

CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

June 30, 2012



CliftonLarsonAllen

Champaign-Urbana Public Health District
June 30, 2012

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Champaign-Urbana Public Health District
June 30, 2012

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Independent Auditor's Report

Board of Health
Champaign-Urbana Public Health District
Champaign, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Champaign-Urbana Public Health District (District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Champaign-Urbana Public Health District as of June 30, 2012, and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 6, 2012 on our consideration of Champaign-Urbana Public Health District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and pension funding progress on pages 23 and 24 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. However, we did not audit the information and express no opinion on it. The District has not presented 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 basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Champaign-Urbana Public Health District's basic financial statements. The accompanying Illinois Department of Human Services Grant Report listed in the table of contents as other supplementary information is presented for purposes of additional analysis and is not a required part of the basic statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the basic financial statements. The grant report and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

Champaign, Illinois
December 6, 2012

Champaign-Urbana Public Health District
Statement of Net Assets
June 30, 2012

	Governmental Activities
Assets	
Cash	\$ 4,767,140
Property Taxes Receivable, Net of Allowance - \$17,200	1,490,891
Revenues Due From State	1,331,739
Revenue Due From County	130,239
Revenues Due From Others, Net of Allowance - \$8,602	70,941
Prepaid Expenses	86,104
Inventory	8,940
Capital Assets:	
Land	374,000
Other Capital Assets, Net of Accumulated Depreciation	5,350,114
Total Capital Assets	5,724,114
 Total Assets	 13,610,108
Liabilities	
Current Liabilities:	
Accounts Payable	195,874
Accrued Liabilities	265,321
Deferred Revenue - Grants	49,909
Deferred Revenue - Property Taxes	2,098,603
Deferred Revenue - Other	166,146
Current Portion of Long-Term Debt	658,592
 Total Current Liabilities	 3,434,445
Noncurrent Liabilities:	
Accrued Compensated Absences	184,438
Noncurrent Portion of Long-Term Debt	2,146,510
Total Noncurrent Liabilities	2,330,948
 Total Liabilities	 5,765,393
Net Assets	
Invested in Capital Assets, Net of Related Debt	2,919,012
Restricted:	
Audit	6,844
Insurance	86,547
Unrestricted	4,832,312
 Total Net Assets	 \$ 7,844,715

See accompanying notes to financial statements.

Champaign-Urbana Public Health District
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		Total Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Administration	\$ 611,530	\$ 205,975	\$ 3,300	\$ (402,255)
Champaign County Public Health Department - Contract	814,596	49,191	683,402	(82,003)
Environmental Health	768,322	271,280	259,224	(237,818)
Infectious Disease Prevention and Management	2,127,387	210,305	1,417,824	(499,258)
Maternal and Child Health	4,230,390	448,610	3,230,294	(551,486)
Public Health Institute for Research and Excellence	9,414	-	11,547	2,133
Vital Statistics	91,183	103,644	5,389	17,850
Wellness and Health Promotion	2,469,915	877,886	866,492	(725,537)
Total Governmental Activities	\$ 11,122,737	\$ 2,166,891	\$ 6,477,472	(2,478,374)
General Revenues				
Property Taxes				2,894,916
Investment Income				18,353
Miscellaneous				34,494
Total General Revenues				2,947,763
Change in Net Assets				469,389
Net Assets, Beginning of Year				7,375,326
Net Assets, End of Year				\$ 7,844,715

See accompanying notes to financial statements.

Champaign-Urbana Public Health District
Balance Sheet - Governmental Funds
June 30, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 4,706,243	\$ 60,897	\$ 4,767,140
Property Taxes Receivable, net	1,324,173	166,718	1,490,891
Revenues Due From State	1,278,561	53,178	1,331,739
Revenue Due From County	119,476	10,763	130,239
Revenues Due From Others, net Due From General Fund	70,873 -	68 125,541	70,941 125,541
Prepaid Expenses	48,418	35,436	83,854
Inventory	8,940	-	8,940
Total Assets	<u>\$ 7,556,684</u>	<u>\$ 452,601</u>	<u>\$ 8,009,285</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 195,874	\$ -	\$ 195,874
Accrued Liabilities	197,553	67,768	265,321
Due to Other Governmental Funds	125,541	-	125,541
Deferred Revenue - Grants	49,909	-	49,909
Deferred Revenue - Property Taxes	1,838,826	259,777	2,098,603
Deferred Revenue - Other	166,146	-	166,146
Total Liabilities	<u>2,573,849</u>	<u>327,545</u>	<u>2,901,394</u>
Fund Balances			
Nonspendable:			
Inventory	8,940	-	8,940
Prepaid Expenses	48,418	35,436	83,854
Restricted:			
Audit	-	6,844	6,844
Insurance	-	86,547	86,547
Assigned:			
Capital projects	1,203,931	-	1,203,931
Unassigned	<u>3,721,546</u>	<u>(3,771)</u>	<u>3,717,775</u>
Total Fund Balances	<u>4,982,835</u>	<u>125,056</u>	<u>5,107,891</u>
Total Liabilities and Fund Balances	<u>\$ 7,556,684</u>	<u>\$ 452,601</u>	<u>\$ 8,009,285</u>

See accompanying notes to financial statements.

Champaign-Urbana Public Health District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2012

Total Fund Balance for Governmental Funds \$ 5,107,891

Total Net Assets Reported for Governmental Activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore not reported in the funds. Those assets consist of:

Land	\$ 374,000	
Buildings and Improvements, Net of \$668,502		
Accumulated Depreciation	4,956,751	
Furniture, Fixtures, and Equipment, Net of \$1,044,984		
Accumulated Depreciation	<u>393,363</u>	5,724,114

Other short-term assets are not due and payable in the current period and therefore are not reported in the funds	2,250
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Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,989,540)</u>
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Total Net Assets of Governmental Activities \$ 7,844,715

See accompanying notes to financial statements.

Champaign-Urbana Public Health District
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$ 2,587,072	\$ 307,844	\$ 2,894,916
Licenses and Permits	239,451	-	239,451
Intergovernmental	6,187,292	288,124	6,475,416
Interest	18,353	-	18,353
Charges for Services	1,927,440	-	1,927,440
Miscellaneous	36,548	-	36,548
	<hr/>	<hr/>	<hr/>
Total Revenues	10,996,156	595,968	11,592,124
	<hr/>	<hr/>	<hr/>
Administration	523,904	68,208	592,112
Champaign County Public Health Department - Contract	678,938	63,382	742,320
Environmental Health	664,949	58,137	723,086
Infectious Disease Prevention and Management	1,933,748	117,629	2,051,377
Maternal and Child Health	3,929,766	171,337	4,101,103
Public Health Institute for Research and Excellence	8,666	544	9,210
Vital Statistics	86,000	4,986	90,986
Wellness and Health Promotion	2,206,365	149,861	2,356,226
Debt Service:			
Principal	152,008	-	152,008
Interest	151,025	-	151,025
Capital Outlay	307,938	-	307,938
	<hr/>	<hr/>	<hr/>
Total Expenditures	10,643,307	634,084	11,277,391
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	352,849	(38,116)	314,733
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning of Year	4,629,986	163,172	4,793,158
	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year	\$ 4,982,835	\$ 125,056	\$ 5,107,891
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

Champaign-Urbana Public Health District
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2012

Net Change in Fund Balances — Total Governmental Funds \$ 314,733

The Change in Net Assets Reported for Governmental Activities in the Statement of Activities is different because:

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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 2,833

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term the principal of long-term debt consumes the current financial resources financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 152,009

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported or are reported in different periods as expenditures in governmental funds. (186)

Change in Net Assets of Governmental Activities \$ 469,389

See accompanying notes to financial statements.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2012

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

Nature of Operations

The Champaign-Urbana Public Health District (District) was established in 1937 under the Coleman Act, which authorized the establishment and maintenance of health departments. The District is governed by the Board of Health, consisting of the Chairman of the Champaign County Board and one member from both the City of Champaign Township and the Cunningham Township. The District's public health services include, but are not limited to environmental health inspections and permits; disease tracking reporting and investigation; HIV counseling and testing, prevention and management; sexually transmitted disease testing and treatment; dental services for children; education and health promotion; preventive services and case management for women; immunizations; and array of other services to pregnant women, children, teenagers, and adults of all ages all for the residents of Champaign and Urbana except for specific intergovernmental programs.

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the *Codification of Government Accounting and Financial Reporting Standards*, Section 2100. The financial reporting entity consists of (a) the primary government, Champaign-Urbana Public Health District, which has a separately elected governing body, is legally separate and fiscally independent of other state and local governments, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

There are no component units of Champaign-Urbana Public Health District nor is Champaign-Urbana Public Health District dependent on any other entity.

Basis of Presentation

The District's financial statements consists of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2012

Note 1: Nature of Operations and Summary of Significant Accounting Policies
(Continued)

Basis of Presentation (Continued)

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the nonfiduciary financial activities of the District. These statements report those activities of the District that are governmental (i.e. generally supported by taxes and intergovernmental revenues).

The statement of net assets presents the financial position of the district's governmental activities at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions (including related investment earnings) that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues.

Fund Financial Statements

The District maintains fund accounting in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a single column.

Governmental Funds

Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they are to be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The District's major governmental fund is the General Fund. The General Fund is the District's primary operating fund. It is used to account for all financial transactions, except those required to be accounted for in other funds.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2012

Note 1: Nature of Operations and Summary of Significant Accounting Policies
(Continued)

Governmental Funds (Continued)

Additionally, the District reports special revenue funds, which are combined as nonmajor funds.

Basis of Accounting/Measurement Focus

The financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to local governmental units.

Government-Wide Financial Statements

The measurement focus establishes the basis of accounting. The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been met.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program expenses are incurred, there may be both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical grants, and then by general revenues.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2012

Note 1: Nature of Operations and Summary of Significant Accounting Policies
(Continued)

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay current liabilities. A one-year availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recognized and recorded when incurred. Capital outlay is considered an expenditure in the year incurred and capital assets are not recognized and depreciated in the fund financial statements.

Use of Estimates

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

Property Taxes

Property taxes receivable consist of the estimated collectible portion of the 2011 levy which will be collected and recognized during the year ended June 30, 2012. The related revenue is recognized equally over twelve months based on those amounts received during the time frame of April to March with the remainder being deferred until it is received and available for expenditures. Deferred property tax revenue as of June 30, 2012 was \$2,098,603.

The tax levy ordinance is passed in December of each year. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on June 1 and September 1. Champaign County bills and collects the property taxes and remits the money to the District in installments between May and November.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2012

Note 1: Nature of Operations and Summary of Significant Accounting Policies
(Continued)

Receivables and Payables (Continued)

Accounts receivable in the Governmental Funds are reported net of allowance for uncollectibles, as estimated. The allowance for uncollectibles is adjusted annually.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets.

Inventories

The District follows the consumption method of accounting for inventories. Inventories are carried at cost, as determined using the average costing 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. The following estimated useful lives are being used by the District:

Buildings and Improvements	20 – 40 years
Furniture, Fixtures and Equipment	3 – 10 years

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures. The District issued no new debt in fiscal year 2012.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2012

Note 1: Nature of Operations and Summary of Significant Accounting Policies
(Continued)

Net Assets

Net assets of the District are classified in three components. Net assets invested in capital assets, net of related debt, consist 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 assets are noncapital assets that must be used for a particular purpose as specified by creditors or grantors external to the District, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net assets are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt or restricted expendable.

Fund Balance

Within the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance are amounts that cannot be spent because they are not in spendable form or legally or contractually required to remain intact. Restricted fund balance are amounts that are constrained for a specific purpose through restrictions of external parties or by constitutional provision or enabling legislation. Audit fund balance is restricted for the cost of the annual financial audit and the insurance fund balance is restricted to pay for unemployment insurance, workers compensation and property/liability insurance. Committed fund balance are those that are constrained for specific purposes imposed by formal action of the government's highest level of decision-making authority through legislation, ordinance, board resolution or board approval at a regular or special meeting. This action must occur prior to the end of the fiscal year in order to be valid. There are no committed fund balances as of June 30, 2012.

Assigned fund balance amounts are constrained by the government's intent to be used for a specific purpose but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balance consists of future costs for capital projects. Unassigned fund balance is the residual classification for the government's general fund including all amounts that are not constrained as previously reported in the other classifications.

The District's policy is to maintain a minimum fund balance of twenty-five percent (25%) of budgeted expenditures. The priority for spending unrestricted resources when any of these amounts are available for expenditure is that the District should first reduce the committed amounts, followed by the assigned amounts, and then unassigned.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2012

If the unrestricted fund balance is projected to fall below the minimum level previously stated at any given point in time, then the District Board of Health could look at utilizing specific revenue sources, such as one-time revenue sources, fee revenues or budget surpluses to replenish the fund balance back up to the minimum level established by policy. If this is not feasible, then the Board of Health should approve a plan to replenish the unrestricted fund balance as soon as economic conditions allow, however preferably no later than three years after deficit occurs, in order to sustain financial viability.

In the event that the unrestricted fund balance exceeds the minimum fund balance established by policy, then the excess may be utilized for any lawful purpose as determined by the Board of Health. It is recommended that the first priority for utilizing the unassigned fund balance be to fund any deficit fund balance if applicable to meet the minimum 25% funding level, transfer funds to the building improvement/capital projects fund, and use as beginning cash balance in support of annual budget, if necessary. The Board of Health recognizes that the any such funds should be appropriated for non-recurring expenditures as they represent prior year surpluses that may or may not recur in the future.

Subsequent to June 30, 2012, the Board of Health adopted the fiscal year 2013 budget which utilizes excess fund balance to budget for major capital improvements for parking lot resurfacing, roof repairs, landscaping and a one-time payout of principal on the outstanding bond debt. The total of these budgeted expenditures is \$1,350,000. Other revenue sources are to be used for a portion of these expenditures with the remaining \$1,203,931 shown as assigned fund balance as of June 30, 2012.

Note 2: Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires that all funds on deposit in excess of Federal Deposit Insurance Corporation limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent third party institution in the name of the District. At June 30, 2012, none of the District's balance of \$4,925,965 was exposed to custodial credit risk.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2012

Note 3: Capital Assets

Capital assets activity for the year ended June 30, 2012 was:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated:				
Land	\$ 374,000	\$ -	\$ -	\$ 374,000
Capital assets being depreciated:				
Buildings and Improvements	5,516,470	108,783	-	5,625,253
Furniture, Fixtures and Equipment	1,239,192	199,155	-	1,438,347
Total assets being depreciated	<u>6,755,662</u>	<u>307,938</u>	<u>-</u>	<u>7,063,600</u>
	<u>7,129,662</u>	<u>307,938</u>	<u>-</u>	<u>7,437,600</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(517,529)	(150,973)	-	(668,502)
Furniture, Fixtures and Equipment	(890,852)	(154,132)	-	(1,044,984)
	<u>(1,408,381)</u>	<u>(305,105)</u>	<u>-</u>	<u>(1,713,486)</u>
Net Capital Assets	<u>\$ 5,721,281</u>	<u>\$ 2,833</u>	<u>\$ -</u>	<u>\$ 5,724,114</u>

Depreciation expense was charged to the all of the functions on the Statement of Activities.

Note 4: Long-Term Liabilities

The following is a summary of long-term liabilities for the District for the year ended June 30, 2012:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
General Obligation Bonds Payable	\$ 2,929,085	\$ -	\$ (142,334)	\$ 2,786,751	\$ 650,206
Capital Lease Obligations	28,026	-	(9,675)	18,351	8,386
Accrued Compensated Absences	185,362	-	(924)	184,438	-
Total	<u>\$ 3,142,473</u>	<u>\$ -</u>	<u>\$ (152,933)</u>	<u>\$ 2,989,540</u>	<u>\$ 658,592</u>

See Note 7 for further disclosures related to the accrued compensated absences.

**Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2012**

Note 4: Long-Term Liabilities (Continued)

General Obligation Bonds Payable

On October 26, 2006, the District issued \$4,000,000 of general obligation bonds. The bonds bear interest, payable monthly at a rate of 4.76% and are due in monthly installments, which began December 2007. Principal maturities began June 2008, and continue until 2023. Proceeds from the issuance of these bonds were used to purchase and remodel a new operating facility.

The District has budgeted to pay additional principal in the 2013 fiscal year beyond that which is required by the bond requirements. This additional principal payment is included in the “total to be paid” for 2013, as well as the assigned fund balance on the Balance Sheet – Governmental Funds. There is no early payment fee, and with this additional payment, the outstanding debt will be paid off in 2023 instead of 2026 per the original agreement.

The debt service requirements as of June 30, 2012, are as follows:

	Total To Be		
	Paid	Principal	Interest
2013	\$ 758,657	\$ 650,206	\$ 108,451
2014	269,809	170,424	99,385
2015	269,809	178,833	90,976
2016	269,809	187,434	82,375
2017	269,808	196,905	72,903
2018-2022	1,349,045	1,140,094	208,951
2023	269,794	262,855	6,939
	\$ 3,456,731	\$ 2,786,751	\$ 669,980

Capital Lease Obligations

The District is obligated under leases accounted for as capital leases. Assets under capital leases at June 30, 2012 totaled \$23,007, net of accumulated depreciation of \$7,669. The following is a schedule by year of future minimum lease payments under the capital lease together with the present value of the future minimum lease payments as of June 30, 2012:

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2012

2013	\$ 9,048
2014	3,972
2015	3,972
2016	2,648
Less Amount Representing Interest	(1,289)
Present Value of Future Minimum Lease Payments	\$ 18,351

Note 5: Operating Leases

The District is obligated to leases accounted for as operating leases. Rental expense incurred in the fiscal year ended June 30, 2012 was \$23,807. The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2012:

	Amount
2013	\$ 20,442
2014	1,957
	\$ 22,399

Note 6: Pension Plan

Plan Description. The employer's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, your employer Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2011 was 10.50 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2012

Note 6: Pension Plan (Continued)

Annual Pension Cost. The required and actual contributions for calendar year 2011 was \$514,771.

Three-Year Trend Information for the Regular Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2011	\$ 460,674	112%	\$0
12/31/2010	466,755	100%	0
12/31/2009	375,531	100%	0

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30-year basis.

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the regular plan was 74.40 percent funded. The actuarial accrued liability for benefits was \$7,528,308 and the actuarial value of assets was \$5,600,687, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,927,621. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$4,387,372 and the ratio of the UAAL to the covered payroll was 44 percent.

The schedule of funding progress, presented as required supplementary information (RSI) 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 liability for benefits.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2012

Note 7: Compensated Absences

Eligible employees accrue vacation and sick leave time at the end of each month. The District allows employees to carry forward any unused vacation time on their anniversary date as long as it does not exceed fifteen days. Upon separation, the District will pay for all accumulated vacation. Employees are not paid for unused sick leave upon termination.

As of June 30, 2012, the liability for accrued vacation is \$184,438.

Note 8: Deferred Compensation Plan

The District offers all full-time employees a deferred compensation plan established in accordance with the requirements of Internal Revenue Code Section 457. The assets of the plan are held in trust, as described in IRC Section 457 (g) for the exclusive benefit of the participant (employees) and their beneficiaries. The custodian of the trust holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. In accordance with the governmental accounting standards, plan balances and activities are not reflected in the District's financial statements.

Note 9: Other Post Employment Benefits

Plan Description. The District offers other post employment benefits (OPEB) for all of its retirees through the District's Group Health insurance, defined benefit plan administered by Health Alliance that meet all of the specified criteria: (1) must be less than age 65, (2) retire through Illinois Municipal Retirement Fund (IMRF), and (3) elect coverage at the time of retirement. Spouses of eligible members are also eligible to sign up as long as they do so at the time the employee retires. Once the retiree and/or spouse reach age 65 years, they are automatically terminated from the plan, unless they waive coverage prior to that. Once the retiree waives coverage, they are no longer eligible under the OPEB plan. The premiums are paid 100 percent by the retiree.

There was no unfunded liability as of June 30, 2012 that was required to be recorded.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2012

Note 10: Risk Management

Significant losses are covered by commercial insurance for all major programs: property, liability and workers' compensation. During the year ended June 30, 2012, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

Note 11: Commitments and Contingencies

Claims and Litigation

The District is currently involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The District administration believes the ultimate disposition of the actions will not have a material effect on the financial statements of the District.

Note 12: Other Required Disclosures

Generally accepted accounting principles require disclosure, as part of the basic financial statements of certain information concerning individual funds including:

a) Individual interfund receivables and payable balances at June 30, 2012 are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ -	\$ 125,541
IMRF Fund	114,452	-
Insurance Fund	<u>11,089</u>	<u>-</u>
Total	<u>\$ 125,541</u>	<u>\$ 125,541</u>

The interfund balances are primarily the result of reimbursements due for expenditures paid on behalf of one fund by another fund.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2012

Note 12: Other Required Disclosures (Continued)

b) There were no transfers between funds for year ended June 30, 2012.

c) Deficit fund balances of individual funds:

IMRF had a deficit fund balances of \$3,771 as of June 30, 2012.

d) Excess expenditures over budget:

General fund expenditures exceeded budget for the fiscal year by \$2,047,065. This occurred because noncash vouchers received and used related to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and Vaccine For Children Program were recorded as expenditures in the financial statements in the amount of \$1,844,594, and \$65,538, respectively, which were not accounted for in the budget process since not a cash expenditure. In addition, expenditures overall were higher as a result of additional grant funding received after the adoption of the original budget, and no formal budget revision was created.

This information is an integral part of the accompanying financial statements.

Required Supplementary Information

**Champaign-Urbana Public Health District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Property Taxes	\$ 2,626,743	\$ 2,626,743	\$ 2,587,072	\$ (39,671)
Intergovernmental	4,397,701	4,382,701	6,187,292	1,804,591
Charges for Services	1,600,488	1,615,488	2,166,891	551,403
Miscellaneous Income	48,062	48,062	54,901	6,839
Total Revenues	<u>8,672,994</u>	<u>8,672,994</u>	<u>10,996,156</u>	<u>2,323,162</u>
Expenditures				
Administration	966,557	1,007,557	523,904	483,653
Champaign County Public				
Health Department - Contract	694,158	694,158	678,938	15,220
Environmental Health	604,243	589,243	664,949	(75,706)
Infectious Disease				
Prevention and Management	1,934,396	1,864,819	1,933,748	(68,929)
Maternal and Child Health	1,878,662	1,832,662	3,929,766	(2,097,104)
Public Health Institute				
for Research and Excellence	8,750	8,750	8,666	84
Vital Statistics	90,447	90,447	86,000	4,447
Wellness and Health Promotion	2,004,112	1,968,112	2,206,365	(238,253)
Debt Service:				
Principal	143,911	143,911	152,008	(8,097)
Interest	152,356	152,356	151,025	1,331
Capital Outlay	118,650	244,227	307,938	(63,711)
Total Expenditures	<u>8,596,242</u>	<u>8,596,242</u>	<u>10,643,307</u>	<u>(2,047,065)</u>
Excess (Deficiency) of Revenues Over Expenditures	76,752	76,752	352,849	276,097
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	(11,481)	(11,481)	-	11,481
	<u>(11,481)</u>	<u>(11,481)</u>	<u>-</u>	<u>11,481</u>
Net Change in Fund Balance	65,271	65,271	352,849	287,578
Fund Balance, Beginning of Year	<u>4,629,986</u>	<u>4,629,986</u>	<u>4,629,986</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 4,695,257</u>	<u>\$ 4,695,257</u>	<u>\$ 4,982,835</u>	<u>\$ 287,578</u>

**Champaign-Urbana Public Health District
 Illinois Municipal Retirement
 Schedule of Funding Progress
 For the Year Ended June 30, 2012**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/2011	\$ 5,600,687	\$ 7,528,308	\$ 1,927,621	74.40%	\$ 4,387,372	43.94%
12/31/2010	4,779,229	6,618,688	1,839,459	72.21%	4,130,577	44.53%
12/31/2009	3,976,064	5,873,250	1,897,186	67.70%	4,321,421	43.90%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$5,261,162. On a market basis, the funded ratio would be 69.89%.

Champaign-Urbana Public Health District
Notes to Required Supplementary Information
For the Year Ended June 30, 2012

Appropriated Budget

An appropriated budget is legally adopted on an annual fiscal year basis for the General Fund. The level of budgetary control is by the fund. Funds are budgeted annually under the modified accrual basis of accounting.

Excess Expenditures Over Budget

General fund expenditures exceeded budget for the fiscal year by \$2,047,065. This occurred because noncash vouchers received and used related to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and Vaccine For Children Program were recorded as expenditures in the financial statements in the amount of \$1,844,594, and \$65,538, respectively, which were not accounted for in the budget process since not a cash expenditure. In addition, expenditures overall were higher as a result of additional grant funding received after the adoption of the original budget, and no formal budget revision was created.

Other Supplementary Information

Champaign-Urbana Public Health District

Illinois Department of Human Services Grant Report - Grant Allowable Cost Summary

For the Year Ended June 30, 2012

Page 1 of 2 -- Grant Allowable Cost Summary

Agency Name: Champaign Urbana Public Health District

FEIN: 37-6005435

	Program Name Contract Number Other Identification	DHS GRANT-FUNDED SERVICES							All Other Programs	Management & General	Total
		Program 1	Program 2	Program 3	Program 4	Program 5	Program 6	Program 7			
	Breastfeeding Peer Counseling 011GQ00071		Supplemental Nutrition Program For Women Infants and Children 011GQ00178	Coordinated School Health Education 011GQ01388							
A	Direct Program expenses	25,158	637,512	26,670	-	-	-	-	10,017,781	570,270	11,277,391
B	Allocate Management and General Costs (Note 1)	-	-	-	-	-	-	-	570,270	(570,270)	-
C	SUBTOTAL A + B	25,158	637,512	26,670	-	-	-	-	10,588,051	-	11,277,391
D	Subtract Unallowable costs per page 2	-	-	-	-	-	-	-			
E	Add other approved uses (attach documentation)	-	-	-	-	-	-	-			
F	TOTAL Allowable costs	25,158	637,512	26,670	-	-	-	-			
G	Special provisions (see instructions)	NONE	NONE	NONE	NONE	NONE	NONE	NONE			
H	Interest Earned (see instructions)	-	-	-	-	-	-	-			

NOTE 1: Management and General costs are allocated based on: ___direct salaries, ___X___total direct costs, ___other basis.

Champaign-Urbana Public Health District

Illinois Department of Human Services Grant Report - Grant Unallowable Costs Report
For the Year Ended June 30, 2012

Page 2 of 2 -- UNALLOWABLE COSTS REPORT

FEIN: 37-6005435

DHS GRANT-FUNDED SERVICES						
	Program 1	Program 2	Program 3	Program 4	Program 5	Program 6
Program Name	Breastfeeding Peer Counseling	Supplemental Nutrition Program For Women Infants and Children	Coordinated School Health Education	0	0	0
Contract Number	011GQ00071	011GQ00178	011GQ01388	0	0	0
Other Identification	0	0	0	0	0	0
compensation of governing body	-	-	-	-	-	-
entertainment	-	-	-	-	-	-
association dues	-	-	-	-	-	-
meetings & conventions	-	-	-	-	-	-
fundraising	-	-	-	-	-	-
bad debt	-	-	-	-	-	-
charity & grants	-	-	-	-	-	-
unallowable interest	-	-	-	-	-	-
inventories	-	-	-	-	-	-
depreciation on DHS-funded assets	-	-	-	-	-	-
cost of production	-	-	-	-	-	-
in-kind expenses	-	-	-	-	-	-
alcoholic beverages	-	-	-	-	-	-
personal automobiles	-	-	-	-	-	-
finances & penalties	-	-	-	-	-	-
personal use items	-	-	-	-	-	-
lobbying	-	-	-	-	-	-
unallowable relocation	-	-	-	-	-	-
gratuities	-	-	-	-	-	-
political contributions	-	-	-	-	-	-
related party transactions	-	-	-	-	-	-
cost where a conflict of interest exists	-	-	-	-	-	-

Unallowable costs if Program is Federally funded or cost-restricted by Contract (See Instructions) Explain:

-	-	-	-	-	-	-
---	---	---	---	---	---	---

Explain:

-	-	-	-	-	-	-
---	---	---	---	---	---	---

TOTAL UNALLOWABLE COSTS (to line D of Grant Report) See below if NONE.

-	-	-	-	-	-	-
---	---	---	---	---	---	---

If no unallowable costs are listed, sign and date as follows:

I certify that no unallowable costs are included in either direct costs or allocated Management and General costs on the Grant Report.

Signature

11/8/2012
Date

Andrea N. Wallace, Director of Finance

Printed Name and Title

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through Illinois Department of Public Health Summer Food Service Program For Children	10.559	15280103	\$ 100
Passed through Illinois State Board of Education Summer Food Service Program For Children	10.559	2012-09010059P00	5,691
	10.559	2011-09010059P00	15,750
	Subtotal CFDA #10.559		<u>21,541</u>
Passed through Illinois Department of Agriculture Agricultural Marketing Service's Specialty Crop Block Grant Program - Farm Bill	10.170	12-25-B-1066	<u>2,294</u>
Passed through Illinois Department of Human Services Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Q11GQ01178	563,400
	10.557	Q11GQ00071	25,000
Special Supplemental Nutrition Program for Women, Infants, and Children - noncash	10.557	N/A	<u>1,844,594</u>
	M Subtotal CFDA #10.557		<u>2,432,994</u>
WIC Farmers' Market Nutrition Program (FMNP)	10.572	Q11GQ01462	<u>1,000</u>
Total U.S. Department of Agriculture			<u>2,457,829</u>
U.S. Environmental Protection Agency			
Passed through Illinois Emergency Management Agency			
State Indoor Radon Grant	66.032	12CUPBH	\$ 5,775

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
	66.032	11CUPBH	2,380
	Subtotal CFDA #66.032		<u>8,155</u>
Passed through Illinois Department of Public Health			
State Public Water System Supervision	66.432	25380232	<u>425</u>
Performance Partnership Grant	66.605	15380074	<u>150</u>
Total U.S. Environmental Protection Agency			<u>8,730</u>
U. S. Department of Housing and Urban Development			
Passed through Illinois Department of Public Health			
Housing Opportunities for Persons with AIDS	14.241	25780040	44,187
	14.241	15780159	<u>58,751</u>
Total U. S. Department of Housing and Urban Development			<u>102,938</u>
U.S. Department of Health and Human Services			
Passed through National Association of County and City Health Officials			
Medical Reserve Corps Small Grant Program	93.008	MRC 11 410	<u>714</u>
Centers for Disease Control & Prevention - Investigations and Technical Assistance	93.283	2010-091603	8,750
	93.283	2011-090817	1,000
Passed through Champaign County Board of Health			

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Centers for Disease Control & Prevention - Investigations and Technical Assistance	93.283	25380333	6,194
	93.283	15380173	7,328
Passed through Illinois Department of Public Health Centers for Disease Control & Prevention - Investigations and Technical Assistance	93.283	P12_1201 BLSMSM/TSM	5,625
	93.283	26180037	65,508
	93.283	26180004	163,568
	Subtotal CFDA #93.283		<u>257,973</u>
Passed through Illinois Department of Public Health Maternal and Child Health Federal Consolidated Programs	93.110	13481003	<u>1,987</u>
Passed through Illinois Department of Public Health Project Grants and Cooperative Agreement for Tuberculosis Control Programs	93.116	25180028	2,914
	93.116	15180126	4,500
	Subtotal CFDA #93.116		<u>7,414</u>
HIV Care Formula Grants	93.917	25780056	13,617
	93.917	15780146	596,607
	Subtotal CFDA #93.917		<u>610,224</u>
Immunization Grants	93.268	15180104	22,271
Immunization Grants - noncash	93.268	25180009	8,103
Immunization Grants - noncash	93.268	N/A	65,538
	Subtotal CFDA #93.268		<u>95,912</u>

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
HIV Prevention Activities - Health Department Based (See Note 2)	93.940	15780135	<u>92,296</u>
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	05180280	<u>2,797</u>
Environmental Public Health and Emergency Response	93.070	23283001	1,304
	93.070	13283007	<u>628</u>
	Subtotal CFDA #93.070		<u>1,932</u>
ARRA - Prevention and Wellness-State, Territories and Pacific Islands	93.723	13288703	<u>69,480</u>
Public Health Emergency Preparedness	93.069	07181010	5,279
	93.069	27180010	71,966
	93.069	17180054	27,806
	93.069	17180004	29,640
Passed through Champaign County Board of Health Public Health Emergency Preparedness	93.069	27180009	51,487
	93.069	07181009	<u>3,090</u>
	Subtotal CFDA #93.069		<u>189,268</u>
Passed through Illinois Department of Healthcare and Family Services Medical Assistance Program	93.778	SFY2011	196,391
	93.778	SFY2012	298,071
	93.778	N/A	<u>118,954</u>
	M Subtotal CFDA #93.778		<u>613,416</u>
Children's Health Insurance Program	93.767	N/A	<u>9,550</u>

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through Illinois Department of Public Health Maternal and Child Health Services Block Grant to the States	93.994	23480107	7,299
Passed through Illinois Department of Human Services Maternal and Child Health Services Block Grant to the States	93.994	Q11GQ01388	<u>26,500</u>
	Subtotal CFDA #93.994		<u>33,799</u>
Social Services Block Grant	93.667	Q11GQ01101	<u>13,200</u>
Total U.S. Department of Health and Human Services			<u>1,999,962</u>
Total Expenditures of Federal Awards			<u>\$ 4,569,459</u>

(M) Denotes Major Program

Champaign-Urbana Public Health District
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Note 1 - Basis of Presentation

This schedule includes the federal awards activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Subrecipients

The Champaign-Urbana Public Health District provided federal awards to subrecipients as follows:

Program	CFDA Number	Subrecipient	Federal Amount Provided
HIV Prevention Activities - Health Department Based	93.940	Sisters and Brothers Helping Each Other	<u>\$ 6,732</u>

Note 3 - Loans

There were no federal loans, loan guarantees or insurance outstanding at June 30, 2012 and during the year then ended.

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

Board of Health
Champaign-Urbana Public Health District
Champaign, Illinois

We have audited the financial statements of Champaign-Urbana Public Health District (District) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Champaign-Urbana Public Health District's internal control over financial reporting as a basis for designing our auditing procedures 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 combination of significant deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as Finding 2012-1 that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Champaign-Urbana Public Health District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted a certain matter that we reported to management of Champaign-Urbana Public Health District in a separate letter dated December 6, 2012.

Champaign-Urbana Public Health District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Champaign-Urbana Public Health District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Health, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

Champaign, Illinois
December 6, 2012

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of Health
Champaign-Urbana Public Health District
Champaign, Illinois

Compliance

We have audited the compliance of Champaign-Urbana Public Health District (District) with the types of compliance requirements described in *the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. Champaign-Urbana Public Health District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Champaign-Urbana Public Health District's management. Our responsibility is to express an opinion on Champaign-Urbana Public Health District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Champaign-Urbana Public Health District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Champaign-Urbana Public Health District's compliance with those requirements.

In our opinion, Champaign-Urbana Public Health District complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

The management of Champaign-Urbana Public Health District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Champaign-Urbana Public Health District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 District'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.

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 the internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as Finding 2012-2. A significant deficiency in internal control over compliance is a deficiency, or 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.

Champaign-Urbana Public Health District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Champaign-Urbana Public Health District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Health, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Champaign, Illinois
December 6, 2012

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: unqualified opinion

Internal control over financial reporting:

- Material weakness identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness identified? Yes No
- Significant deficiencies identified that are not considered to be material weakness? Yes None reported

Type of auditor’s report issued on compliance for major programs: unqualified opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants and Children
93.778	Medical Assistance Program

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000
Auditee qualified as low-risk auditee? Yes No

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

Section II – Financial Statement Findings

FINDING NO. 2012-1 – LACK OF SEGREGATION OF DUTIES OVER RECEIPTS

Criteria or Specific Requirement: Internal control is the process, affected by management and other personnel, designed to provide reasonable assurance that transactions are properly recorded and accounted for and that transactions are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements. Segregation of duties is an aspect of an internal control environment, along with review of accounting information.

Condition: During our internal control testing of cash receipts, we noted that the Director of Finance is allowed access to all steps within the bank deposit process, along with final review and authorization, and general ledger access.

Context: There are cash receipts on a daily basis. While the Director of Finance is not involved in the process daily, she does assist in the process at times.

Effect: Weaknesses in internal control create a risk of errors or irregularities occurring and not being detected in a timely manner.

Cause: There are limited personnel with accounting experience and capacity.

Recommendation: We recommend reviewing the Director of Finance duties and segregating the duties as much as possible to maintain adequate controls. At times, ideal segregation of duties is not possible due to size or ability of personnel. In these cases, continued review of financial information at department head and other management levels is the best means of reducing risks.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. Although the Director of Finance has access to all areas, the likelihood is remote that the Director would be involved in receiving cash, posting receipts to the general ledger and preparing a deposit all for the same transaction. If the Director was to receive cash and record a deposit, then another person in the Finance department would be responsible for reviewing the transaction and approving the deposit for posting. CUPHD will continue to work to improve segregation of duties, however it becomes difficult as we have three other staff besides the Director of Finance with very specific job duties that does not allow them time to be assigned additional duties that are within their ability, so we will need to investigate an additional review process or some other form of segregation. One new process put into place during November 2012 is the receiving of state payments electronically.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

Section III – Federal Award Findings and Questioned Costs

**FINDING NO. 2012-2 – INCOMPLETE OR MISSING WIC CLIENT CERTIFICATION
FORMS**

Federal Agency/Program/Year: Department of Agriculture – CFDA# 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children – all years

Questioned Costs: None

Criteria or Specific Requirement: Client Certification Forms are required to be completed for individuals participating in the nutrition program. The form is used to classify the individual's qualification for supplemental nutritious foods, nutrition education, and referrals to health and social services.

Condition: We noted one participant Client Certification Form that was not properly signed by District personnel and one participant Client Certification Form that was missing from the participant's file.

Context: One of the 60 Client Certification Forms was not properly signed by the required individual and one of the 60 Client Certification Forms was missing from the participant's file.

Effect: Inadequate controls over Client Certification Forms can lead to errors in eligibility determination.

Cause: Oversight by the In-take Coordinator and/or applicant/guardian as well as other review processes.

Recommendation: We recommend the District monitor controls to ensure all controls are being performed as designed.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. In the past year all personnel in this department were retrained on required documentation. We have begun chart reviews on a quarterly basis and select 20 files documenting the findings, if any; who performed the review, and the date completed. In addition we are in the process of working on an intake specialist checklist to be part of the clinic flow procedure so they have a document that reminds them of all the necessary steps.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

YEAR ENDED JUNE 30, 2011

FINDING NO. 2011-1 – LACK OF SEGREGATION OF DUTIES OVER RECEIPTS

Condition: During our internal control testing of cash receipts, we noted that the Director of Finance is allowed access to all steps within the bank deposit process, along with final review and authorization, and general ledger access.

Condition still exists. See Finding 2012-1.

FINDING NO. 2011-2 – LACK OF PROPER APPROVAL – CFDA #10.557

Condition: An invoice was not properly authorized by the Program Director before the check was processed.

No instances were noted in our current year testing.

FINDING NO. 2011-3 – INCOMPLETE CLIENT CERTIFICATION FORMS – CFDA #10.557

Condition: Client Certification Forms were not properly signed.

Condition still exists. See Finding 2012-2



Public Health
Prevent. Promote. Protect.

Champaign-Urbana Public Health District

December 11, 2012

RE: Corrective Action Plan in Response to the Audit
For the Year Ended June 30, 2012

Contact Person: Andrea Wallace
Director of Finance – 217-531-4263 or awallace@c-uphd.org

To Whom It May Concern:

Champaign-Urbana Public Health District (CUPHD) respectfully submits the following corrective action plan in response to the finding documented in the Financial Statements and Supplementary Information for the year ended June 30, 2012 issued by CliftonLarsonAllen, LLP on December 6, 2012.

The finding and recommendation from the audit report referred to above is discussed below. The finding is numbered consistently with the finding assigned in the report.

SIGNIFICANT DEFICIENCY

Finding 2012-1– Lack of Segregation of Duties Over Receipts

Recommendation: We recommend reviewing the Director of Finance duties and segregating the duties as much as possible to maintain adequate controls. At times, ideal segregation of duties is not possible due to size or ability of personnel. In these cases, continued review of financial information at department head and other management levels is the best means of reducing risks.

- *Action Taken:* We concur with the finding. Although the Director of Finance has access to all areas, the likelihood is remote that the Director would be involved in receiving cash, posting receipts to the general ledger and preparing a deposit all for the same transaction. If the Director was to receive cash and record a deposit, then another person in the Finance department would be responsible for reviewing the transaction and approving the deposit for posting. CUPHD will continue to work to improve segregation of duties, however it becomes difficult as we have three other staff besides the Director of Finance with very specific job duties that does not allow them time to be assigned additional duties that are within their ability, so we will need to investigate an additional review process or some other form of segregation. One new process put into place during November 2012 is the receiving of state payments electronically.

Estimated Completion Date: Ongoing

Finding 2012-2 – Incomplete or Missing WIC Client Certification Forms

Recommendation: We recommend the District monitor controls to ensure all controls are being performed as designed.

- *Action Taken:* We concur with the finding. In the past year all personnel in this department were retrained on required documentation. We have begun chart reviews on a quarterly basis and select 20 files documenting the findings, if any; who performed the review, and the date completed. In addition we are in the process of working on an intake specialist checklist to be part of the clinic flow procedure so they have a document that reminds them of all the necessary steps.

Estimated Completion Date: January 2013

OTHER MATTERS

In regards to other matters reported in a letter to management dated December 6, 2012:

Access Rights Within Accounting System – CUPHD will continue working on setting up security profiles in the accounting system to address the concerns noted. The Director of Finance will coordinate these efforts. The estimated completion date for this is scheduled for February 2013.

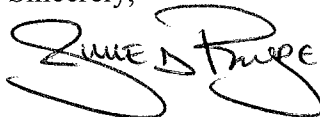
Economic Interest Statements – Notification has been sent to the Champaign County Clerk's Office as of December 11, 2012 notifying them of the applicable individuals to receive the statement in 2013. We have added this to our agency-wide calendar. This has been completed as of the writing of this response.

Timely Financial Reporting Reconciliation and Reporting – During fiscal year 2012 we implemented a new electronic medical record system which monopolized the director of finance's time in setting up the billing system, as well as other projects that arose. We are restructuring the finance department and are in the process of hiring an accountant to facilitate in the monthly accounting processes. The estimated completion date for this is scheduled for March 2013.

Review of WIC reporting – Currently the director of the program receives an email notifying him of the billings submitted. We will work to implement a formal documentation system to document this review. The estimated completion date for this is scheduled for February 2013.

I am confident that we will rectify the findings and other matters noted in a timely manner as indicated above. In the meantime, if you have any questions regarding this plan, please do not hesitate to contact me at (217) 352-7961 or Andrea Wallace at (217) 531-4263.

Sincerely,



Julie Pryde
Public Health Administrator

CC: Financial Statements
& Supplementary Information – June 30, 2012