

CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

June 30, 2013



CliftonLarsonAllen

Champaign-Urbana Public Health District
June 30, 2013

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Champaign-Urbana Public Health District
June 30, 2013

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major funds, and the aggregate remaining fund information of the Champaign-Urbana Public Health District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Champaign-Urbana Public Health District as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

The Champaign-Urbana Public Health 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 operation, economic, or historical context. Our opinion on the basic financial statement is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming opinions 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Illinois Department of Human Services 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 basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2014, on our consideration of the 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Champaign-Urbana Public Health District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Champaign, Illinois
March 12, 2014

Champaign-Urbana Public Health District
Statement of Net Position
June 30, 2013

	Governmental Activities
Assets	
Cash	\$ 4,710,170
Property Taxes Receivable, Net of Allowance - \$16,900	1,457,358
Revenues Due From State, County, and Other, Net of Allowance - \$182,439	1,489,131
Prepaid Expenses	88,353
Inventory	6,182
Capital Assets:	
Land	374,000
Construction in Progress	47,003
Other Capital Assets, Net of Accumulated Depreciation	5,249,083
Total Capital Assets	5,670,086
 Total Assets	 13,421,280
Liabilities	
Current Liabilities:	
Accounts Payable	233,907
Accrued Liabilities	304,987
Deferred Revenue - Grants	55,106
Deferred Revenue - Property Taxes	2,182,501
Deferred Revenue - Other	168,249
Current Portion of Long-Term Debt	174,021
 Total Current Liabilities	 3,118,771
Noncurrent Liabilities:	
Accrued Compensated Absences	213,965
Noncurrent Portion of Long-Term Debt	1,972,488
Total Noncurrent Liabilities	2,186,453
 Total Liabilities	 5,305,224
Net Position	
Net Investment in Capital Assets	3,523,577
Restricted:	
Audit	7,451
Insurance	30,548
Retirement	4,361
Unrestricted	4,550,119
 Total Net Position	 \$ 8,116,056

See accompanying notes to financial statements.

Champaign-Urbana Public Health District
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Total Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Administration	678,772	\$ 5,027	\$ 3,301	\$ (670,444)
Champaign County Public Health Department - Contract	755,350	6,355	753,580	4,585
Environmental Health	761,217	276,995	321,069	(163,153)
Infectious Disease Prevention and Management	2,433,943	402,166	1,375,002	(656,775)
Maternal and Child Health	4,387,743	128,071	3,848,840	(410,832)
Public Health Institute for Research and Excellence	10,333	-	13,361	3,028
Vital Statistics	119,045	120,666	3,369	4,990
Wellness and Health Promotion	2,743,443	667,433	1,202,064	(873,946)
Total Governmental Activities	\$ 11,889,846	\$ 1,606,713	\$ 7,520,586	(2,762,547)
General Revenues				
Property Taxes				2,947,003
Investment Income				10,593
Miscellaneous				76,292
Total General Revenues				3,033,888
Change in Net Position				271,341
Net Position, Beginning of Year				7,844,715
Net Position, End of Year				\$ 8,116,056

See accompanying notes to financial statements.

Champaign-Urbana Public Health District
Balance Sheet - Governmental Funds
June 30, 2013

	General Fund	IMRF	Building and Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	3,732,348	123,059	787,340	67,423	4,710,170
Property Taxes Receivable, net Revenue Due From State, County, and Others, net	1,258,299	148,260	-	50,799	1,457,358
Prepaid Expenses	1,450,154	30,040	1,001	7,936	1,489,131
Inventory	61,579	-	-	26,774	88,353
	6,182	-	-	-	6,182
Total Assets	<u>\$ 6,508,562</u>	<u>\$ 301,359</u>	<u>\$ 788,341</u>	<u>\$ 152,932</u>	<u>\$ 7,751,194</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	214,534	-	10,447	8,926	\$ 233,907
Accrued Liabilities	226,091	75,541	-	3,355	304,987
Deferred Revenue - Grants	55,106	-	-	-	55,106
Taxes	1,885,166	221,457	-	75,878	2,182,501
Deferred Revenue - Other	168,249	-	-	-	168,249
Total Liabilities	<u>2,549,146</u>	<u>296,998</u>	<u>10,447</u>	<u>88,159</u>	<u>2,944,750</u>
Fund Balances					
Nonspendable:					
Inventory	6,182	-	-	-	6,182
Prepaid Expenses	61,579	-	-	26,774	88,353
Restricted:					
Audit	-	-	-	7,451	7,451
Insurance	-	-	-	30,548	30,548
Retirement	-	4,361	-	-	4,361
Assigned:					
Capital projects	668,723	-	777,894	-	1,446,617
Unassigned	<u>3,222,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,222,932</u>
Total Fund Balances	<u>3,959,416</u>	<u>4,361</u>	<u>777,894</u>	<u>64,773</u>	<u>4,806,444</u>
Total Liabilities and Fund Balances	<u>\$ 6,508,562</u>	<u>\$ 301,359</u>	<u>\$ 788,341</u>	<u>\$ 152,932</u>	<u>\$ 7,751,194</u>

See accompanying notes to financial statements.

Champaign-Urbana Public Health District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2013

Total Fund Balance for Governmental Funds \$ 4,806,444

Total Net Position Reported for Governmental Activities in the Statement of Net Position 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	
Construction in Progress	47,003	
Buildings and Improvements, Net of \$825,410		
Accumulated Depreciation	4,903,413	
Furniture, Fixtures, and Equipment, Net of \$1,234,541		
Accumulated Depreciation	<u>345,670</u>	5,670,086

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. (2,360,474)

Total Net Position of Governmental Activities \$ 8,116,056

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, 2013

	General Fund	IMRF	Building and Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 2,586,641	\$ 260,811	\$ -	\$ 99,551	\$ 2,947,003
Licenses and Permits	241,272	-	-	-	241,272
Intergovernmental	7,222,149	237,109	-	60,487	7,519,745
Interest	10,593	-	-	-	10,593
Charges for Services	1,365,441	-	-	-	1,365,441
Miscellaneous	19,948	-	57,185	-	77,133
Total Revenues	<u>11,446,044</u>	<u>497,920</u>	<u>57,185</u>	<u>160,038</u>	<u>12,161,187</u>
Administration	584,237	41,535	-	1,577	627,349
Champaign County Public Health Department - Contract	664,476	42,857	-	20,697	728,030
Environmental Health	632,252	40,042	-	29,845	702,139
Infectious Disease Prevention and Management	2,210,619	97,585	-	55,238	2,363,442
Maternal and Child Health	4,059,754	140,703	-	51,755	4,252,212
Public Health Institute for Research and Excellence	9,510	546	-	179	10,235
Vital Statistics	118,809	4,548	-	-	123,357
Wellness and Health Promotion	2,408,955	121,972	-	64,801	2,595,728
Debt Service:					
Principal	658,593	-	-	-	658,593
Interest	109,112	-	-	-	109,112
Capital Outlay	163,146	-	129,291	-	292,437
Total Expenditures	<u>11,619,463</u>	<u>489,788</u>	<u>129,291</u>	<u>224,092</u>	<u>12,462,634</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(173,419)</u>	<u>8,132</u>	<u>(72,106)</u>	<u>(64,054)</u>	<u>(301,447)</u>
Other Financing Sources (Uses)					
Transfers In	-	-	850,000	-	850,000
Transfers Out	(850,000)	-	-	-	(850,000)
Total Other Financing Sources (Uses)	<u>(850,000)</u>	<u>-</u>	<u>850,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(1,023,419)</u>	<u>8,132</u>	<u>777,894</u>	<u>(64,054)</u>	<u>(301,447)</u>
Fund Balances, Beginning of Year	<u>4,982,835</u>	<u>(3,771)</u>	<u>-</u>	<u>128,827</u>	<u>5,107,891</u>
Fund Balances, End of Year	<u>\$ 3,959,416</u>	<u>\$ 4,361</u>	<u>\$ 777,894</u>	<u>\$ 64,773</u>	<u>\$ 4,806,444</u>

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, 2013**

Net Change in Fund Balances — Total Governmental Funds \$ (301,447)

The Change in Net Position 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 depreciation exceeded capital outlays in the current period. (54,028)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 658,593

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. (31,777)

Change in Net Position of Governmental Activities \$ 271,341

See accompanying notes to financial statements.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2013

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 position 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, 2013

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

Basis of Presentation (Continued)

Government-wide Financial Statements

The statement of net position 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 position 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.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2013

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

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 funds are the General Fund, IMRF and Capital Projects 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. IMRF is the District's retirement fund. The Capital Projects Fund accounts for funding assigned by the Board for future capital projects.

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.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2013

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

Government-Wide Financial Statements (Continued)

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

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 2012 levy which will be collected and recognized during the year ended June 30, 2013. 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, 2013 was \$2,182,501.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2013

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

Property Taxes (Continued)

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.”

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

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2013

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

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 position.

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 2013.

Net Position

Beginning with fiscal year 2013, the District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

Net position of the District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is 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 position is remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets, or restricted expendable.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2013

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

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, 2013.

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.

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.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2013

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

Fund Balance (Continued)

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, 2013, the Board of Health adopted the fiscal year 2014 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 \$668,723

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, 2013, none of the District's balance of \$4,825,000 was exposed to custodial credit risk.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2013

Note 3: Capital Assets

Capital assets activity for the year ended June 30, 2013 was:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated:				
Land	\$ 374,000	\$ -	\$ -	\$ 374,000
Construction in Progress	-	47,003	-	47,003
Total assets not being depreciated	<u>374,000</u>	<u>47,003</u>	<u>-</u>	<u>421,003</u>
Capital assets being depreciated:				
Buildings and Improvements	5,625,253	103,570	-	5,728,823
Furniture, Fixtures and Equipment	1,438,347	141,864	-	1,580,211
Total assets being depreciated	<u>7,063,600</u>	<u>245,434</u>	<u>-</u>	<u>7,309,034</u>
	<u>7,437,600</u>	<u>292,437</u>	<u>-</u>	<u>7,730,037</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(668,502)	(156,908)	-	(825,410)
Furniture, Fixtures and Equipment	(1,044,984)	(189,557)	-	(1,234,541)
	<u>(1,713,486)</u>	<u>(346,465)</u>	<u>-</u>	<u>(2,059,951)</u>
Net Capital Assets	<u>\$ 5,724,114</u>	<u>\$ (54,028)</u>	<u>\$ -</u>	<u>\$ 5,670,086</u>

Depreciation expense was charged to the following functions on the Statement of Activities:

Champaign County Public Health Department - Contract	\$ 21,340
Environmental Health	48,878
Infectious Disease Prevention and Management	58,521
Maternal and Child Health	96,412
Public Health Institute for Research and Excellence	93
Wellness and Health Promotion	<u>121,221</u>
Total	<u>\$ 346,465</u>

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2013

Note 4: Long-Term Liabilities

The following is a summary of long-term liabilities for the District for the year ended June 30, 2013:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
General Obligation Bonds Payable	\$ 2,786,751	\$ -	\$ (650,206)	\$ 2,136,545	\$ 170,424
Capital Lease Obligations	18,351	-	(8,387)	9,964	3,597
Accrued Compensated Absences	184,438	29,526	-	213,964	-
Total	\$ 2,989,540	\$ 29,526	\$ (658,593)	\$ 2,360,473	\$ 174,021

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

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 had budgeted to pay additional principal in the 2013 fiscal year beyond that which is required by the bond requirements. This additional principal payment was included in the deductions for 2013. 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, 2013, are as follows:

	Total To Be		
	Paid	Principal	Interest
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	269,849	206,661	63,188
2019-2023	1,348,982	1,196,287	152,695
	\$ 2,698,067	\$ 2,136,545	\$ 561,522

**Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2013**

Note 4: Long-Term Liabilities (Continued)

Capital Lease Obligations

The District is obligated under leases accounted for as capital leases. Assets under capital leases at June 30, 2013 totaled \$16,872, net of accumulated depreciation of \$13,804. 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, 2013:

2014	3,972
2015	3,972
2016	2,648
Less Amount Representing Interest	(628)
Present Value of Future Minimum Lease Payments	\$ 9,964

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, 2013 was \$23,545. 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, 2013:

	Amount
2014	\$ 19,042
2015	435
	\$ 19,477

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.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2013

Note 6: Pension Plan (Continued)

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 2012 was 10.35 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.

Annual Pension Cost. The required and actual contributions for calendar year 2012 was \$450,037.

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>
12/31/2012	\$ 450,037	100%	\$0
12/31/2011	460,674	112%	0
12/31/2010	466,755	100%	0

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 is being amortized as a level percentage of projected payroll on an open 30-year basis.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2013

Note 6: Pension Plan (Continued)

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the regular plan was 78.78 percent funded. The actuarial accrued liability for benefits was \$8,102,397 and the actuarial value of assets was \$6,382,864, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,719,533.

The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$4,348,184 and the ratio of the UAAL to the covered payroll was 40 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.

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, 2013, the liability for accrued vacation is \$213,965.

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.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2013

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 OPEB benefit obligation as of June 30, 2013 that was required to be recorded.

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, 2013, 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.

Commitments

The District currently has two projects that were started before June 30, 2013 that were still in progress at the end of the fiscal year. The two projects remaining at year end were pavement improvements and the lobby remodeling. Total commitments related to these projects at June 30, 2013 were \$589,306.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2013

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) During fiscal year 2013, the General Fund transferred \$850,000 to the Capital, Building, and Improvement Fund, a non-major governmental fund.
- b) Excess expenditures over budget:

General fund expenditures exceeded budget for the fiscal year by \$2,239,423. This occurred primarily 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 \$1,892,982, and \$54,289, 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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Property Taxes	\$ 2,595,153	\$ 2,595,153	\$ 2,586,641	\$ (8,512)
Intergovernmental	4,456,419	4,456,419	7,222,149	2,765,730
Charges for Services	1,959,736	1,959,736	1,606,713	(353,023)
Miscellaneous Income	14,800	14,800	30,541	15,741
Total Revenues	<u>9,026,108</u>	<u>9,026,108</u>	<u>11,446,044</u>	<u>2,419,936</u>
Expenditures				
Administration	1,033,037	1,033,037	584,237	448,800
Champaign County Public				
Health Department - Contract	667,573	667,573	664,476	3,097
Environmental Health	615,048	615,048	632,252	(17,204)
Infectious Disease				
Prevention and Management	1,846,405	1,846,405	2,210,619	(364,214)
Maternal and Child Health	2,037,862	2,037,862	4,059,754	(2,021,892)
Public Health Institute				
for Research and Excellence	2,343	2,343	9,510	(7,167)
Vital Statistics	101,825	101,825	118,809	(16,984)
Wellness and Health Promotion	2,160,345	2,160,345	2,408,955	(248,610)
Debt Service:				
Principal	634,701	634,701	658,593	(23,892)
Interest	121,671	121,671	109,112	12,559
Capital Outlay	159,230	159,230	163,146	(3,916)
Total Expenditures	<u>9,380,040</u>	<u>9,380,040</u>	<u>11,619,463</u>	<u>(2,239,423)</u>
Excess (Deficiency) of Revenues Over Expenditures	(353,932)	(353,932)	(173,419)	180,513
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	(850,000)	(850,000)	(850,000)	-
	<u>(850,000)</u>	<u>(850,000)</u>	<u>(850,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (1,203,932)</u>	<u>\$ (1,203,932)</u>	<u>(1,023,419)</u>	<u>\$ 180,513</u>
Fund Balance, Beginning of Year			<u>4,982,835</u>	
Fund Balance, End of Year			<u>\$ 3,959,416</u>	

See accompanying notes to required supplementary information.

Champaign-Urbana Public Health District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
IMRF
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Property Taxes	\$ 249,352	\$ 249,352	\$ 260,811	\$ 11,459
Intergovernmental	256,659	256,659	237,109	(19,550)
Total Revenues	<u>506,011</u>	<u>506,011</u>	<u>497,920</u>	<u>(8,091)</u>
Expenditures				
Administration	64,966	64,966	41,535	23,431
Champaign County Public				
Health Department - Contract	46,319	46,319	42,857	3,462
Environmental Health	37,212	37,212	40,042	(2,830)
Infectious Disease				
Prevention and Management	96,233	96,233	97,585	(1,352)
Maternal and Child Health	142,279	142,279	140,703	1,576
Public Health Institute				
for Research and Excellence	152	152	546	(394)
Vital Statistics	3,582	3,582	4,548	(966)
Wellness and Health Promotion	113,412	113,412	121,972	(8,560)
Total Expenditures	<u>504,155</u>	<u>504,155</u>	<u>489,788</u>	<u>14,367</u>
Excess (Deficiency) of	<u>\$ 1,856</u>	<u>\$ 1,856</u>	8,132	<u>\$ 6,276</u>
Fund Balance, Beginning of Year			<u>(3,771)</u>	
Fund Balance, End of Year			<u>\$ 4,361</u>	

See accompanying notes to required supplementary information.

**Champaign-Urbana Public Health District
 Illinois Municipal Retirement
 Schedule of Funding Progress
 For the Year Ended June 30, 2013**

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)
12/31/2012	\$ 6,382,864	\$ 8,102,397	\$ 1,719,533	78.78%	\$ 4,348,184	39.55%
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%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$6,642,407. On a market basis, the funded ratio would be 81.98%.

See accompanying notes to required supplementary information.

Champaign-Urbana Public Health District
Notes to Required Supplementary Information
June 30, 2013

Appropriated Budget

An appropriated budget is legally adopted on an annual fiscal year basis for the General Fund and IMRF. 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 \$2,239,423. This occurred primarily 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 \$1,892,982, and \$54,289, 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, 2013

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			
		Supplemental Nutrition Program For Women Infants and Children FCSRE00824	Coordinated School Health Education FCSRE00943	Breastfeeding Peer Counseling FCSRE01164	Farmers Market FCSRE01247	Family Case Management Downstate FCSRE01457	Teen Pregnancy Prevention Prep FCSRE01830				
A	Direct Program expenses	681,802	26,500	26,423	1,000	558,385	112,524	-	10,072,939	702,281	12,181,854
B	Allocate Management and General Costs (Note 1)	-	-	-	-	-	13,841	-	688,440	(702,281)	-
C	SUBTOTAL A + B	681,802	26,500	26,423	1,000	558,385	126,365	-	10,761,379	-	12,181,854
D	Subtract Unallowable costs per page 2	-	-	-	-	-	-	-	-	-	-
E	Add other approved uses (attach documentation)	-	-	-	-	-	-	-	-	-	-
F	TOTAL Allowable costs	681,802	26,500	26,423	1,000	558,385	126,365	-	-	-	-
G	Special provisions (see instructions)	NONE	NONE	NONE	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, 2013

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	0	Supplemental Nutrition Program For Women Infants and Children	Coordinated School Health Education	Farmers Market	Family Case Management Downstate	Teen Pregnancy Prevention Prep
Contract Number	FCSRE00824	FCSRE00943	FCSRE01164	FCSRE01247	FCSRE01457	FCSRE01830
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

Date

2/25/2014

Amanda Knight, Director of Finance
Printed Name and Title

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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	25280116	\$ 800
	10.559	35280143A	1,200
Passed through Illinois State Board of Education Summer Food Service Program For Children	10.559	2012-09010059P00	9,663
	10.559	2011-09010059P00	<u>10,510</u>
	Subtotal CFDA #10.559		<u>22,173</u>
Passed through Illinois Department of Human Services Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	FCSRE00824	582,693
	10.557	FCSRE01164	22,000
Special Supplemental Nutrition Program for Women, Infants, and Children - noncash	10.557	N/A	<u>1,892,982</u>
	M Subtotal CFDA #10.557		<u>2,497,675</u>
WIC Farmers' Market Nutrition Program (FMNP)	10.572	FCSRE01247	<u>1,000</u>
Total U.S. Department of Agriculture			<u>2,520,848</u>
U.S. Environmental Protection Agency			
Passed through Illinois Emergency Management Agency			
State Indoor Radon Grant	66.032	13CUPBH	\$ 1,498
	66.032	12CUPBH	<u>64</u>
	Subtotal CFDA #66.032		<u>1,562</u>

This schedule should be read only in connection with the accompanying notes to the schedule.

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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			
State Public Water System Supervision	66.605	25380232	138
State Public Water System Supervision	66.605	35382010A	425
	Subtotal CFDA #66.605		<u>563</u>
Total U.S. Environmental Protection Agency			<u>2,125</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	49,125
	14.241	35780034A	<u>36,659</u>
Total U. S. Department of Housing and Urban Development			<u>85,784</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 13 410	<u>\$ 922</u>
Passed through Illinois Department of Human Services			
Family Planning Services	93.217	FCSRE02111	<u>24,119</u>
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	FCSRE01830	<u>126,365</u>
Passed through Illinois Department of Public Health			
Centers for Disease Control & Prevention - Investigations and Technical Assistance	93.283	36180037A	61,045
Breast and Cervical Cancer Screening Program	93.283	36180004A	149,467
	Subtotal CFDA #93.283		<u>210,512</u>

This schedule should be read only in connection with the accompanying notes to the schedule.

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Project Grants and Cooperative Agreement for Tuberculosis Control Programs	93.116	25180028	2,914
	93.116	35180059A	4,688
	Subtotal CFDA #93.116		<u>7,602</u>
HIV Care Formula Grants	93.917	25780056	680,091
	93.917	301800014A	30,000
	Subtotal CFDA #93.917		<u>710,091</u>
Immunization Grants	93.268	25180009	11,508
Immunization Grants - noncash	93.268	35180033A	11,179
Immunization Grants - noncash	93.268	N/A	54,289
	Subtotal CFDA #93.268		<u>76,976</u>
HIV Prevention Activities - Health Department Based (See Note 2)	93.940	25780048	109,487
HIV Prevention Activities - Health Department based	93.940	P13_1201 BLSMSM/TSM	5,625
	93.940	35780047A	2,805
HIV Prevention Activities - Health Department based	93.940	N/A	13,966
			<u>131,883</u>
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	05180280	1,094
Environmental Public Health and Emergency Response	93.070	23283001	1,110
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by 2012 Prevention and Public Health Funds (See Note 2)	93.531	32180014A	168,058

This schedule should be read only in connection with the accompanying notes to the schedule.

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through Active Transportation Alliance We Choose Health Grant	93.531	N/A	6,045
Passed through Active Transportation Alliance We Choose Health Grant	93.531	N/A	<u>3,350</u>
	M Subtotal CFDA #93.531		<u>177,453</u>
Passed through Illinois Department of Public Health Public Health Emergency Preparedness (See Note 2)	93.069	27180010	38,905
Passed through Champaign County Board of Health Public Health Emergency Preparedness	93.069	27180009	37,720
	93.069	37180009A	<u>62,840</u>
	Subtotal CFDA #93.069		<u>139,465</u>
Passed through Illinois Department of Public Health Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	37180010A	<u>82,557</u>

This schedule should be read only in connection with the accompanying notes to the schedule.

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through Illinois Department of Healthcare and Family Services			
Medical Assistance Program	93.778	SFY2012	270,191
	93.778	SFY2013	286,347
	93.778	N/A	141,293
	Subtotal CFDA #93.778		<u>697,831</u>
Children's Health Insurance Program	93.767	N/A	<u>30,322</u>
Passed through Illinois Department of Public Health Maternal and Child Health Services Block Grant to the States	93.994	334801016A	2,100
Passed through Illinois Department of Human Services Maternal and Child Health Services Block Grant to the States	93.994	FCSRE00943	26,500
	Subtotal CFDA #93.994		<u>28,600</u>
Social Services Block Grant	93.667	FCSRE01457	<u>13,200</u>
Total U.S. Department of Health and Human Services			<u><u>2,460,102</u></u>
Total Expenditures of Federal Awards			<u><u>\$ 5,068,859</u></u>

(M) Denotes Major Program

This schedule should be read only in connection with the accompanying notes to the schedule.

Champaign-Urbana Public Health District
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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	\$ 25,103
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by 2012 Prevention and Public Health Funds	93.531	University of Illinois	\$ 50,744
	93.531	Urbana Champaign Independent Media Center	10,000
	93.531	Orpheum Childrens Science Museum	10,000
	93.531	City of Champaign	10,000
			<u>\$ 80,744</u>
Public Health Emergency Preparedness	93.069	Champaign County Coroner	\$ 11,971
			<u>\$ 117,818</u>

Note 3 - Loans

There were no federal loans, loan guarantees or insurance outstanding at June 30, 2013 and during the year then ended.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Champaign-Urbana Public Health District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Champaign-Urbana Public Health District's basic financial statements, and have issued our report thereon dated March 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Champaign-Urbana Public Health District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Champaign-Urbana Public Health District's internal control. Accordingly, we do not express an opinion on the effectiveness of Champaign-Urbana Public Health District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2013-001 and 2013-003 to be material weaknesses.

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. We consider the deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2013-002 and 2013-004 that we consider to be significant deficiencies.

Board of Health
Champaign-Urbana Public Health District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Champaign-Urbana Public Health District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Champaign-Urbana Public Health District's Responses to Findings

Champaign-Urbana Public Health District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Champaign-Urbana Public Health District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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



CliftonLarsonAllen LLP

Champaign, Illinois
March 12, 2014

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited Champaign-Urbana Public Health District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Champaign-Urbana Public Health District's major federal programs for the year ended June 30, 2013. Champaign-Urbana Public Health District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Champaign-Urbana Public Health District'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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Champaign-Urbana Public Health District's compliance.

Opinion on Each Major Federal Program

In our opinion, Champaign-Urbana Public Health District 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, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-006, 2013-007, 2013-008, and 2013-009. Our opinion on each major federal program is not modified with respect to these matters.

Champaign-Urbana Public Health District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Champaign-Urbana Public Health District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of Champaign-Urbana Public Health District 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 Champaign-Urbana Public Health District'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 an opinion on compliance for each major federal program 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 Champaign-Urbana Public Health District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-003 to be a material weakness.

Board of Health
Champaign-Urbana Public Health District

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-002, 2013-004, 2013-005, 2013-006, 2013-007, 2013-008 and 2013-009, that we consider to be significant deficiencies.

Champaign-Urbana Public Health District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Champaign-Urbana Public Health District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Champaign, Illinois
March 12, 2014

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: unmodified 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: unmodified 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
93.531	Community Transformation Grants and National Dissemination and Support for Community Transformation Grants

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, 2013**

Section II – Financial Statement Findings

FINDING NO. 2013-001 – LACK OF TIMELY CLIENT BILLING AND REVENUE RECONCILIATION

Criteria or Specific Requirement: Good business practices require timely client billing and reconciliation of the billing software to the general ledger.

Condition: During our audit process, we noted that client billings were not always completed on a timely basis. The billing system was not reconciled to the general ledger during the year.

Context: Per discussion with management, client billings were several months behind at times. The billing system was not reconciled to the general ledger until after year end.

Effect: Delayed client billings and lack of proper reconciliation create a risk of lost revenue and errors in billing and revenue recognition.

Cause: A new billing system was implemented in fiscal year 2013, for which there were problems with the set-up.

Recommendation: We recommend reviewing the duties and responsibilities of the Finance Department to ensure time is allowed for personnel to complete the client billings in a timely and accurate manner. Reconciliation of the billing system to the general ledger should be documented and reviewed on a monthly basis.

Views of Responsible Officials and Planned Corrective Action: We concur with finding and recommendation. Finance department will continue working towards establishing a process to ensure timely and accurate billing as well as revenue reconciliation occurs on a monthly basis. This is anticipated to be in place by June 30, 2014.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Section II – Financial Statement Findings (continued)

FINDING NO. 2013-002 – LACK OF SEGREGATION OF DUTIES

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.

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. This along with general ledger access and the ability to post journal entries result in lack of adequate segregation of duties. In addition, it was noted that all individuals within the Finance Department have full access to all modules of the accounting software.

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. The Finance Department access to all accounting software modules existed throughout the year.

Effect: Weaknesses in internal control, including lack of proper segregation of duties, create a risk of errors or irregularities occurring and not being detected in a timely manner.

Cause: There are limited personnel which results in sharing duties at times. Access limits were not implemented when the new accounting software was installed.

Recommendation: We recommend reviewing the Director of Finance duties and segregating the duties as much as possible to maintain adequate controls and reviewing the access rights within the accounting software and setting limits based on the staff's daily duties, considering proper segregation of duties.

Views of Responsible Officials and Planned Corrective Action: We concur with finding and recommendation. The Finance Director will not be responsible for creating or posting of transactions. However if circumstances occur that necessitate the creating or posting of transactions, the Finance Director will ensure a separate member of the team will create or post the applicable transactions after receiving a thorough understanding of the transaction being processed.

Process is currently in place to establish of duties to limit accessibility to all modules in the accounting software. It is our intent to complete testing and implementation by June 30, 2014.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Section II – Financial Statement Findings (continued)

FINDING NO. 2013-003 – LACK OF TIMELY FINANCIAL REPORTING

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. Providing timely financial information to the Board and management for review and decision-making is an important aspect of an internal control environment.

Condition: During our internal control testing of financial reporting, we noted internal financial reports being presented to the Board did not include current information, but rather contained financial information from several months back.

Context: Per discussion with management, timely financial information was not provided throughout the entire fiscal year.

Effect: Weaknesses in internal control over timely financial information create a risk of decisions being made based on out of date or inaccurate financial information and make it difficult for department heads to properly manage the departments.

Cause: A new billing system implemented in fiscal year 2013 absorbed significant amounts of time from the Finance Department.

Recommendation: We recommend reviewing the duties and responsibility of those within the Finance Department to ensure time is allowed for personnel to complete the monthly closing, reconciliation processes, and internal financial reports on a timely basis.

Views of Responsible Officials and Planned Corrective Action: We concur with finding and recommendation. Review of processes and procedures are anticipated to be completed as well as any necessary changes by June 30, 2014.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Section II – Financial Statement Findings (continued)

FINDING NO. 2013-004 – FINANCIAL STATEMENT PREPARATION

Criteria or Specific Requirement: The internal controls over the financial reporting process is the responsibility of management.

Condition: The District engaged CliftonLarsonAllen LLP to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CliftonLarsonAllen LLP cannot be considered part of the District's internal control system.

Context: The Board and management share the ultimate responsibility for the District's internal control system.

Effect: While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.

Cause: A new Finance Director was hired after year end and she has not had capacity yet to get up-to-date on all required financial statement disclosures, and did not have the capacity to prepare the financial statements or schedule of expenditures of federal awards this year.

Recommendation: We recommend reviewing the duties and responsibilities of the Finance Department to ensure time is allowed for personnel to complete financial reporting package. In addition, the Finance Director should obtain additional training to ensure the financial reporting package follows the applicable standards.

Views of Responsible Officials and Planned Corrective Action: We concur with finding and recommendation. Review of processes and procedures are anticipated to be completed as well as any necessary changes by June 30, 2014.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Section III – Federal Award Findings and Questioned Costs

FINDING NO. 2013-002 – LACK OF SEGREGATION OF DUTIES

See Section II - Financial Statement Findings

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

Department of Health and Human Services – CFDA# 93.531 – Community Transformation Grants and National Dissemination and Support for Community Transformation Grants – FY13

All other programs

Questioned Costs: None

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Section III – Federal Award Findings and Questioned Costs

FINDING NO. 2013-003 – LACK OF TIMELY FINANCIAL REPORTING

See Section II - Financial Statement Findings

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

Department of Health and Human Services – CFDA# 93.531 –
Community Transformation Grants and National Dissemination
and Support for Community Transformation Grants – FY13

All other programs

Questioned Costs: None

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Section III – Federal Award Findings and Questioned Costs

FINDING NO. 2013-004 – FINANCIAL STATEMENT PREPARATION

See Section II - Financial Statement Findings

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

Department of Health and Human Services – CFDA# 93.531 –
Community Transformation Grants and National Dissemination
and Support for Community Transformation Grants – FY13

All other programs

Questioned Costs: None

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Section III – Federal Award Findings and Questioned Costs (continued)

**FINDING NO. 2013-005 – INCOMPLETE OR MISSING INFORMATION ON WIC
CLIENT CERTIFICATION FORMS**

Federal Agency/Program/Year: Department of Agriculture – CFDA# 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) – 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 and document the individual's qualification for supplemental nutritious foods, nutrition education, and referrals to health and social services.

Condition: We noted two WIC participant Client Certification Forms that were not properly signed by District personnel and one WIC participant Client Certification Form that was missing the source of identification documentation.

Context: Two of 40 Client Certification Forms tested were not properly signed by the required individual and one of 40 Client Certification Forms tested was missing the source of identification documentation.

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

Cause: These were oversights by the In-take Coordinator and/or applicant/guardian.

Recommendation: We recommend the District monitor controls to ensure all controls are being performed as designed to help ensure compliance with grant requirements and ensure services are only performed for eligible participants.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. The WIC Coordinator will continue to select 20 files documenting the findings, if any; who performed the review, the date completed and will retrain as necessary.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Section III – Federal Award Findings and Questioned Costs (continued)

FINDING NO. 2013-006 – REPORTING FOR WIC PROGRAM

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

Questioned Costs: None

Criteria or Specific Requirement: The reporting requirements outlined in the OMB Circular A-133 Compliance Supplement indicate that financial reports are to be complete and supported by accurate accounting records. Illinois Department of Human Services requires all expense reports to be filed within fifteen days of month end.

Condition: During our audit testing, we noted monthly Summary of Expenditure Documentation Forms were not submitted timely.

Context: This was noted in three of three Summary of Expenditure Documentation Forms tested during the audit.

Effect: Without an internal control structure to ensure that grant expenditures are properly reported, and in a timely manner, grant dollars could be unused or the granting agency could cite the entity for noncompliance.

Cause: This was an oversight by the Program Manager responsible for reviewing and submitting the monthly reports.

Recommendation: We recommend the District establish review procedures over its monthly financial reports to ensure their accuracy, timeliness, and compliance with reporting requirements.

Views of Responsible Officials and Planned Corrective Action: We concur with finding and recommendation. The Finance Director anticipates the review of processes and procedures to be completed as well as any necessary changes by June 30, 2014.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Section III – Federal Award Findings and Questioned Costs (continued)

FINDING NO. 2013-007 – ALLOWABLE COSTS FOR PPHF FUNDS

Federal Agency/Program/Year: Department of Health and Human Services – CFDA# 93.531 – Community Transformation Grants and National Dissemination and Support for Community Transformation Grants – FY13

Questioned Costs: \$12.21

Criteria or Specific Requirement: Applicable allowable cost compliance requirements state that food is not an allowable cost.

Condition: During our testing, we noted mileage to purchase food was paid with federal funding.

Context: This was noted in one of the twelve disbursements tested during the audit, in the amount of \$12.21.

Effect: Lack of proper controls over allowable costs can lead to questioned costs and amounts due back to federal agencies.

Cause: This was an oversight by the Program Director.

Recommendation: We recommend the Program Director review the applicable allowable costs circular to ensure only allowable costs are approved and paid from federal resources.

Views of Responsible Officials and Planned Corrective Action: We concur with finding and recommendation which will be implemented by the Program Director by June 30, 2014.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Section III – Federal Award Findings and Questioned Costs (continued)

FINDING NO. 2013-008 – REPORTING FOR PPHF FUNDS

Federal Agency/Program/Year: Department of Health and Human Services – CFDA# 93.531 – Community Transformation Grants and National Dissemination and Support for Community Transformation Grants

Questioned Costs: None

Criteria or Specific Requirement: The reporting requirements outlined in the OMB Circular A-133 Compliance Supplement indicate that financial reports are to be complete and supported by accurate accounting records. Illinois Department of Public Health requires all expense reports to be filed within fifteen days of quarter end.

Condition: During our testing we noted an instance of a quarterly Summary of Expenditure Documentation Form not filed timely.

Context: This was noted in one of the two Summary of Expenditure Documentation Forms tested during the audit.

Effect: Without an internal control structure to ensure that grant expenditures are properly reported, and in a timely manner, grant dollars could be unused or the granting agency could cite the entity for noncompliance.

Cause: This was an oversight by the Program Manager responsible for reviewing and submitting the quarterly reports.

Recommendation: We recommend the District establish review procedures over its quarterly financial reports to ensure their accuracy, timeliness, and compliance with reporting requirements.

Views of Responsible Officials and Planned Corrective Action: We concur with finding and recommendation. The Finance Director anticipates the review of processes and procedures to be completed as well as any necessary changes by June 30, 2014.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Section III – Federal Award Findings and Questioned Costs (continued)

FINDING NO. 2013-009 – SUBRECIPIENT MONITORING FOR PPHF FUNDS

Federal Agency/Program/Year: Department of Health and Human Services – CFDA# 93.531 – Community Transformation Grants and National Dissemination and Support for Community Transformation Grants

Questioned Costs: None

Criteria or Specific Requirement: Subrecipient monitoring requirements state the pass-through entity should monitor the expenditure activities of the subrecipient.

Condition: During our subrecipient testing, we noted a lack of monitoring of subrecipient expenditures and financial reports.

Context: This was noted in one of two subrecipients tested.

Effect: Inadequate controls over the review of subrecipient expenditures can lead to unallowable subrecipient expenditures.

Cause: Without an internal control structure to ensure that subrecipients are accountable for program requirements, grant dollars could be misused or the granting agency could cite the entity for noncompliance.

Recommendation: We recommend the District review its subrecipient monitoring controls to ensure adequate controls are in place and being performed as designed.

Views of Responsible Officials and Planned Corrective Action: We concur with finding and recommendation. The official policy will be drafted and implemented by June 30, 2014 with the following expectations. The program coordinators and the Account Tech (Finance Department) will work together to ensure receipt of subrecipient expenditures and financial reports are received periodically. A copy of the applicable subrecipient expenditures and financial reports will be maintained with the original grantor's billing information.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF PRIOR YEAR FEDERAL FINDINGS
Year Ended June 30, 2013**

YEAR ENDED JUNE 30, 2012

**FINDING NO. 2012-2 – INCOMPLETE OR MISSING CLIENT CERTIFICATION
FORMS – CFDA #10.557**

Condition: Certain Certification Forms were not properly signed.

Condition still exists. See Finding 2013-005