within 60 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 day 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			<u>\$ 17,781,570</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, 2021

	General fund	Capital projects fund	Total governmental funds
<b>Revenues:</b>			
Ad Valorem taxes	\$ 16,867,406	\$ -	\$ 16,867,406
Licenses and permits	978,917	-	978,917
Intergovernmental revenue	14,790,771	-	14,790,771
Charge for services (fees)	1,094,979	-	1,094,979
Contributions and donations	1,340,566	-	1,340,566
Miscellaneous	287,729	-	287,729
Total revenue	<u>35,360,368</u>	-	<u>35,360,368</u>
<b>Expenditures:</b>			
Health and welfare:			
Salaries and wages	15,355,377	-	15,355,377
Employee benefits	6,643,372	-	6,643,372
Travel	165,741	-	165,741
Operating expenses	8,808,033	1,223	8,809,256
Other charges	381,985	-	381,985
Capital outlay:	1,051,457	-	1,051,457
Debt service:			
Principal	-	295,000	295,000
Interest	-	295,456	295,456
Total expenditures	<u>32,405,965</u>	<u>591,679</u>	<u>32,997,644</u>
Excess of revenues over expenditures	2,954,403	(591,679)	2,362,724
<b>Other financing sources (uses):</b>			
Transfers in (out)	(590,456)	590,456	-
Excess of revenues over expenditures and other financing sources	<u>2,363,947</u>	<u>(1,223)</u>	<u>2,362,724</u>
Fund balance at June 30, 2020	<u>22,592,171</u>	<u>1,223</u>	<u>22,593,394</u>
Fund balance at June 30, 2021	<u>\$ 24,956,118</u>	<u>\$ -</u>	<u>\$ 24,956,118</u>
Net change in fund balances - total government funds			\$ 2,362,724
Amounts reported for governmental activities are different because:			
Long-term tax revenues not collected within 60 days of year-end, are not financial resources and are not reported in the fund.			(70,576)
Grant revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			(1,337,063)
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 2021.			235,459
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			295,000
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>(4,208,875)</u>
Changes in net position of governmental activities			<u>\$ (2,723,331)</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, 2020

	General fund	Capital projects fund	Total governmental funds
<b>Revenues:</b>			
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	33,740,655	-	33,740,655
<b>Expenditures:</b>			
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	-	165,225	165,225
Interest	-	299,141	299,141
Total expenditures	31,642,022	465,598	32,107,620
Excess of revenues over expenditures	2,098,633	(465,598)	1,633,035
<b>Other financing sources (uses):</b>			
Transfers in (out)	(464,366)	464,366	-
Excess of revenues over expenditures and other financing sources	1,634,267	(1,232)	1,633,035
Fund balance at June 30, 2019	20,957,904	2,455	20,960,359
Fund balance at June 30, 2020	\$ 22,592,171	\$ 1,223	\$ 22,593,394
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 60 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 revenue 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.			(4,055,513)
Changes in net position of governmental activities			\$ (609,384)

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

## Notes to Financial Statements

June 30, 2021 and 2020

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### 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, 2021 and 2020

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**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, 2021 and 2020

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**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 2021 and 2020, approximately \$706,745 and \$1,237,861, 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 to 50 years for buildings and leasehold improvements and 8 to 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 full-time 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, 2021 and 2020

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**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, 2021 and 2020, was \$1,548,591 and \$1,572,179, respectively. The current portion of the compensated absences is \$200,831 as of June 30, 2021.

*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 2021 and 2020, 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. Reclassifications***

Certain amounts in the 2020 financial statements have been reclassified to conform with current year presentation.

***6. Subsequent Events***

The Department has evaluated subsequent events through October 28, 2021, the date the financial statements were available to be issued.

## Notes to Financial Statements

June 30, 2021 and 2020

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### 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, 2021 and 2020

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**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, 2021.

*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 \$1,010,685 and \$1,193,576 at June 30, 2021 and 2020, 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, 2021 and 2020

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**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 \$24,249,373 and \$21,354,310 at June 30, 2021 and 2020, respectively. Unassigned fund balance was designated as follows at June 30, 2021 and 2020: Capital improvements - \$74,444 and \$69,308, respectively; emergency events - \$1,000,000; and self-insurance - \$150,069. Inventory of \$706,745 and \$1,237,861 was considered non-spendable fund balance at June 30, 2021 and 2020, respectively.

The Capital Projects fund had restricted funds of \$0 and \$1,223, at June 30, 2021 and 2020, 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:

	2021	2020
Private pay	\$ 247,517	\$ 250,174
Less: allowance for doubtful accounts	(69,093)	(69,633)
Fund statement	178,424	180,541
Accounts receivable collected greater than 60 days after year-end	-	-
Government wide statement	<u>\$ 178,424</u>	<u>\$ 180,541</u>

**Notes to Financial Statements**

June 30, 2021 and 2020

**Note G – Capital Assets**

Capital asset activity for the years ended June 30, 2021 and 2020, is as follows:

	Balance June 30, 2020	Acquisitions	Sales or disposals	Balance June 30, 2021
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	16,595,147	58,486	-	16,653,633
Furniture, fixtures and equipment	4,674,408	984,219		5,658,627
Infrastructure	392,407			392,407
Total capital assets, depreciated	21,661,962	1,042,705	-	22,704,667
Capital assets	23,402,206	1,042,705	-	24,444,911
Accumulated depreciation				
Building	5,908,296	423,399		6,331,695
Furniture, fixtures and equipment	2,804,754	374,649		3,179,403
Infrastructure	91,694	9,199		100,893
Total accumulated depreciation	8,804,744	807,247	-	9,611,991
Depreciable assets, net	12,857,218	235,458	-	13,092,676
Governmental capital assets, net	\$ 14,597,462	\$ 235,458	\$ -	\$ 14,832,920

Depreciation and amortization expense of \$807,247 was charged to general government for the year ended June 30, 2021.

**Notes to Financial Statements**

June 30, 2021 and 2020

**Note G – Capital Assets - Continued**

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

**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, 2020, 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, 2021 and 2020

**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, 2021 and 2020, was approximately \$3,850,000 and \$3,691,000, 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 were 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
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	372,500	218,650	591,150
2027-2031	2,087,500	866,325	2,953,825
2032-2036	2,440,000	513,825	2,953,825
2037-2040	1,932,500	134,175	2,066,675
	<u>\$8,185,000</u>	<u>\$2,738,700</u>	<u>\$10,923,700</u>

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

	Balance 07/01/20	Additions	Deletions	Balance 07/01/21	Due within one year
Capital lease - Building	\$ 8,480,000	\$ -	\$ 295,000	\$ 8,185,000	\$ 322,500
Compensated absences	1,572,179	231,098	254,686	1,548,591	200,831
	<u>\$ 10,052,179</u>	<u>\$ 231,098</u>	<u>\$ 549,686</u>	<u>\$ 9,733,591</u>	<u>\$ 523,331</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, 2021 and 2020

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**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, 2020 and 2019. The System’s pension liability was based on an actuarial valuation as of June 30, 2020 and 2019. Pension payments by the Department from the measurement date to June 30, 2021 and 2020, are reported as deferred outflows.

**Notes to Financial Statements**

June 30, 2021 and 2020

**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, 2021 and 2020:

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) - (b)
Balances at June 30, 2020	\$ 72,648,933	\$ 50,021,762	\$ 22,627,171
Changes for the year:			
Service cost	1,454,632	-	1,454,632
Interest on total pension liability	5,057,331	-	5,057,331
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	446,173	-	446,173
Effect of assumption changes or inputs	4,761,705	-	4,761,705
Benefit payments	(4,188,880)	(4,188,880)	-
Employer contributions	-	2,282,803	(2,282,803)
Member contributions	-	457,748	(457,748)
Net investment income	-	593,668	(593,668)
Administrative expenses	-	(21,926)	21,926
Net changes	7,530,961	(876,587)	8,407,548
Balances at June 30, 2021	\$ 80,179,894	\$ 49,145,175	\$ 31,034,719
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
Change in proportion	-	-	-
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

**Notes to Financial Statements**

June 30, 2021 and 2020

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

Employer contribution between the measurement date of June 30, 2020 and 2019, and the Department’s year-end are reported as deferred outflows. At June 30, 2021 and 2020, these payments amounted to \$2,182,759 and \$2,257,613, 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, 2021 and 2020, the Department’s covered payroll was \$15,262,337 and \$14,715,668, respectively, and total payroll for all covered employees of the plan amounts to \$83,400,750 and \$80,413,486, respectively. The Department’s share (18.30 percent and 18.30 percent, respectively) of the net pension liability was determined based on this ratio. The Department’s total payroll was approximately \$15,300,000 and \$15,600,000, respectively.

*Normal Retirement Benefits*

An employee becomes eligible to receive benefits at age 62 with five 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 20 years of credited service. Beyond 20 years, there is a 1.5 percent increase in the percentage rate for each year of credited service, to a maximum of 100 percent.

*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, 2021 and 2020

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**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 percent (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 percent (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 percent 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 percent 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 percent) 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 percent), for the fiscal year ending June 30, 2009, can be raised to fourteen and one-half percent (14.5 percent), for the fiscal year ending June 30, 2010, can be raised to fifteen and one-half percent (15.5 percent), and for the fiscal year ending June 30, 2011, and each year thereafter, can be raised to sixteen and one-half percent (16.5 percent), as permitted by Title 19 O.S. 2007, Section 954, as amended. Subsequently, Title 19 O.S. 2019, Section 952 increased the total funding level to 17.50% (15% employer and 2.50% employee) effective July 1, 2019 and to 18.50 (15% employer and 3.50% employee) effect January 1, 2020. Contributions during the fiscal year ended June 30, 2021 and 2020, was \$2,182,759 and \$2,257,613, respectively.



**Notes to Financial Statements**

June 30, 2021 and 2020

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

Key assumptions used in the plans actuarial valuation were:

	June 30,	
	2019	2020
Discount rate	6.75%	6.25%
Long-term expected rate of return	6.75%	6.25%
Valuation date	July 1, 2019	July 1, 2020
Measurement date	June 30, 2019	June 30, 2020
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, 2020, 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 6.25 percent as of June 30, 2020, and 6.75 percent as of June 30, 2019. The Department's net pension liability as of June 30, 2020 and 2019, would increase to \$42,104,603 and \$32,333,529, respectively, if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent and 5.75 percent) and would decrease to \$21,947,489 and \$14,617,774, respectively, if the rate were increased 1-percentage-point higher (7.25 percent and 7.75 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, 2021 and 2020

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

The Board has adopted the following asset allocation for 2021 and 2020 among stocks, bonds, and cash to serve as a general guideline in investing the Plan's assets:

	2020			
	Current			Long-term
	Minimum	allocation	Maximum	rate of return
US Cash	0.00%	2.80%	5.00%	-0.30%
US Core Fixed Income	5.20%	26.10%	25.20%	0.70%
US Intermediate Bonds	5.20%	17.00%	25.20%	0.70%
US High Yield Bonds	0.00%	9.50%	19.00%	3.30%
US Large Caps	9.00%	14.50%	29.00%	4.70%
US Mid Caps	9.00%	17.50%	29.00%	5.00%
Foreign Developed Equity	0.00%	9.00%	18.80%	4.90%
Master Limited Partnerships	0.00%	3.60%	17.60%	4.50%
Arithmetic mean return				2.50%
Long-term expected rate of return				6.25%

	2019			
	Current			Long-term
	Minimum	allocation	Maximum	rate of return
US Cash	0.00%	3.10%	5.00%	0.68%
US Core Fixed Income	5.20%	22.60%	25.20%	1.61%
US Intermediate Bonds	5.20%	16.00%	25.20%	1.33%
US High Yield Bonds	0.00%	9.70%	19.00%	3.45%
US Large Caps	9.00%	14.00%	29.00%	3.34%
US Mid Caps	9.00%	19.00%	29.00%	3.42%
Foreign Developed Equity	0.00%	9.70%	18.80%	4.63%
Master Limited Partnerships	0.00%	5.90%	17.60%	2.59%
Arithmetic mean return				2.50%
Long-term expected rate of return				6.75%

**Notes to Financial Statements**

June 30, 2021 and 2020

**Note J – Retirement/Benefit Plans - Continued***Basis 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](http://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:						
2022	\$	(41,417)	\$ -	\$ -	\$ -	\$ (83,190)
2023		(31,299)	-	-	-	(61,919)
2024		(19,476)	-	-	-	(47,738)
2025		(5,188)	-	-	-	(19,095)
		<u>\$ (97,380)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (211,942)</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:						
2022	\$	2,182,759	\$ 84,310	\$ 1,067,084	\$ 2,417,041	\$ 325,622
2023			85,479	1,268,845	2,112,461	318,340
2024			34,192	1,105,337	1,960,074	188,178
2025			-	585,679	743,393	40,562
		<u>\$ 2,182,759</u>	<u>\$ 203,981</u>	<u>\$ 4,026,945</u>	<u>\$ 7,232,969</u>	<u>\$ 872,702</u>

**Notes to Financial Statements**

June 30, 2021 and 2020

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**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 per month which vests immediately. During the years ended June 30, 2021 and 2020, the Department made contributions of approximately \$118,000 and \$123,000, respectively. The Department also sponsors a post-retirement defined benefit plan covering retired employees.

**Note K – Other Post-Employment Benefits**

Up until July 1, 2020, the Department offered 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 were provided through a defined benefit, single-employer-substantive plan with Tulsa County, which served as administrator of the plan. Effective July 1, 2020, the participants of this plan transferred coverage to plans outside of the County plan. For the year ended June 30, 2021, the related plan liability was removed and resulted in a reduction in employee benefits expense of approximately \$973,000.

**Note L – Related Party Transactions**

There were no related party transactions during the fiscal years ended June 30, 2021 and 2020.

**Notes to Financial Statements**

June 30, 2021 and 2020

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**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 2021:

Approved abatements related to Tax Increment Financing Districts	\$ 119,829
Approved abatements related to Tax Incentive Districts	82,004
Approved abatements related to Indian Housing Authority Owned Properties	<u>10,757</u>
Total tax abatements	<u>\$ 212,590</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 virus, 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 \$3,032,000 as of June 30, 2021.

**Note O – New Accounting Pronouncement**

In June 2017, the *Government Accounting Standards Board* issued *GASB Statement No. 87 – Leases*. Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases without options to extend) at the commencement date:

- A lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term.

The impact of this new standard on the Department’s financials has not been determined. In May 2020, the GASB standard 95 was issued which postpones the implementation date for several new standards, including GASB No. 87. The new implementation date is for reporting periods beginning after June 15, 2021.

\* \* \* \* \*

**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, 2021

	Original/final budget	Total actual	Variance
<b>Revenues</b>			
Ad Valorem taxes	\$ 15,214,943	\$ 16,880,051	\$ 1,665,108
Licenses and permits	932,000	949,853	17,853
Intergovernmental revenue	11,926,944	14,022,517	2,095,573
Charge for services (fees)	2,073,400	1,086,542	(986,858)
Miscellaneous	2,068,033	1,881,130	(186,903)
Total revenues	<u>32,215,320</u>	<u>34,820,093</u>	<u>2,604,773</u>
<b>Expenditures and encumbrances</b>			
Health and welfare:			
Salaries and wages	17,167,049	15,350,065	(1,816,984)
Employee benefits	7,606,684	6,646,643	(960,041)
Travel	703,993	168,547	(535,446)
Operating expenses	5,835,041	8,133,619	2,298,578
Other charges	458,587	383,325	(75,262)
Capital outlay	256,624	1,098,851	842,227
Total expenditures and encumbrances	<u>32,027,978</u>	<u>31,781,050</u>	<u>(246,928)</u>
Excess of revenues over expenditures and encumbrances	<u>187,342</u>	<u>3,039,043</u>	<u>2,851,701</u>
<b>Interfund transfers</b>			
Transfer to CC Health Trust	(590,470)	(590,456)	14
Transfer to CC Health Designated	-	(2,098)	(2,098)
Total transfers	<u>(590,470)</u>	<u>(592,554)</u>	<u>(2,084)</u>
Excess of revenues over expenditures, encumbrances and other uses	<u>\$ (403,128)</u>	<u>2,446,489</u>	<u>\$ 2,849,617</u>
Fund balance, beginning (Non-GAAP budgetary basis)		<u>22,819,920</u>	
Fund balance, ending (Non-GAAP budgetary basis)		25,266,409	
<b>Adjustments to Generally Accepted Accounting Principles</b>			
Revenue and expense accruals		<u>(310,290)</u>	
Fund balance, ending (GAAP basis)		<u>\$ 24,956,118</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,

	2021	2020	2019	2018	2017	2016	2015
Department's proportion of the net pension liability	18.30%	18.30%	18.30%	17.30%	17.30%	17.34%	17.87%
Department's proportionate share of the net pension liability	\$ 31,034,719	\$ 22,627,171	\$ 16,056,087	\$ 12,184,368	\$ 13,398,702	\$ 6,990,594	\$ 3,174,300
Department's covered-employee payroll	\$ 15,262,337	\$ 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	203.34%	153.76%	114.69%	91.71%	101.16%	52.48%	24.53%
Plan fiduciary net position as a percentage of the total pension liability	62.64%	70.04%	76.86%	80.14%	77.49%	87.12%	94.00%

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



Tulsa City-County Health Department

**Schedule of Contributions – Pension – last 10 fiscal periods\***

June 30,

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,182,759	\$ 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	\$ 2,227,158	\$ 2,164,895	\$ 1,851,978	\$ 1,876,472	\$ 1,764,997	\$ 1,807,218	\$ 1,726,054
Contribution deficiency (excess)	\$ 44,399	\$ (92,718)	\$ (140,813)	\$ (7,595)	\$ 119,772	\$ 57,630	\$ 85,465
Department's covered-employee payroll	\$ 15,262,337	\$ 14,715,668	\$ 13,999,450	\$ 13,285,711	\$ 13,245,038	\$ 13,320,342	\$ 12,909,902
Contributions as a percentage of covered-employee payroll	14%	15%	14%	14%	14%	14%	14%

\* Note - Only the current period and previous six years are 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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated October 28, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) 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 28, 2021

*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, 2021. 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, 2021.

## **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, 2021, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements. We issued our report thereon dated October 28, 2021, 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  
October 28, 2021

*Stanfield + O'Dell, P.C.*

Tulsa City-County Health Department

**Schedule of Expenditures and Federal Awards**

Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>				
Healthy Start Initiatives Grant	93.926	N/A	\$ 116,409	\$ 816,547
<i>Passed through the Oklahoma Department of Mental Health and Substance Abuse:</i>				
Strategic Prevention Framework - Rx	93.243	PO4529062220	-	11,537
Oklahoma State Opioid Response Grants	93.788	PO4529062220	-	17,240
Resource Prevention Coordinator (RPC) Alcohol & Substance Abuse	93.959	PO4529062220	-	172,897
<i>Passed through the Oklahoma State Department of Health:</i>				
Public Health Emergency Preparedness	93.069	PO3409023818	-	976,018
Teen Pregnancy Prevention	93.092	PO3409022318	-	260,451
	93.092	PO3409024674	-	<u>44,672</u>
				305,123
Family Planning Services	93.217	PO3409022318	-	549,497
	93.217	PO3409024674	-	<u>98,422</u>
				647,919
Immunization Grants	93.268	PO3409021561	-	117,694
Immunization Grants - Donated Vaccines	93.268	N/A	-	<u>837,137</u>
				954,831
Community Based Child Abuse Prevention Grant	93.590	PO3409021278	-	48,627
Fetal Infant Mortality Review	93.778	PO3409022318	-	35,282
(Medical Assistance Program)	93.778	PO3409024674	-	<u>7,346</u>
				42,628
Maternal, Infant, and Early Childhood Home Visiting Program (MIECHV Program)				
MIECHV - Children's First	93.870	PO3409021278	-	29,141
MIECHV - Community Connector	93.870	PO3409022688	-	<u>28,485</u>
				57,626
Maternal and Child Health Services				
Block Grant to States	93.994	PO3409022318	-	252,510
	93.994	PO3409024674	-	<u>6,283</u>
				258,793
<b>Total U.S. Department of Health and Human Services</b>			116,409	4,309,786
<b>U.S. Department of Agriculture</b>				
<i>Passed through the Oklahoma State Department of Health:</i>				
Special Supplemental Nutrition Program of Women, Infants and Children	10.557	PO3409020537	-	727,272
	10.557	PO3409024193	-	<u>1,677,897</u>
				2,405,169
<b>U.S. Department of Housing and Urban Development</b>				
Lead-Based Paint Hazard Control	14.900	N/A	-	66,984
<b>U.S. Department of the Treasury</b>				
<i>Passed through Tulsa County</i>				
Coronavirus Relief Fund	21.019	N/A	-	<u>3,031,930</u>
<b>Total Federal Awards Expended</b>			\$ 116,409	\$ 9,813,869

The accompanying notes are an integral part of this schedule.

**Notes to Schedule of Expenditures of Federal Awards**

For the Year Ended June 30, 2021

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**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, 2021. 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 prided by the federal agency.

**Note C – Indirect Cost Rate**

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

**Note D – Non-cash Assistance**

The Department received \$837,137 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, 2021

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**Section I – Summary of Auditor's Results**

**Financial Statements**

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

**Federal Awards**

Internal control over major programs:		
Material weakness(es) identified?	___ Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes	<u> X </u> 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)?	___ Yes	<u> X </u> No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.926	Healthy Start Initiatives Grant
93.092	Teen Pregnancy Prevention
93.268	Immunization Grants

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 Findings**

For the Year Ended June 30, 2021

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

None reported for the June 30, 2020, period.

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

None reported for the June 30, 2020, period.