

CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
June 30, 2014**



CliftonLarsonAllen

Champaign-Urbana Public Health District
June 30, 2014

Independent Auditors' Report	1
FINANCIAL STATEMENTS	
Statement of Net Position	4
Statement of Activities	5
Balance Sheet – Governmental Funds.....	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	9
Notes to Financial Statements	10
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual—General Fund	26
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual—IMRF	27
Schedule of Funding Progress	28
Notes to Required Supplementary Information.....	29
OTHER SUPPLEMENTARY INFORMATION	
Illinois Department of Human Services Grant Report	31-32
SINGLE AUDIT SECTION	
Schedule of Expenditures of Federal Awards	33
Notes to Schedule of Expenditures of Federal Awards.....	39

Champaign-Urbana Public Health District
June 30, 2014

SINGLE AUDIT SECTION (CONTINUED)

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on the Audit of the Financial Statements Performed in Accordance with Government Auditing Standards	40
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	42
Schedule of Findings and Questioned Costs	45
Summary Schedule of Prior Audit Findings	56

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, each major fund, and the aggregate remaining fund information of the Champaign-Urbana Public Health District, as of and for the year ended June 30, 2014, 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, 2014, 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 February 3, 2015, 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
February 3, 2015

Champaign-Urbana Public Health District
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Cash	\$ 4,204,351
Property Taxes Receivable, Net of Allowance - \$35,200	1,553,869
Revenues Due From State, County, and Other, Net of Allowance - \$193,777	1,507,491
Prepaid Expenses	78,592
Inventory	5,920
Capital Assets:	
Land	374,000
Construction in Progress	45,963
Other Capital Assets, Net of Accumulated Depreciation	5,769,878
Total Capital Assets	6,189,841
Total Assets	13,540,064
Liabilities	
Current Liabilities:	
Accounts Payable	244,386
Accrued Liabilities	402,448
Unearned Revenue - Grants	55,166
Unearned Revenue - Other	176,021
Current Portion of Long-Term Debt	682,805
Total Current Liabilities	1,560,826
Noncurrent Liabilities:	
Accrued Compensated Absences	245,866
Noncurrent Portion of Long-Term Debt	1,289,806
Total Noncurrent Liabilities	1,535,672
Total Liabilities	3,096,498
Deferred Inflows of Resources	
Subsequent Year's Property Tax	2,249,611
Net Position	
Net Investment in Capital Assets	4,217,230
Unrestricted	3,976,725
Total Net Position	\$ 8,193,955

See accompanying notes to financial statements.

Champaign-Urbana Public Health District
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		Total Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Administration	\$ 468,714	\$ -	\$ 363,413	\$ (105,301)
Champaign County Public Health				
Department - Contract	690,182	1,786	730,422	42,026
Environmental Health	827,675	280,602	316,824	(230,249)
Infectious Disease Prevention and Management	2,686,962	254,399	1,465,146	(967,417)
Maternal and Child Health	4,466,289	99,745	3,646,801	(719,743)
Public Health Institute for Research and Excellence	1,169	-	1,053	(116)
Vital Statistics	125,805	169,928	7,626	51,749
Wellness and Health Promotion	3,030,973	883,650	1,097,408	(1,049,915)
Total Governmental Activities	<u>\$ 12,297,769</u>	<u>\$ 1,690,110</u>	<u>\$ 7,628,693</u>	<u>\$ (2,978,966)</u>
General Revenues				
Property Taxes				2,958,190
Investment Income				6,235
Miscellaneous				92,440
Total General Revenues				<u>3,056,865</u>
Change in Net Position				77,899
Net Position, Beginning of Year				<u>8,116,056</u>
Net Position, End of Year				<u>\$ 8,193,955</u>

See accompanying notes to financial statements.

Champaign-Urbana Public Health District
Balance Sheet - Governmental Funds
June 30, 2014

	General Fund	IMRF	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	3,905,082	155,456	143,813	4,204,351
Property Taxes Receivable, net	1,359,812	149,650	44,407	1,553,869
Revenue Due From State, County, and Others, net	1,457,747	39,351	10,393	1,507,491
Prepaid Expenses	63,173	-	15,419	78,592
Inventory	5,920	-	-	5,920
Total Assets	<u>\$ 6,791,734</u>	<u>\$ 344,457</u>	<u>\$ 214,032</u>	<u>\$ 7,350,223</u>
Liabilities				
Accounts Payable	241,568	-	2,818	244,386
Accrued Liabilities	297,205	101,455	3,788	402,448
Unearned Revenue - Grants	55,166	-	-	55,166
Unearned Revenue - Other	176,021	-	-	176,021
Total Liabilities	<u>769,960</u>	<u>101,455</u>	<u>6,606</u>	<u>878,021</u>
Deferred Inflows of Resources				
Subsequent Year's Property Tax	1,933,419	243,675	72,517	2,249,611
Fund Balances				
Nonspendable:				
Inventory	5,920	-	-	5,920
Prepaid Expenses	63,173	-	15,419	78,592
Assigned:				
Capital Projects & Bond Principal	955,922	-	145,399	1,101,321
Unassigned	<u>3,063,340</u>	<u>(673)</u>	<u>(25,909)</u>	<u>3,036,758</u>
Total Fund Balances	<u>4,088,355</u>	<u>(673)</u>	<u>134,909</u>	<u>4,222,591</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances				
	<u>\$ 6,791,734</u>	<u>\$ 344,457</u>	<u>\$ 214,032</u>	<u>\$ 7,350,223</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, 2014

Total Fund Balance for Governmental Funds \$ 4,222,591

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	45,963	
Buildings and Improvements, Net of \$992,157		
Accumulated Depreciation	5,558,378	
Furniture, Fixtures, and Equipment, Net of \$1,415,527		
Accumulated Depreciation	<u>211,500</u>	6,189,841

Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,218,477)</u>
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Total Net Position of Governmental Activities \$ 8,193,955

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, 2014

	General Fund	IMRF	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 2,568,050	\$ 293,305	\$ 96,835	\$ 2,958,190
Licenses and Permits	249,378	-	-	249,378
Intergovernmental	7,311,186	244,287	60,660	7,616,133
Interest	6,235	-	-	6,235
Charges for Services	1,440,732	-	-	1,440,732
Miscellaneous	13,720	-	91,280	105,000
Total Revenues	11,589,301	537,592	248,775	12,375,668
Administration	979,095	84,214	7,669	1,070,978
Champaign County Public Health Department - Contract	610,769	42,872	19,634	673,275
Environmental Health	659,208	41,014	28,170	728,392
Infectious Disease Prevention and Management	2,281,088	104,291	57,645	2,443,024
Maternal and Child Health	3,876,071	136,166	54,520	4,066,757
Public Health Institute for Research and Excellence	1,028	50	15	1,093
Vital Statistics	119,293	4,306	-	123,599
Wellness and Health Promotion	2,516,319	129,713	65,105	2,711,137
Debt Service:				
Principal	173,898	-	-	173,898
Interest	99,881	-	-	99,881
Capital Outlay	143,712	-	723,775	867,487
Total Expenditures	11,460,362	542,626	956,533	12,959,521
Excess (Deficiency) of Revenues Over Expenditures	128,939	(5,034)	(707,758)	(583,853)
Fund Balances, Beginning of Year	3,959,416	4,361	842,667	4,806,444
Fund Balances, End of Year	\$ 4,088,355	\$ (673)	\$ 134,909	\$ 4,222,591

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, 2014**

Net Change in Fund Balances — Total Governmental Funds \$ (583,853)

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 capital outlays exceeded depreciation in the current period.	519,755
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.	173,898
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.	<u>(31,901)</u>

Change in Net Position of Governmental Activities \$ 77,899

See accompanying notes to financial statements.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2014

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, 2014

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, 2014

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, liabilities, and deferred inflows of resources is reported as fund balance. The District's major governmental funds are the General Fund and the IMRF 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 Fund, a special revenue fund, is the District's retirement fund.

Additionally, the District reports other special revenue funds and a capital projects fund, 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, 2014

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

Government-Wide Financial Statements

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 position 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, liabilities, deferred inflows, 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 2013 levy which will be collected and recognized during the year ended June 30, 2015. 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 inflows of property tax as of June 30, 2014 was \$2,249,611.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2014

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 items on an accrual basis.

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, 2014

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 2014.

Deferred Outflows of Resources

The District would report decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement or governmental fund balance sheet. No deferred outflows of resources are reported in these financial statements in the current year.

Deferred Inflows of Resources

The District's governmental activities and governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The District will not recognize the related revenue until a future event occurs. The District has one type of item which meets this criteria. The item occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year.

Net Position

Net position of the District are classified in three components. Net investment in capital assets consist 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, 2014

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 balances are amounts that cannot be spent because they are not in spendable form or legally or contractually required to remain intact. Restricted fund balances are amounts that are constrained for a specific purpose through restrictions of external parties or by constitutional provision or enabling legislation.

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, 2014.

Assigned fund balance amounts that 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 and advanced bond payments. 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 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, 2014

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, 2014, the Board of Health adopted the fiscal year 2015 budget which utilizes excess fund balance to budget for major capital improvements to the east wing, parking lot and an advanced principal payment on the outstanding bond debt. The total of these expenditures budgeted to be used from fund balance is \$955,922.

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, 2014, none of the District's balance of \$4,204,351 was exposed to custodial credit risk.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2014

Note 3: Capital Assets

Capital assets activity for the year ended June 30, 2014 was:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated:				
Land	\$ 374,000	\$ -	\$ -	\$ 374,000
Construction in Progress	47,003	45,963	47,003	45,963
	<u>421,003</u>	<u>45,963</u>	<u>47,003</u>	<u>419,963</u>
Capital assets being depreciated:				
Buildings and Improvements	5,728,823	821,712	-	6,550,535
Furniture, Fixtures and Equipment	1,580,211	46,816	-	1,627,027
Total assets being depreciated	<u>7,309,034</u>	<u>868,528</u>	<u>-</u>	<u>8,177,562</u>
	<u>7,730,037</u>	<u>914,491</u>	<u>47,003</u>	<u>8,597,525</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(825,410)	(166,747)	-	(992,157)
Furniture, Fixtures and Equipment	<u>(1,234,541)</u>	<u>(180,986)</u>	<u>-</u>	<u>(1,415,527)</u>
	<u>(2,059,951)</u>	<u>(347,733)</u>	<u>-</u>	<u>(2,407,684)</u>
Net Capital Assets	<u>\$ 5,670,086</u>	<u>\$ 566,758</u>	<u>\$ 47,003</u>	<u>\$ 6,189,841</u>

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

Administration	\$ 39,345
Champaign County Public Health Department – Contract	15,353
Environmental Health	44,170
Infectious Disease Prevention and Management	60,118
Maternal and Child Health	79,963
Public Health Institute for Research and Excellence	10
Wellness and Health Promotion	<u>108,774</u>
Total	\$ <u>347,733</u>

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2014

Note 4: Long-Term Liabilities

The following is a summary of long-term liabilities for the District for the year ended June 30, 2014:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
General Obligation					
Bonds Payable	\$ 2,136,545	\$ -	\$ (170,300)	\$ 1,966,245	\$ 678,833
Capital Lease					
Obligations	9,964	-	(3,598)	6,366	3,972
Accrued					
Compensated					
Absences	213,964	31,902	-	245,866	-
Total	\$ 2,360,473	\$ 31,902	\$ (173,898)	\$ 2,218,477	\$ 682,805

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 has budgeted to pay additional principal in the 2015 fiscal year beyond that which is required by the bond requirements. This additional principal payment is included in the “total to be paid” for 2015, as well as the assigned fund balance on the Balance Sheet – Governmental Funds.

Subsequent to June 30, 2014, the Board will refinance the general obligation bonds, which includes the additional principal payment of \$500,000. The new bonds will be issued with a principal balance of \$1,371,231 at an interest rate of 3.76%, maturing 2021.

**Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2014**

Note 4: Long-Term Liabilities (Continued)

The debt service requirements as of June 30, 2014, are as follows:

	Total To Be		
	Paid	Principal	Interest
2015	\$ 769,809	\$ 678,833	\$ 90,976
2016	269,809	187,434	82,375
2017	269,808	196,905	72,903
2018	269,809	206,621	63,188
2019	269,810	216,817	52,993
2020-2022	579,216	479,635	99,581
	\$ 2,428,261	\$ 1,966,245	\$ 462,016

Capital Lease Obligations

The District is obligated under leases accounted for as capital leases. Assets under capital leases at June 30, 2014 totaled \$10,737, net of accumulated depreciation of \$19,940.

The following is a schedule by year of future minimum lease payments under the capital leases together with the present value of the future minimum lease payments as of June 30, 2014.

2015	3,972
2016	2,648
Less Amount Representing Interest	(254)
Present Value of Future Minimum Lease Payments	\$ 6,366

Subsequent to June 30, 2014, the Board entered into a lease agreement with Xerox replacing all copiers under the current capital lease. The present value of the future minimum lease payments will be \$71,883.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2014

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, 2014 was \$16,728. 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, 2014:

	Amount
2015	\$ 22,602
2016	1,857
2017	1,857
2018	1,857
2019	928
	\$ 29,101

Note 6: Pension Plan

Plan Description. The District’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 District’s plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, District 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 District annual required contribution rate for calendar year 2013 was 10.99 percent. The District 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 contribution for calendar year 2013 was \$516,354.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2014

Note 6: Pension Plan (Continued)

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>
12/31/2013	\$ 516,354	100%	\$0
12/31/2012	450,037	100%	0
12/31/2011	460,674	112%	0

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, 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 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 plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30-year basis.

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the regular plan was 86.17 percent funded. The actuarial accrued liability for benefits was \$8,986,578 and the actuarial value of assets was \$7,743,938, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,242,640. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$4,698,397 and the ratio of the UAAL to the covered payroll was 26 percent.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2014

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 thirty 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, 2014, the liability for accrued vacation is \$245,866.

Note 8: Deferred Compensation Plan

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

Note 9: Other Post Employment Benefits

Plan Description. The District offers other post employment benefits (OPEB) for all of its retirees through the District's Group Health insurance, defined benefit plan administered by Health Alliance that meet all of the specified criteria: (1) must be less than age 65, (2) retire through Illinois Municipal Retirement Fund (IMRF), and (3) elect coverage at the time of retirement. Spouses of eligible members are also eligible to sign up as long as they do so at the time the employee retires.

Once the retiree and/or spouse reach age 65 years, they are automatically terminated from the plan, unless they waive coverage prior to that. Once the retiree waives coverage, they are no longer eligible under the OPEB plan. The premiums are paid 100 percent by the retiree.

There was no OPEB benefit obligation as of June 30, 2014 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, 2014, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2014

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 one project that was started before June 30, 2014 that was still in progress at the end of the fiscal year. The project remaining at year end was the remodeling of the east wing. The commitments related to this project at June 30, 2014 were \$147,234.

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 2014, there were no transfers between funds.
- b) Excess expenditures over budget:

General fund expenditures exceeded budget for the fiscal year by \$1,785,711. This occurred because noncash vouchers received and used related to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and Vaccine For Children Program were recorded as expenditures in the financial statements in the amount of \$1,713,533, and \$71,688, 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.

- c) Deficit fund balances of individual funds:

IMRF had a deficit fund balance of \$673, Audit \$6,884 and Insurance \$19,025 as of June 30, 2014.

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, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Property Taxes	\$ 2,521,497	\$ 2,521,497	\$ 2,568,050	\$ 46,553
Intergovernmental	5,519,322	5,519,322	7,311,186	1,791,864
Charges for Services	1,713,172	1,713,172	1,690,110	(23,062)
Miscellaneous Income	12,660	12,660	19,955	7,295
Total Revenues	<u>9,766,651</u>	<u>9,766,651</u>	<u>11,589,301</u>	<u>1,822,650</u>
Expenditures				
Administration	2,026,394	2,026,394	979,095	1,047,299
Champaign County Public				
Health Department - Contract	617,745	617,745	610,769	6,976
Environmental Health	531,381	531,381	659,208	(127,827)
Infectious Disease				
Prevention and Management	2,139,021	2,139,021	2,281,088	(142,067)
Maternal and Child Health	1,559,125	1,559,125	3,876,071	(2,316,946)
Public Health Institute				
for Research and Excellence	9,941	9,941	1,028	8,913
Vital Statistics	105,664	105,664	119,293	(13,629)
Wellness and Health Promotion	2,339,172	2,339,172	2,516,319	(177,147)
Debt Service:				
Principal	174,034	174,034	173,898	136
Interest	99,751	99,751	99,881	(130)
Capital Outlay	72,423	72,423	143,712	(71,289)
Total Expenditures	<u>9,674,651</u>	<u>9,674,651</u>	<u>11,460,362</u>	<u>(1,785,711)</u>
Excess (Deficiency) of Revenues Over Expenditures	92,000	92,000	128,939	36,939
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	(500,000)	(500,000)	-	500,000
	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>500,000</u>
Net Change in Fund Balance	<u>\$ (408,000)</u>	<u>\$ (408,000)</u>	128,939	<u>\$ 536,939</u>
Fund Balance, Beginning of Year			<u>3,959,416</u>	
Fund Balance, End of Year			<u>\$ 4,088,355</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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Property Taxes	\$ 296,878	\$ 296,878	\$ 293,305	\$ (3,573)
Intergovernmental	295,668	295,668	244,287	(51,381)
Total Revenues	<u>592,546</u>	<u>592,546</u>	<u>537,592</u>	<u>(54,954)</u>
Expenditures				
Administration	195,304	195,304	84,214	111,090
Champaign County Public				
Health Department - Contract	86,225	86,225	42,872	43,353
Environmental Health	21,703	21,703	41,014	(19,311)
Infectious Disease				
Prevention and Management	100,579	100,579	104,291	(3,712)
Maternal and Child Health	70,659	70,659	136,166	(65,507)
Public Health Institute				
for Research and Excellence	1,217	1,217	50	1,167
Vital Statistics	6,832	6,832	4,306	2,526
Wellness and Health Promotion	84,850	84,850	129,713	(44,863)
Total Expenditures	<u>567,369</u>	<u>567,369</u>	<u>542,626</u>	<u>24,743</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 25,177</u>	<u>\$ 25,177</u>	(5,034)	<u>\$ (30,211)</u>
Fund Balance, Beginning of Year			<u>4,361</u>	
Fund Balance, End of Year			<u>\$ (673)</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, 2014**

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)
12/31/2013	\$ 7,743,938	\$ 8,986,578	\$ 1,242,640	86.17%	\$ 4,698,397	26.45%
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%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$9,285,665. On a market basis, the funded ratio would be 103.33%.

See accompanying notes to required supplementary information.

Champaign-Urbana Public Health District
Notes to Required Supplementary Information
For the Year Ended June 30, 2014

Appropriated Budget

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

Excess Expenditures Over Budget

General Fund expenditures exceeded budget for the fiscal year by \$1,785,711. This occurred because noncash vouchers received and used related to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and Vaccine For Children Program were recorded as expenditures in the financial statements in the amount of \$1,713,533, and \$71,688, 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, 2014

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 FCSSQ00824	Breastfeeding Peer Counseling FCSSQ01164	Farmers Market FCSSQ01247	Family Case Management Downstate FCSSU03239	Teen Pregnancy Prevention Prep FCSSP01830					
A	Direct Program expenses	651,900	21,003	1,000	529,590	109,613	-	-	10,556,099	764,842	12,634,047
B	Allocate Management and General Costs (Note 1)	-	-	-	-	13,482	-	-	751,360	(764,842)	-
C	SUBTOTAL A + B	651,900	21,003	1,000	529,590	123,096	-	-	11,307,459	-	12,634,047
D	Subtract Unallowable costs per page 2	-	-	-	-	-	-	-			
E	Add other approved uses (attach documentation)	-	-	-	-	-	-	-			
F	TOTAL Allowable costs	651,900	21,003	1,000	529,590	123,096	-	-			
G	Special provisions (see instructions)	NONE	NONE	NONE	NONE	NONE	NONE	NONE			
H	Interest Earned (see instructions)	-	-	-	-	-	-	-			

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

Champaign-Urbana Public Health District

Illinois Department of Human Services Grant Report - Grant Unallowable Costs Report
For the Year Ended June 30, 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	Supplemental Nutrition Program For Women Infants and Children	Breastfeeding Peer Counseling	Farmers Market	Family Case Management Downstate	Teen Pregnancy Prevention Prep	0
Contract Number	FCSSQ00824	FCSSQ01164	FCSSQ01247	FCSSU03239	FCSSP01830	0
Other Identification						
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

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, 2014

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	35280143A	\$ 850
	10.559	45280137B	800
Passed through Illinois State Board of Education Summer Food Service Program For Children	10.559	2013-09010059P00	18,321
	10.559	2014-09010059P00	16,895
	Subtotal CFDA #10.559		<u>36,866</u>
Passed through Illinois Department of Human Services Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	FCSSQ00824	617,872
	10.557	FCSSQ01164	21,003
Special Supplemental Nutrition Program for Women, Infants, and Children - noncash	10.557	N/A	1,713,533
	M Subtotal CFDA #10.557		<u>2,352,408</u>
WIC Farmers' Market Nutrition Program (FMNP)	10.572	FCSRE01247	<u>1,000</u>
Total U.S. Department of Agriculture			<u>2,390,274</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, 2014

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Environmental Protection Agency			
Passed through Illinois Emergency Management Agency			
State Indoor Radon Grant	66.032	13CUPBH	\$ 583
	66.032	14CUPBH	888
	Subtotal CFDA #66.032		1,471
Passed through Illinois Department of Public Health			
Performance Partnership Grants	66.605	45382010B	413
Total U.S. Environmental Protection Agency			1,884
U. S. Department of Housing and Urban Development			
Passed through Illinois Department of Public Health			
Housing Opportunities for Persons with AIDS	14.241	35780034A	50,572
	14.241	45780064B	14,070
	Subtotal CFDA #14.241		64,642
Total U. S. Department of Housing and Urban Development			64,642

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, 2014

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
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	2,954
	93.008	MRC 14 410	973
	Subtotal CFDA #93.008		<u>3,927</u>
Passed through Illinois Department of Human Services			
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	FCSSP01830	<u>123,059</u>
Social Services Block Grant	93.667	FCSSU03239	<u>13,200</u>
Passed through Illinois Department of Public Health			
Project Grants and Cooperative Agreement for Tuberculosis Control Programs	93.116	35180059A	4,688
	93.116	45180032B	8,030
	Subtotal CFDA #93.116		<u>12,718</u>
Family Planning Services	93.217	46080055B	<u>9,702</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, 2014

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Immunization Grants	93.268	35180033A	11,616
Immunization Grants - noncash	93.268	N/A	71,688
	Subtotal CFDA #93.268		<u>83,304</u>
Centers for Disease Control & Prevention - Investigations and Technical Assistance	93.283	46180004B	<u>125,467</u>
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	28,586
	93.531	42180127B	146,342
Passed through Active Transportation Alliance We Choose Health Grant	93.531	N/A	53,983
Passed through Illinois Maternal and Child Health Coalition We Choose Health Grant	93.531	N/A	47,529
	M Subtotal CFDA #93.531		<u>276,440</u>
Passed through Illinois Department of Public Health HIV Care Formula Grants	93.917	35780047A	672,327
	93.917	45780057B	1,107
	93.917	40180064B	15,267
	M Subtotal CFDA #93.917		<u>688,701</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, 2014

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
HIV Prevention Activies - Health Department Based	93.940	PS 12-201 Category C	7,500
	93.940	45780042B	12,392
	93.940	35780047A	28,110
	93.940	45780057B	14,921
Passed through The Public Health Institute of Metropolitan Chicago			
HIV Prevention Activities_Health Department Based	93.940	PHIMC13	18,147
	93.940	PHIMC14-15	16,717
	Subtotal CFDA #93.940		<u>97,787</u>
Passed through Illinois Department of Public Health Maternal and Child Health Services Block Grant to the States			
	93.994	46080119B	26,480
	93.994	46080055B	5,214
	Subtotal CFDA #93.994		<u>31,694</u>
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	47180010B	169,944
Passed through Champaign County Board of Health Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements			
	93.074	47180009B	62,958
	Subtotal CFDA #93.074		<u>232,902</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, 2014

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through Illinois Public Health Association (See Note 2)			
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	M 93.525	IPL-14-149-001	350,265
Passed through Illinois Department of Healthcare and Family Services			
Medical Assistance Program	93.778	SFY2014	501,314
Total U.S. Department of Health and Human Services			2,550,480
Total Expenditures of Federal Awards			\$ 5,007,280

(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, 2014

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
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	\$ 49,871
	93.531	Champaign County Chamber of Commerce	\$ 5,663
	93.531	Champaign County Regional Planning Commission	\$ 5,000
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	Vermilion County Health Department	\$ 77,364
			<u>\$ 137,898</u>

Note 3 - Loans

There were no federal loans, loan guarantees or insurance outstanding at June 30, 2014 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, major fund, and the aggregate remaining fund information of Champaign-Urbana Public Health District, as of and for the year ended June 30, 2014, 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 February 3, 2015.

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 described in the accompanying schedule of findings and questioned costs as Findings 2014-001 and 2014-003 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 described in the accompanying schedule of findings and questioned costs as Findings 2014-002 and 2014-004 to be significant deficiencies.

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
February 3, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE 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, 2014. 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, 2014.

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 2014-005 and 2014-006. 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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-006 to be material weaknesses.

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 2014-002 and 2014-005 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Champaign, Illinois
February 3, 2015

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

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
93.917	HIV Care Formula Grants
93.525	State Planning and Establishment Grants for the Affordable Care Act’s Exchanges

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, 2014**

Section II – Financial Statement Findings

FINDING NO. 2014-001 – 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 the Board and Program Directors did not receive timely financial reports during the fiscal year from the Finance Department.

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:

- New electronic medical records and accounts receivable software (Insight) was installed and implemented in August 2012.
- Accountant was hired January 2013 to assist the Director of Finance.
- Turnover of Director of Finance position – Current Director was hired November 2013.

Recommendation: We recommend reviewing the duties and responsibilities 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: The implementation of the new electronic medical records and accounts receivable tracking software was a major project undertaken to meet regulatory requirements, and to place the agency in a strategic position to allow us to advance within the rapidly changing environment of not only the health care industry as a whole, but also shifting of payer sources for the public health industry.

This particular software was originally created as a medical records program. As industry needs changed, it was modified to add in “accounting” features which would provide Public Health agencies with the data needed to fill both required functions as well as many others, for example electronic claims filing and automated posting of remittance advices (recording of payments, contractual adjustments and denials).

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

Section II – Financial Statement Findings (continued)

**FINDING NO. 2014-001 – LACK OF TIMELY FINANCIAL REPORTING
(CONTINUED)**

As a result, this software did not follow the standard of previous types of accounting programs in that it did not automatically generate reports that would meet the requirements necessary in order to track and record revenue in a fashion to match the agency's complicated chart of accounts which include a variety of payer sources, multiple programs and sub-programs (cost centers). Furthermore, it does not provide the agency usable aging reports which allow staff to monitor evaluate and resolve aging balances, and is also used in the reconciliation process to the general ledger and financial statements.

In order to obtain this information, the agency needed to have IT staff and accounting staff with significant knowledge and understanding of databases. These individuals must be able to understand how databases work, how to use them, how to obtain complete and accurate data as well as how to extract the data into usable information. This process also requires collaboration between IT and the Director of Finance to utilize Structured Query Language (SQL) allowing customization of queries and reports, which are then tested and reviewed for accuracy before being put into use. This information is then mapped to the agency's chart of accounts to allow an efficient method of reconciling and recording this information into the agency's main financial software program. A thorough understanding is also required in order to be able to perform a root cause analysis when reconciling issues occur.

An outside certified public accountant was contracted with to work with the agency's IT staff to create various reports as well as an automated process to ensure proper and accurate recording of this information. This process alone was extremely labor intensive and significantly delayed the completion of the FY 2013 audit.

The Accountant was hired with the intent to assist the Director of Finance, and was primarily assigned with manual review of Medicaid remittance vouchers, identifying and coding the proper cost centers, subsequent recording of the revenue upon receipt of payment. This was an extremely labor intensive project which has now been automated with the new software. Additional responsibilities included creating financials in the agency's accounting software which would allow for comparison of actual revenue and expenditures to budgeted amounts to provide management and the Board of Health with data to evaluate the business.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

Section II – Financial Statement Findings (continued)

**FINDING NO. 2014-001 – LACK OF TIMELY FINANCIAL REPORTING
(CONTINUED)**

As a result, when the previous Director of Finance resigned the preparation for the FY2013 audit had just began. The entire responsibility of the new software, reconciliations, creation of all audit schedules and supporting documentation had to be learned by the new accountant and the contracted CPA. The new Director of Finance was required to focus on learning the agency, its various programs, flow of the processes and establishing procedures for the staff assigned to the Insight program including Central Intake (registration process) and Billing Specialists. The FY2013 Audit for year ended June 30, 2013 was not completed until March 2014. Due to the significant delay in the FY 2013 audit, financials for FY 2014 were put on hold and were not able to be generated until the completion of the audit work. These reports were caught up in July 2014, and have remained current since that date.

FY 2014 financials were completed and presented to the Board of Health as follows.

Month	Board Meeting
July 2013	04/14/2014
August 2013	05/12/2014
September 2013 – May 2014	07/14/2014
June 2014	08/11/2014

Subsequent FY 2015 financials were completed and presented to the Board of Health as follows.

Month	Board Meeting
July 2014	09/15/2014
August 2014	10/09/2014
September 2014	11/04/2014
October 2014	12/08/2014
November 2014	01/12/2015

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

Section II – Financial Statement Findings (continued)

FINDING NO. 2014-002 – 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.

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

Effect: Weaknesses in internal control, 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.

Recommendation: We recommend reviewing the Director of Finance duties and segregating the duties as much as possible to maintain adequate controls.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding and recommendation. As evaluation of duties were completed, reassigned and staff trained, security roles and user access rights were also evaluated and revised to correct issues pertaining to segregation of duties within the financial accounting software. These issues have been resolved beginning with the financial period of September 2014.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

Section II – Financial Statement Findings (continued)

FINDING NO. 2014-003 – LACK OF TIMELY PREPARATION AND REVIEW OF RECONCILIATIONS

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. Preparation and review of account reconciliations is an important aspect of an internal control environment.

Condition: During our internal control testing, we noted that several account reconciliations were only taking place at year-end, rather than monthly. We noted bank reconciliations that were not being prepared timely or reviewed timely. During our testing of accounts payable, we noted that the schedule of payables provided to us did not tie to the trial balance provided.

Context: Per discussion with management, most reconciliations are only prepared at year-end.

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

Cause:

- Focus was on completion of FY 2013 audit, which did not occur until March 2014.
- Processes / reconciliations were not setup or known to existing staff.
- Insufficient staffing levels.

Recommendation: We recommend the Finance Department prepare reconciliations for all balance sheet accounts and certain related revenue/expense on a monthly basis. These reconciliations should be reviewed by the Director of Finance on a timely basis, and the review should be documented.

Views of Responsible Officials and Planned Corrective Action: We concur with this finding and recommendation. Two members of existing agency staff were transferred to the Finance Accounting Division effective November 12, 2014 with a schedule of approximately twenty-five hours per week for each. As these individuals are trained and duties are reassigned, reconciliation processes and procedures are being created and implemented along with training of the appropriate staff.

There are also a variety of reports that will also need to be created from the Insight and IOI Pay (payroll) software programs which will facilitate the timely preparation and review of the necessary reconciliations.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

Section II – Financial Statement Findings (continued)

FINDING NO. 2014-004 – CONTROLS OVER DISBURSEMENTS

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. Review of disbursements is an aspect of an internal control environment.

Condition: During our internal control testing, we noted that one check cleared the bank with only one signature, when two were required. We also noted that reimbursement requests for employees with Division Director approval level and higher approved their own check requests, with no additional approval.

Context: For one month of check images reviewed, we noted one check that did not have the proper signatures. Per discussion with management, Division Directors and above were able to approve their own reimbursement requests during the entire fiscal year.

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

Cause:

Dual signatures: Oversight and/or reassignment of duties. The first internal control procedure is where the individual responsible for stuffing checks for mailing visually verifies dual signatures have been recorded. There is also a secondary internal control check where the bank also verifies the required dual signatures were in place. In the absence of one or both signatures, the bank notifies the agency and requests written authorization from the missing authorized individual to process the check.

Expense reimbursements: In past practice, the Directors and Administrator have been permitted to approve their own reimbursement requests up to the dollar amount as established by the Purchasing Policy.

Recommendation: We recommend the District monitor the dual signature control to ensure the policy is being adhered to. In addition, we recommend the District require approval of all reimbursement requests by someone other than the person requesting the reimbursement.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. Re-training of individual responsible for reviewing checks before stuffing was completed. Bank procedures remain the same. The expense reimbursement issue was corrected internally in January 2015. The Chair of the Board of Health is revising his policy “Internal Controls for Payments Issued to Persons Appointed by the Board of Health” recently approved on December 8, 2014. The revised policy is anticipated to be presented and approved at the February 9, 2015 board meeting.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

Section III – Federal Award Findings and Questioned Costs

FINDING NO. 2014-001 – 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

Department of Health and Human Services – CFDA# 93.917 – HIV Care Formula Grants

Department of Health and Human Services – CFDA# 93.525 – State Planning and Establishment Grants for Affordable Care Act's Exchanges

All other programs

Questioned Costs: None

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

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

FINDING NO. 2014-002 – 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

Department of Health and Human Services – CFDA# 93.917 – HIV Care Formula Grants

Department of Health and Human Services – CFDA# 93.525 – State Planning and Establishment Grants for Affordable Care Act’s Exchanges

All other programs

Questioned Costs: None

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

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

FINDING NO. 2014-005 – REPORTING

Federal Agency/Program/Year: 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

Department of Health and Human Services – CFDA# 93.525 – State Planning and Establishment Grants for Affordable Care Act’s Exchanges

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. Illinois Public Health Association requires all expense reports to be submitted by the due dates listed in the grant agreement. Illinois Department of Public Health requires all expense reports to be filed by the end of the month following the quarter end.

Condition: During our audit testing, we noted certain monthly/quarterly expenditure reports were not submitted timely.

Context: This was noted in four of five expenditure reports 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: A thorough evaluation and realignment of assignments identified the agency had insufficient staffing levels to meet all time frames per contracts with Grantors.

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

Views of Responsible Officials and Planned Corrective Action: We concur with the finding and this is work in progress. Two members of existing agency staff were transferred to the Finance Accounting Division effective November 12, 2014 with a schedule of approximately twenty-five hours per week for each. As these individuals are trained and assigned duties become permanent, reassignment of Grant Reporting along with applicable training will occur to ensure contractual time frames are able to be met.

Person Responsible: Director of Finance
Expected Completion: June 30, 2015

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

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

FINDING NO. 2014-006 – SUBRECIPIENT MONITORING FOR STATE PLANNING AND ESTABLISHMENT GRANT

Federal Agency/Program/Year: Department of Health and Human Services – CFDA# 93.525 – State Planning and Establishment Grants for Affordable Care Act’s Exchanges

Questioned Costs: None

Criteria or Specific Requirement: Subrecipient monitoring requirements state the pass-through entity should monitor the expenditure activities of the subrecipient, review audit reports, and notify subrecipients of the Catalog of Federal Domestic Assistance (CFDA) number.

Condition: We noted for the subrecipient tested, no audit report was received and reviewed by the District, expenditures were not reviewed by the District, and the CFDA number was not provided to the subrecipient.

Context: This was noted in one of one tested.

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

Cause: Adequate procedures and internal controls were not in place.

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 the finding and recommendation. Policy and procedures will be drafted and implemented to correct these issues.

Person Responsible:	Director of Finance
Expected Completion:	June 30, 2015

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF PRIOR YEAR FEDERAL FINDINGS
Year Ended June 30, 2014**

YEAR ENDED JUNE 30, 2013

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

Condition: Duties are not adequately segregated related to the receipts process.

Condition still exists. See Finding 2014-002.

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

Condition: Internal financial reporting to the Board and Department Heads was delinquent through out the year.

Condition still exists. See Finding 2014-001.

FINDING NO. 2013-004 – FINANCIAL STATEMENT PREPARATION

Condition: The audit firm prepared the financial statements.

This condition was corrected.

**FINDING NO. 2013-005 – INCOMPLETE OR MISSING INFORMATION ON WIC
CLIENT CERTIFICATION FORMS – CFDA# 10.557**

Condition: Certain Certification Forms were not properly signed.

No instances noted during current year testing.

FINDING NO. 2013-006 – REPORTING FOR WIC PROGRAM

Condition: Summary of Expenditure Documentation Forms were not submitted timely.

Condition still exists. See Finding 2014-005.

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

Condition: One disbursement tested was unallowable.

No instances noted during current year testing.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF PRIOR YEAR FEDERAL FINDINGS
Year Ended June 30, 2014**

YEAR ENDED JUNE 30, 2013 (CONTINUED)

FINDING NO. 2013-008 – REPORTING FOR PPHF FUNDS

Condition: Summary of Expenditure Documentation Forms were not submitted timely.

Condition still exists. See Finding 2014-005.

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

Condition: One subrecipient was not monitored appropriately.

A similar finding was noted at 2014-006, for a different program.