

Oklahoma City-County Health Department

Independent Auditor's Reports and Financial Statements

June 30, 2016



Oklahoma City-County Health Department
June 30, 2016

Contents

| | |
|--|----|
| Independent Auditor’s Report | 1 |
| Financial Statements | |
| Government-Wide Financial Statement – Statement of Net Position | 3 |
| Governmental Funds – Balance Sheets | 4 |
| Reconciliation of the Governmental Funds –Balance Sheets to the Government-Wide Statement of Net Position | 5 |
| Notes to Financial Statements | 6 |
| Required Supplementary Information | |
| Postretirement Benefits Plan | 18 |
| Supplementary Information | |
| Budgetary Comparison Schedule | 19 |
| Note to Budgetary Comparison Schedule | 20 |

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying statement of net position of the governmental activities and the balance sheets of each fund of the Oklahoma City-County Health Department (the Department) as of June 30, 2016, and the related notes to the financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the statement of net position and balance sheets in accordance with the 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 the statement of net position and balance sheets that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the statement of net position and balance sheets based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of net position and balance sheets are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of net position and balance sheets. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement of net position and balance sheets, 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 statement of net position and balance sheets 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 statement of net position and balance sheets.

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 statement of net position and balance sheets referred to above presents fairly, in all material respects, the respective financial position of the governmental activities and each fund of the Department, as of June 30, 2016, were applicable in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the postretirement benefits information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 statement of net position and balance sheets in an appropriate operational, economic or historical context. Our opinions on the statement of net position and balance sheets are not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the statement of net position and balance sheets. The budgetary comparison schedule and note to budgetary comparison schedule, listed in the table of contents, are presented for the purposes of additional analysis and are not a required part of the statement of net position and balance sheets. Such information has not been subjected to the auditing procedures applied in the audit of the statement of net position and balance sheets and, accordingly, we do not express an opinion or provide any assurance on them.

BKD, LLP

Oklahoma City, Oklahoma
December 29, 2016

Oklahoma City-County Health Department
Government-Wide Financial Statements – Statement of Net Position
June 30, 2016

| | Governmental Activities |
|--|------------------------------------|
| Assets | |
| Cash and cash equivalents | \$ 21,632,244 |
| Accounts receivable, net of allowances | 3,067,220 |
| Inventory | 680,215 |
| Prepaid expense | 140,968 |
| Capital assets | |
| Nondepreciable | 3,110,860 |
| Depreciable, net of depreciation | 15,190,386 |
| Capital lease deposit | 894,375 |
| Other assets | 38,536 |
| Total assets | 44,754,804 |
| Liabilities | |
| Accounts payable | 413,781 |
| Accrued liability | 1,229,816 |
| Long-term liabilities | |
| Due within one year | 436,250 |
| Due in more than one year | 19,024,276 |
| Total liabilities | 21,104,123 |
| Deferred Inflows of Resources | |
| Deferred resources related to insurance and licenses | 29,669 |
| Deferred resources related to a private grant | 12,700 |
| Total deferred inflows of resources | 42,369 |
| Net Position | |
| Invested in capital assets | 5,841,715 |
| Restricted | 1,717,071 |
| Unrestricted | 16,049,526 |
| Total net position | \$ 23,608,312 |

Oklahoma City-County Health Department
Governmental Funds – Balance Sheets
June 30, 2016

| | General | Capital Projects | Total Governmental Funds |
|---|---------------|---------------------|--------------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 10,477,618 | \$ 11,154,626 | \$ 21,632,244 |
| Receivables | | | |
| Ad valorem taxes receivable | 1,002,205 | - | 1,002,205 |
| Accounts receivable | 36,347 | - | 36,347 |
| Intergovernmental receivable | 1,955,015 | - | 1,955,015 |
| Insurance receivable, net of allowance; \$4,842 | 26,326 | - | 26,326 |
| Patient receivable, net of allowance; \$34,946 | 47,327 | - | 47,327 |
| Other assets | 38,536 | - | 38,536 |
| Total assets | \$ 13,583,374 | \$ 11,154,626 | \$ 24,738,000 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 413,781 | \$ - | \$ 413,781 |
| Accrued expense | 1,034,035 | 195,781 | 1,229,816 |
| Total liabilities | 1,447,816 | 195,781 | 1,643,597 |
| Deferred Inflows of Resources | | | |
| Unavailable revenue | 1,451,744 | - | 1,451,744 |
| Fund Balances | | | |
| Nonspendable | 1,513 | - | 1,513 |
| Assigned | - | 10,958,845 | 10,958,845 |
| Unassigned | 10,682,301 | - | 10,682,301 |
| Total fund balances | 10,683,814 | 10,958,845 | 21,642,659 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 13,583,374 | \$ 11,154,626 | \$ 24,738,000 |

Oklahoma City-County Health Department
Reconciliation of the Governmental Funds – Balance Sheets
to the Government-Wide Statement of Net Position
June 30, 2016

Amounts reported for governmental activities in the statement of net assets are different because:

| | |
|--|----------------------|
| Total fund balances, governmental funds | \$ 21,642,659 |
| | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$2,189,710 | 18,301,246 |
| | |
| Inventory and prepaid expense are reported under the purchase method, which is expensed at the fund level, but should be accrued in the governmental activities | |
| Inventory | 680,215 |
| Prepaid expense | 140,968 |
| | |
| Deposits on capital leases that are not reported in the funds | 894,375 |
| | |
| Certain assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds | |
| Unavailable tax revenue | 815,421 |
| Unavailable grant revenue | 545,784 |
| Unavailable patient fees | 48,170 |
| | |
| Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds | |
| Accrued compensated absences | (1,895,813) |
| Other postemployment benefit obligation | (5,300,963) |
| Capital lease obligation | (12,263,750) |
| | |
| Net position of governmental activities | <u>\$ 23,608,312</u> |

Oklahoma City-County Health Department
Notes to Financial Statements
June 30, 2016

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

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

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

The Department is not a component unit of another government and does not have any component units. The primary sources of funding for the Department are a county-wide ad valorem tax levy, charges for service and intergovernmental grants and contracts.

Basis of Accounting and Presentation

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities incorporate data from governmental funds. Separate financial statements are provided for governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Oklahoma City-County Health Department

Notes to Financial Statements

June 30, 2016

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, capital lease expenditures, as well as expenditures related to compensated absences, claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The Department reports the following major governmental funds:

- The *general fund* is the Department's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund
- The *capital projects fund* accounts for the acquisition and construction of the Department's major capital facilities

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Department considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2016, cash equivalents consisted of demand deposits and a money market fund.

Risk Management

The Department is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Department carries commercial insurance for its physical plant with a \$50,000 deductible, participates in the Oklahoma state health and dental plans for its health benefits coverage for employees, has coverage through CompSource Oklahoma for workers' compensation coverage and is self-insured for errors and omissions and for other general liability claims under \$175,000. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Department. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the *Governmental Tort Claims Act* in any of the past three fiscal years. There have been no significant reductions in insurance coverage during the 2016 fiscal year.

Oklahoma City-County Health Department
Notes to Financial Statements
June 30, 2016

Investments and Investment Income

The Department adopted a formal investment policy in February 2014, as amended. State statutes authorize the Department to adopt a written investment policy directing the investment of the funds of the Department. The Director of Finance is allowed, by the investment policy, to invest in obligations of the U.S. Treasury; certificates of deposit; and savings accounts of banks, savings and loans and trust companies, if secured by acceptable collateral where the collateral has been deposited with a trustee or custodian bank.

Patient and Insurance Accounts Receivable

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

Inventory

Inventories consist of vaccines and pharmaceuticals, which are valued at cost using the first-in/first-out method.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The following estimated useful lives are being used by the Department:

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

Compensated Absences

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

Oklahoma City-County Health Department

Notes to Financial Statements

June 30, 2016

Sick Leave – The accrual rate for sick leave is 15 days per year (10 hours/month) with no accumulation limit. The amount of sick leave that can be credited toward retirement will not exceed the amount in the most current retirement plan. Employees may convert up to 40 hours of sick leave to annual leave or pay each fiscal year provided a minimum of 180 hours of sick leave is maintained. An additional 40 hours per fiscal year may be converted to annual leave or pay when an employee maintains a minimum balance of 360 hours of sick leave. No accrued, unused sick leave will be paid upon termination from employment.

Net Position

Net position of the Department is classified in four components:

- Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Department, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.
- Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the Department, such as permanent endowments.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Fund Balance

Fund balance of the governmental funds is classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- **Nonspendable** – Includes amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact
- **Restricted** – Consists of fund balance with constraints placed on the use of resources either by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) laws through constitutional provisions or enabling legislation
- **Committed** – Included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Department's highest level of decision-making authority. The Department's highest level of decision-making authority is made by the Board

Oklahoma City-County Health Department

Notes to Financial Statements

June 30, 2016

- **Assigned** – Includes amounts that are constrained by the Department’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by the Board’s action or management decision when the Board has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process
- **Unassigned** – Represents the fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes within the general fund

It is the Department’s policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balances are available. The Department’s policy for the use of unrestricted fund balance amounts requires that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Income Taxes

The Department is not subject to federal or state income taxes.

Related Organization

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

- Partners in Public Health, Inc., a non-profit corporation organized for “charitable and educational” purposes

Budgetary Compliance

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

Note 2: Deposits and Investments

At year-end, cash and cash equivalents consisted of amounts in demand deposits and a money market fund. The reported amount of the Department’s deposits was \$21,632,244, and the bank balance, excluding the money market funds discussed below, was \$21,613,501. Of the bank balance, 100% was covered by Federal Deposit Insurance Corporation (FDIC) insurance or collateral held by the Department’s agent in the Department’s name.

Oklahoma City-County Health Department
Notes to Financial Statements
June 30, 2016

Deposits – Custodial credit risk for deposits is the risk that in the event of a bank failure the Department may not be able to recover its deposits. The Department’s policy requires banks to be 110% secured by collateral valued at market value less FDIC insurance. As of June 30, 2016, the Department’s bank balance of \$21,613,501 was FDIC-insured for \$250,000 and the bank had pledged securities with a fair value of \$23,873,629.

Investments – Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. The Department limited activity to interest-bearing government obligation money market funds with balances of approximately \$90,000 for the year ended June 30, 2016. This limited the possibility of interest rate risk affecting deposits of the Department.

Note 3: Ad Valorem Tax

The property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. The tax is collected by the County Treasurer and remitted to the Department.

The assessed property value as of January 1, 2016, was \$6,543,869,736, net of homestead exemptions of \$118,767,053.

Taxes are due on November 1 following the levy date; however, they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. Unpaid real property taxes become a lien upon said property on October 1 of each year.

Unpaid delinquent personal property taxes are usually published in May. If the taxes are not paid within 30 days from publication, they shall be placed on the personal tax lien docket.

Current year tax collections for the year ended June 30, 2016, were approximately 97% of the tax levy.

Note 4: Accounts Receivable

Accounts receivable consisted of the following at June 30, 2016:

| | Accounts Receivable | Allowance for Uncollectible Accounts | Net Accounts Receivable |
|------------------------------|--------------------------------|---|--|
| Ad valorem taxes receivable | \$ 1,002,205 | \$ - | \$ 1,002,205 |
| Accounts receivable | 36,347 | - | 36,347 |
| Intergovernmental receivable | 1,955,015 | - | 1,955,015 |
| Insurance receivable | 31,168 | (4,842) | 26,326 |
| Patient receivable | 82,273 | (34,946) | 47,327 |
| | <u>\$ 3,107,008</u> | <u>\$ (39,788)</u> | <u>\$ 3,067,220</u> |

Oklahoma City-County Health Department
Notes to Financial Statements
June 30, 2016

Note 5: Inventories

Inventories consist of the following at June 30, 2016:

| | |
|-----------------|-------------------|
| Vaccines | \$ 619,484 |
| Pharmaceuticals | <u>60,731</u> |
| | <u>\$ 680,215</u> |

Note 6: Capital Assets

Capital assets as of June 30, 2016, were as follows:

| | |
|--|----------------------|
| Capital assets not being depreciated | |
| Land | \$ 1,569,135 |
| Construction in progress | <u>1,541,725</u> |
| Total capital assets not being depreciated | <u>3,110,860</u> |
| Capital assets being depreciated | |
| Land improvements | 1,633,022 |
| Buildings | 14,556,169 |
| Computers | 333,338 |
| Equipment | 657,066 |
| Vehicles | <u>200,502</u> |
| Total capital assets being depreciated | <u>17,380,097</u> |
| Less accumulated depreciation | |
| Land improvements | (122,963) |
| Buildings | (1,028,517) |
| Computers | (265,361) |
| Equipment | (622,488) |
| Vehicles | <u>(150,382)</u> |
| Total accumulated depreciation | <u>(2,189,711)</u> |
| Net capital assets being depreciated | <u>15,190,386</u> |
| Capital assets, net | <u>\$ 18,301,246</u> |

Oklahoma City-County Health Department
Notes to Financial Statements
June 30, 2016

Note 7: Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses included in current liabilities for the year ended June 30, 2016, are as follows:

| | |
|---|---------------------|
| Payable to vendors | \$ 413,781 |
| Payable to employees (including payroll taxes and benefits) | 660,810 |
| Payable to pension plan | 137,800 |
| Payable to contractors | 195,781 |
| Other | <u>235,425</u> |
| | <u>\$ 1,643,597</u> |

Note 8: Operating Leases

The Department has several noncancellable leases with unrelated parties for rental of office equipment. These lease terms range from month-to-month to 60 months and expire through June 2021. These leases primarily do not contain renewal options. The lease expense is approximately \$90,000 for the year ended June 30, 2016.

The Department has several noncancellable leases with unrelated parties for rental of facilities. These lease terms are for one year and expire through June 2017. These leases primarily contain the option to renew for another year. The lease expense for the leases is approximately \$207,000 for the year ended June 30, 2016.

Future minimum lease payments at June 30, 2016, were:

| | |
|------|-------------------|
| 2017 | \$ 267,691 |
| 2018 | 53,443 |
| 2019 | 45,958 |
| 2020 | 8,531 |
| 2021 | <u>8,531</u> |
| | <u>\$ 384,154</u> |

Oklahoma City-County Health Department
Notes to Financial Statements
June 30, 2016

Note 9: Long-Term Liabilities

Long-term liabilities included in the accompanying statement of net position as of June 30, 2016, are as follows:

| | |
|---|----------------------|
| Compensated absences | \$ 1,895,813 |
| Other postemployment benefit obligation | 5,300,963 |
| Capital lease obligation | <u>12,263,750</u> |
| | 19,460,526 |
| Due within one year | <u>(436,250)</u> |
| | <u>\$ 19,024,276</u> |

Note 10: Capital Lease Obligations

The Department is paying on 20-year and 25-year leases, renewable annually, for the Northeast Health and Wellness Center Building (N.E. Center) and Partners Building, respectively. The N.E. Center and Partners Building house the Department's administrative and emergency operations departments, as well as provide clinical services, community health educational presentations, integrated services with other agencies and meeting spaces for the public. The lease agreements were entered into on January 1, 2012 and February 1, 2015, respectively, with the Oklahoma County Financing Authority (the Authority). Payments made by the Department will be used to pay the principal and interest on the Authority's revenue bonds related to the building project.

During the year ended June 30, 2016, the Department paid \$867,212 in principal and interest on the buildings. Future lease payments for the leases are as follows:

| | |
|--|----------------------|
| 2017 | \$ 891,950 |
| 2018 | 890,175 |
| 2019 | 885,725 |
| 2020 | 888,050 |
| 2021 | 890,025 |
| 2022–2026 | 4,453,963 |
| 2027–2031 | 4,445,356 |
| 2032–2036 | 2,172,906 |
| 2037–2040 | <u>1,111,294</u> |
| Total minimum lease payments | 16,629,444 |
| Less amount representing interest | <u>(4,365,694)</u> |
| Present value of future minimum lease payments | <u>\$ 12,263,750</u> |

Oklahoma City-County Health Department
Notes to Financial Statements
June 30, 2016

Note 11: Pension Plan

The Department sponsors a defined contribution plan for the benefit of its employees. The defined contribution plan is administered by Massachusetts Mutual Life Insurance Company. All employees are eligible to participate in the plan. The plan may be amended from time to time by action of the Board of Health.

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

Benefits under the defined contribution plan include entitlement to the amount in the individual employee's account upon retirement or upon termination of employment due to total and permanent disability. A participant is credited with a year of service for each year the participant works 1,000 hours or more. Partial vesting accrues after the second year at the rate of 20% per year until 100% vesting is completed at the end of six years of service. Upon the death of a vested participant, his or her beneficiary(ies) is eligible to receive the participant's retirement benefits.

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

The Department contributes 12% of each employee's salary. Employees make no contributions. The Department's cash contributions to the defined contribution plan for the year ended June 30, 2016, were \$1,505,740. Forfeitures available at June 30, 2016, were approximately \$224,000. A copy of the plan may be obtained from the Oklahoma City-County Health Department's Finance Office at 2600 NE 63rd, Oklahoma City, OK 73111 or by calling 405.425.4349.

Note 12: Postemployment Health Care Plan

Plan Description

The Department's Postemployment Benefits Plan is a single-employer plan that covers all employees. The plan is a defined benefit plan and the cost for each employee is paid on a pay-as-you-go basis. Lifetime benefits for retirees consist of medical and dental and are referred to as Other Postemployment Benefits (OPEB). The plan provides medical and dental insurance benefits to eligible retirees and their spouses.

Employees are eligible for the OPEB as follows:

- Employees hired prior to January 1, 2010, are the rule of 60 (age plus years of service) with a minimum of eight years of service.
- Employees hired after January 1, 2010, are the rule of 60 (age plus years of service) with a minimum of eight years of service to keep insurance. In order to receive an employer subsidy, the employee must meet the rule of 75 (age plus years of service).

Oklahoma City-County Health Department
Notes to Financial Statements
June 30, 2016

Annual OPEB Cost and Net OPEB Obligation

The Department's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the Department's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the net OPEB obligation:

| | |
|--|----------------------------|
| Annual required contribution | \$ 1,351,046 |
| Interest on net OPEB obligation | 172,000 |
| Adjustment to annual required contribution | <u>(170,887)</u> |
| Annual OPEB cost (expense) | 1,352,159 |
| Contributions made | <u>(351,196)</u> |
| Increase in net OPEB obligation | 1,000,963 |
| Net OPEB obligation, beginning of year | <u>4,300,000</u> |
| Net OPEB obligation, end of year | <u><u>\$ 5,300,963</u></u> |

The Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2016 and the two preceding years were as follows:

| <u>Year-End</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|-----------------|-----------------------------|---|--------------------------------|
| 2016 | \$ 1,352,159 | 26% | \$ 5,300,963 |
| 2015* | | | |
| 2014* | | | |

* Information for years prior to 2016 is not available.

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$14,972,596, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$14,972,596. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2016, was \$12,707,995, and the ratio of the UAAL to the covered payroll was 117.8%.

Oklahoma City-County Health Department
Notes to Financial Statements
June 30, 2016

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The methods and assumptions for the June 30, 2016, valuation are as follows:

| | |
|--------------------------|---|
| Discount rate | 4.0% |
| Payroll growth | 3.0% per year |
| Inflation rate | 3.0% per year |
| Cost method | Entry Age Normal Level % of Salary |
| Mortality | RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016 |
| Medical/Rx Trends | 9.0% in 2017 declining to 5.0% in 2025 |
| Dental Trends | 4.50% in 2017 declining to 3.00% in 2022 |

Note 13: Contingencies

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

Required Supplementary Information

Oklahoma City-County Health Department
Postretirement Benefits Plan
June 30, 2016

Schedule of Funding Progress

| Year-End | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liabilities (AAL) (b) | Unfunded Actuarial Accrued Liabilities (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b-a)/c] |
|-----------------|---------------------------------|--------------------------------------|--|--|---------------------------|----------------------------|--|
| 2016 | 7/1/2015 | \$ - | \$ 14,972,596 | \$ 14,972,596 | 0.0% | \$ 12,707,995 | 117.8% |

* Information for years prior to 2016 is not available.

Supplementary Information

Oklahoma City-County Health Department
Budgetary Comparison Schedule
Year Ended June 30, 2016

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|--------------------|----------------------|----------------------|
| Beginning cash and cash equivalents, budgetary basis | \$ 18,397,361 | \$ 18,397,361 | \$ - |
| Less prior year encumbrances | <u>(4,283,178)</u> | <u>(3,668,478)</u> | <u>614,700</u> |
| Beginning cash balances, budgetary basis | <u>14,114,183</u> | <u>14,728,883</u> | <u>614,700</u> |
| Receipts | | | |
| Property taxes | 15,407,839 | 16,979,128 | 1,571,289 |
| Intergovernmental revenues | 7,628,035 | 8,574,080 | 946,045 |
| Charges for services | 659,374 | 762,885 | 103,511 |
| Miscellaneous revenues | <u>731,010</u> | <u>4,191,255</u> | <u>3,460,245</u> |
| Total receipts, budgetary basis | <u>24,426,258</u> | <u>30,507,348</u> | <u>6,081,090</u> |
| Disbursements | | | |
| Personnel services | 20,135,372 | 18,778,535 | 1,356,837 |
| Maintenance and operations | 7,444,537 | 5,618,977 | 1,825,560 |
| Capital outlay | 9,173,451 | 1,782,488 | 7,390,963 |
| Future capital outlay (pursuant to 63 O.S. § 1-226) | 1,000,000 | - | 1,000,000 |
| Travel | <u>787,081</u> | <u>465,797</u> | <u>321,284</u> |
| Total disbursements, budgetary basis | <u>38,540,441</u> | <u>26,645,797</u> | <u>11,894,644</u> |
| Excess of receipts and beginning cash and cash equivalents over disbursements, budgetary basis | <u>\$ -</u> | 18,590,434 | <u>\$ 18,590,434</u> |
| Reconciliation to statement of cash receipts and disbursements | | | |
| Add: current year encumbrances | | <u>3,041,810</u> | |
| Ending cash and cash equivalents | | <u>\$ 21,632,244</u> | |

The accompanying note to budgetary comparison schedule is an integral part of this schedule.

Oklahoma City-County Health Department
Note to Budgetary Comparison Schedule
Year Ended June 30, 2016

Note 1: Budgetary Comparison Schedule

The budgetary comparison schedule presents comparisons of the legally adopted budget with actual data. The “actual” data, as presented in the comparison of budget and actual, will differ from the data as presented in the financial statements because the budgetary basis of accounting includes encumbrances related to the budget year.

Oklahoma Statutes require the Department to prepare a formal budget for the Board of Health.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration.

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

Oklahoma City-County Health Department

Single Audit Report

Year Ended June 30, 2016



Oklahoma City-County Health Department
June 30, 2016

Contents

Independent Auditor’s Report 1

Schedule of Expenditures of Federal Awards..... 3

Notes to Schedule of Expenditures of Federal Awards..... 4

Schedule of Expenditures of State Awards 5

**Independent Auditor’s Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Balance Sheet Performed in
Accordance with *Government Auditing Standards***..... 6

**Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance**..... 8

Schedule of Findings and Questioned Costs..... 10

Summary Schedule of Prior Audit Findings..... 12

Independent Auditor's Report

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

Report on the Schedules of Expenditures of Federal Awards and State Awards

We have audited the accompanying schedules of expenditures of federal awards and state awards of the Oklahoma City-County Health Department (the Department) for the year ended June 30, 2016, and the related notes (the financial statements).

Management's Responsibility

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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the expenditures of federal and state awards of the Department for the year ended June 30, 2016, in accordance with accounting principles generally accepted in the United States of America.

BKD, LLP

Oklahoma City, Oklahoma
December 29, 2016

Oklahoma City-County Health Department
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

| Federal Grantor/Pass-Through Entity/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Total Federal Expenditures |
|--|---------------------------|--|---------------------------------------|----------------------------------|
| U.S. Department of Agriculture | | | | |
| <i>Passed-through from the Oklahoma State Department of Health</i> | | | | |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | 73-6017987 | \$ - | \$ 1,513,837 |
| Total U.S. Department of Agriculture | | | - | 1,513,837 |
| U.S. Department of Transportation | | | | |
| <i>Passed-through from the Oklahoma State Office of Tourism and Recreation</i> | | | | |
| Highway Planning and Construction Cluster Recreational Trails Program | 20.219 | 73-6017987 | - | 35,020 |
| Total U.S. Department of Transportation | | | - | 35,020 |
| U.S. Department of Health and Human Services | | | | |
| <i>Passed-through from the National Association of County and City Officials</i> | | | | |
| Medical Reserve Corps Small Grant Program | 93.008 | 52-1426663 | - | 3,500 |
| <i>Passed-through from the Association of Food and Drug Officials</i> | | | | |
| Food and Drug Administration Research | 93.103 | 74-6051887 | - | 24,263 |
| <i>Passed-through from the Oklahoma State Department of Health</i> | | | | |
| Public Health Emergency Preparedness | 93.069 | 73-6017987 | - | 839,948 |
| Aligned Cooperative Agreements | 93.074 | 73-6017987 | - | 126,445 |
| <i>Affordable Care Act (ACA) Personal Responsibility Education Program</i> | | | | |
| Family Planning Services | 93.092 | 73-6017987 | - | 304,041 |
| | 93.217 | 73-6017987 | - | 514,482 |
| Immunization Cooperative Agreements | 93.268 | 73-6017987 | - | 238,027 |
| Immunization Cooperative Agreements – Noncash Assistance | 93.268 | 73-6017987 | - | 1,387,224 |
| <i>Total CFDA No. 93.268</i> | | | - | 1,625,251 |
| ACA Maternal, Infant, and Early Childhood Visiting Program Medicaid Cluster | 93.505 | 73-6017987 | - | 431,610 |
| Medical Assistance Program | 93.778 | 73-6017987 | - | 87,288 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | 73-6017987 | - | 180,858 |
| <i>Direct Program</i> | | | | |
| Teenage Pregnancy Prevention Program | 93.297 | Not applicable | 484,492 | 828,018 |
| Total U.S. Department of Health and Human Services | | | 484,492 | 4,965,704 |
| U.S. Department of Homeland Security | | | | |
| <i>Passed-through from the Oklahoma State Office of Homeland Security</i> | | | | |
| State Homeland Security Program | 97.073 | 73-6017987 | - | 23,469 |
| Total U.S. Department of Homeland Security | | | - | 23,469 |
| Total expenditures of federal awards | | | \$ 484,492 | \$ 6,538,030 |

The accompanying notes are an integral part of the Schedule

Oklahoma City-County Health Department
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Oklahoma City-County Health Department (the Department) under programs of the federal government for the year ended June 30, 2016. The information in the 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* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Department, it is not intended to, and does not, present the financial position, changes in equities or cash flows of the Department.

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. The Department has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2: Federal CFDA Numbers

Federal CFDA numbers or other identifying numbers listed on the Schedule were obtained from the respective grant/contract agreement.

Note 3: Immunization Cooperative Agreements CFDA Number 93.268

Noncash assistance in the form of vaccines was received from the Oklahoma State Department of Health. The fair value of \$1,387,224 in noncash assistance received is included in the Schedule.

Oklahoma City-County Health Department
Schedule of Expenditures of State Awards
Year Ended June 30, 2016

| State Grantor/Grant Program Title | State PO Number | State Expenditures |
|--|------------------------|----------------------------|
| Oklahoma State Department of Health | | |
| Maternal & Child Health Services | PO3409016841 | \$ 475,414 |
| Children First Program | PO3409016836 | 1,305,733 |
| State Omnibus | PO3409018799 | <u>808,920</u> |
| Total nonfederal awards | | <u><u>\$ 2,590,067</u></u> |

Note 1: Basis of Presentation

The schedule of expenditures of state awards includes the state grant activity of the Department and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the contractual requirements of the Oklahoma State Department of Health.

**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Financial Statements Performed in
Accordance with *Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the statement of net position of the governmental activities and the balance sheets of each fund of the Oklahoma City-County Health Department (the Department), and the related notes to the financial statements, and have issued our report thereon dated December 29, 2016.

Internal Control over Financial Reporting

Management of the Department is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered the Department's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 Department's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Board of Health
Oklahoma City-County Health Department

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's statement of net position of the governmental activities and the balance sheets of each fund are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of amounts of the statement of net position of the governmental activities and the balance sheets of each fund. 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 Department'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 Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Oklahoma City, Oklahoma
December 29, 2016

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance

Independent Auditor's Report

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

Report on Compliance for each Major Federal Program

We have audited the Oklahoma City-County Health Department's (the Department) compliance with the types of compliance requirements described in the *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, 2016. 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 federal statutes, regulations, contracts and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the 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 each 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.

Board of Health
Oklahoma City-County Health Department

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, 2016.

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 to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the 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 a 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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Oklahoma City, Oklahoma
December 29, 2016

Oklahoma City-County Health Department Schedule of Findings and Questioned Costs Year Ended June 30, 2016

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)? Yes None reported

Material weakness(es)? Yes No

5. The opinion expressed in the independent auditor's report on compliance for major federal awards was:

Unmodified Qualified Adverse Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)

Yes No

7. The Department's major programs were:

| Cluster/Program | CFDA Number |
|---|--------------------|
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 |
| Public Health Emergency Preparedness | 93.069 |
| Teenage Pregnancy Prevention Program | 93.297 |

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The Department qualified as a low-risk auditee?

Yes No

Oklahoma City-County Health Department
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2016

Findings Required to be Reported by *Government Auditing Standards*

| Reference Number | Finding |
|-----------------------------|----------------|
|-----------------------------|----------------|

No matters are reportable

Findings Required to be Reported by the Uniform Guidance

| Reference Number | Finding |
|-----------------------------|----------------|
|-----------------------------|----------------|

No matters are reportable

Oklahoma City-County Health Department
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2016

| Reference Number | Summary of Finding Status |
|-----------------------------|----------------------------------|
|-----------------------------|----------------------------------|

No matters are reportable