

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**June 30, 2016**

**Champaign-Urbana Public Health District**  
**June 30, 2016**

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**Champaign-Urbana Public Health District**  
**June 30, 2016**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
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, 2016, and the related notes to the financial statements, which collectively comprise the District'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.

### **Auditor's Responsibility**

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

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

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

## **Opinion**

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, 2016, 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, schedule of changes in net pension liability and related ratios, and schedule of employer contributions, 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 operational, 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 Illinois Department of Human Services Grant Report 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 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Illinois Department of Human Services Grant Report and 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 Illinois Department of Human Services Grant Report and schedule of expenditures of federal awards are 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 December 19, 2016, 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 results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Champaign-Urbana Public Health District's internal control over financial reporting and compliance.

*Kemper CPA Group LLP*

KEMPER CPA GROUP LLP  
Certified Public Accountants and Consultants  
Champaign, Illinois  
December 19, 2016

## **FINANCIAL STATEMENTS**

**Champaign-Urbana Public Health District**  
**Statement of Net Position**  
**June 30, 2016**

	<b>Governmental Activities</b>
<b>Assets and Deferred Outflows of Resources</b>	
<b>Assets</b>	
Cash	\$ 4,162,774
Property Taxes Receivable, Net of Allowance - \$32,500	1,497,946
Revenues Due From State, County, and Other, Net of Allowance - \$1,442	1,399,223
Prepaid Expenses	337,429
Inventory	23,017
Capital Assets:	
Land	374,000
Other Capital Assets, Net of Accumulated Depreciation	5,948,727
Total Capital Assets	6,322,727
 <b>Deferred Outflows of Resources</b>	
Deferred Amount Related to Pension Liability	2,184,124
Total Assets and Deferred Outflows of Resources	\$ 15,927,240
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>	
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable	\$ 204,754
Accrued Liabilities	412,663
Unearned Revenue - Grants	50,935
Unearned Revenue - Other	194,292
Current Portion of Long-Term Debt	245,656
Total Current Liabilities	1,108,300
Noncurrent Liabilities:	
Accrued Compensated Absences	309,385
Pension Liability	2,277,591
Noncurrent Portion of Long-Term Debt	854,871
Total Noncurrent Liabilities	3,441,847
Total Liabilities	4,550,147
 <b>Deferred Inflows of Resources</b>	
Subsequent Year's Property Tax	2,376,324
Deferred Amount Related to Pension Liability	47,402
Total Deferred Inflows of Resources	2,423,726
 <b>Net Position</b>	
Net Investment in Capital Assets	5,222,200
Restricted:	
Audit	17,852
Retirement	142,690
Unrestricted	3,570,625
Total Net Position	8,953,367
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 15,927,240

**Champaign-Urbana Public Health District**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

Functions/Programs	Expenses	Program Revenues		Total Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities</b>				
Administration	\$ 923,055	\$ 5,578	\$ 9,005	\$ (908,472)
Champaign County Public Health Department - Contract	742,946	1,300	756,629	14,983
Environmental Health	846,200	313,685	248,320	(284,195)
Infectious Disease Prevention and Management	2,161,898	151,103	1,197,977	(812,818)
Maternal and Child Health	4,178,252	116,258	3,404,782	(657,212)
Special Projects	690,843	196,988	484,696	(9,159)
Wellness and Health Promotion	2,673,882	989,220	775,729	(908,933)
Total Governmental Activities	<u>\$ 12,217,076</u>	<u>\$ 1,774,132</u>	<u>\$ 6,877,138</u>	(3,565,806)
<b>General Revenues</b>				
Property Taxes				3,244,280
Investment Income				12,708
Rent				118,680
Total General Revenues				<u>3,375,668</u>
<b>Change in Net Position</b>				(190,138)
<b>Net Position, Beginning of Year</b>				<u>9,143,505</u>
<b>Net Position, End of Year</b>				<u>\$ 8,953,367</u>

**Champaign-Urbana Public Health District**  
**Balance Sheet - Governmental Funds**  
**June 30, 2016**

	<b>General Fund</b>	<b>IMRF</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash	\$ 3,857,567	\$ 184,781	\$ 120,426	\$ 4,162,774
Property Taxes Receivable, net	1,320,567	119,769	57,610	1,497,946
Revenue Due From State, County, and Others, net	1,331,071	53,188	14,964	1,399,223
Due From Other Funds	66,068	-	-	66,068
Prepaid Expenses	295,524	-	41,905	337,429
Inventory	23,017	-	-	23,017
Total Assets	<u>\$ 6,893,814</u>	<u>\$ 357,738</u>	<u>\$ 234,905</u>	<u>\$ 7,486,457</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 204,754	\$ -	\$ -	\$ 204,754
Accrued Liabilities	384,570	24,455	3,642	412,667
Due to Other Funds	-	-	66,068	66,068
Unearned Revenue - Grants	50,935	-	-	50,935
Unearned Revenue - Other	194,292	-	-	194,292
Total Liabilities	<u>834,551</u>	<u>24,455</u>	<u>69,710</u>	<u>928,716</u>
<b>Deferred Inflows of Resources</b>				
Subsequent Year's Property Tax	<u>2,094,130</u>	<u>190,593</u>	<u>91,601</u>	<u>2,376,324</u>
<b>Fund Balances</b>				
<b>Nonspendable:</b>				
Inventory	23,017	-	-	23,017
Prepaid Expenses	295,524	-	41,905	337,429
<b>Restricted:</b>				
Audit	-	-	17,852	17,852
Retirement	-	142,690	-	142,690
<b>Assigned:</b>				
Capital Projects	250,000	-	-	250,000
<b>Unassigned</b>	<u>3,396,592</u>	<u>-</u>	<u>13,837</u>	<u>3,410,429</u>
Total Fund Balances	<u>3,965,133</u>	<u>142,690</u>	<u>73,594</u>	<u>4,181,417</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,893,814</u>	<u>\$ 357,738</u>	<u>\$ 234,905</u>	<u>\$ 7,486,457</u>

**Champaign-Urbana Public Health District  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2016**

**Total Fund Balance for Governmental Funds** \$ 4,181,417

**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	
Buildings and Improvements, Net of \$1,426,325		
Accumulated Depreciation	5,792,758	
Furniture, Fixtures, and Equipment, Net of \$1,605,910		
Accumulated Depreciation	<u>155,969</u>	6,322,727

Long-term liabilities, including bonds payable, compensated absences, and net pension are not due and payable in the current period and therefore are not reported in the funds. (3,687,499)

Deferred outflows and inflows of resources related to pensions are applicable to future periods; therefore, are not reported in the funds. 2,136,722

**Total Net Position of Governmental Activities** \$ 8,953,367

**Champaign-Urbana Public Health District**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances (Deficit) - Governmental Funds**  
**For the Year Ended June 30, 2016**

	<u>General Fund</u>	<u>IMRF</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Property Taxes	\$ 2,809,384	\$ 327,340	\$ 107,556	\$ 3,244,280
Licenses and Permits	272,403	-	-	272,403
Intergovernmental	6,607,209	198,554	47,957	6,853,720
Interest	12,708	-	-	12,708
Charges for Services	1,501,728	-	-	1,501,728
Miscellaneous	23,418	-	118,680	142,098
	<u>11,226,850</u>	<u>525,894</u>	<u>274,193</u>	<u>12,026,937</u>
Total Revenues				
<b>Expenditures</b>				
Administration	761,052	47,033	36,947	845,032
Champaign County Public Health Department - Contract	613,351	38,233	29,373	680,957
Environmental Health	693,092	39,219	35,169	767,480
Infectious Disease Prevention and Management	1,899,479	88,173	29,861	2,017,513
Maternal and Child Health	3,765,803	133,197	36,368	3,935,368
Special Projects	659,957	9,605	2,393	671,955
Wellness and Health Promotion	2,305,548	116,512	48,024	2,470,084
Debt Service:				
Principal	236,302	-	-	236,302
Interest	47,198	-	-	47,198
Capital Outlay	60,839	-	358,133	418,972
	<u>11,042,621</u>	<u>471,972</u>	<u>576,268</u>	<u>12,090,861</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	<u>184,229</u>	<u>53,922</u>	<u>(302,075)</u>	<u>(63,924)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	386,439	386,439
Transfers Out	(386,439)	-	-	(386,439)
	<u>(386,439)</u>	<u>-</u>	<u>386,439</u>	<u>-</u>
Total Other Financing Sources (Uses)				
<b>Net Change in Fund Balance</b>	(202,210)	53,922	84,364	(63,924)
<b>Fund Balances (Deficit), Beginning of Year</b>	<u>4,167,343</u>	<u>88,768</u>	<u>(10,770)</u>	<u>4,245,341</u>
<b>Fund Balances (Deficit), End of Year</b>	<u>\$ 3,965,133</u>	<u>\$ 142,690</u>	<u>\$ 73,594</u>	<u>\$ 4,181,417</u>

**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, 2016**

**Net Change in Fund Balances — Total Governmental Funds** \$ (63,924)

**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. 117,414

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. 236,302

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. (18,916)

Governmental funds report pension contributions as expenditures when made. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows of resources related to pensions, and the investment experience. (461,014)

**Change in Net Position of Governmental Activities** \$ (190,138)

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

**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 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, 2016**

**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 non-fiduciary 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, 2016**

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

*Basis of Presentation (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 and outflows 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, including capital projects, which are combined as non-major 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, 2016**

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

*Basis of Accounting/Measurement Focus (Continued)*

Government-Wide Financial Statements (Continued)

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

Governmental Fund Financial Statements

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

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows, 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 2015 levy which will be collected and recognized during the year ended June 30, 2016. The related revenue is recognized equally over twelve months based on those amounts received during the time frame of April to March with the remainder being deferred until it is received and available for expenditures. Deferred property tax revenue as of June 30, 2016 was \$2,376,324.

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

**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 uncollectible, as estimated. The allowance for uncollectible 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 capitalization thresholds used by the District are as follows:

Infrastructure	\$50,000
Buildings and Improvements	5,000
Furniture, Fixtures and Equipment	500

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

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

***Capital Assets*** (Continued)

The following estimated useful lives are being used by the District:

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

***Long-Term Liabilities***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net 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. The District refinanced the General Obligation Bonds and entered into a new capital lease agreement in fiscal year 2015.

See Note 4 for further disclosures related to the Long-Term Liabilities.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF) and additions to/deductions from IMRF's fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Deferred Outflows of Resources***

The District reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide statements of net position or governmental fund balance sheet. The District has one type of item which occurs related to its IMRF pension liability. The District has deferred outflows related to pension expense to be recognized in future periods and for pension contributions to the pension plan for the period January 1, 2016, through June 30, 2016.

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

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

***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 two types of items which occur related to revenue recognition. Property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year in the fund statements, as it is not legally available as of fiscal year end. The District also reports deferred inflows of resources related to the pension plan.

***Net Position***

Net position of the District is 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.

***Fund Balance***

Within the fund financial statements, governmental funds report fund balance as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable 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 balances 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, 2016.

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

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

***Fund Balance*** (Continued)

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. 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 any 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.

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.

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

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

***Fund Balance*** (Continued)

Subsequent to June 30, 2016, the Board of Health adopted the fiscal year 2017 budget which utilizes excess fund balance to budget for major capital improvements to the basement and the east wing, including installation of a commercial kitchen. The total of these expenditures budgeted to be used from fund balance is \$250,000.

**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, 2016, none of the District's bank balance of \$4,173,679 was exposed to custodial credit risk.

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 3: Capital Assets**

Capital assets activity for the year ended June 30, 2016 was:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated:				
Land	\$ 374,000	\$ -	\$ -	\$ 374,000
Construction in Progress	91,400	-	(91,400)	-
	<u>465,400</u>	<u>-</u>	<u>(91,400)</u>	<u>374,000</u>
Capital assets being depreciated:				
Buildings and Improvements	6,769,549	449,532	-	7,219,081
Furniture, Fixtures and Equipment	1,701,040	60,838	-	1,761,878
Total assets being depreciated	<u>8,470,589</u>	<u>510,371</u>	<u>-</u>	<u>8,980,960</u>
	<u>8,935,989</u>	<u>510,371</u>	<u>(91,400)</u>	<u>9,354,960</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,199,912)	(226,412)	-	(1,426,324)
Furniture, Fixtures and Equipment	(1,530,763)	(75,145)	-	(1,605,908)
	<u>(2,730,675)</u>	<u>(301,558)</u>	<u>-</u>	<u>(3,032,233)</u>
Net Capital Assets	<u>\$ 6,205,314</u>	<u>\$ 208,813</u>	<u>\$ (91,400)</u>	<u>\$ 6,322,727</u>

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

Administration	\$ 95,680
Champaign County Public Health Department – Contract	10,653
Environmental Health	28,316
Infectious Disease Prevention and Management	37,740
Maternal and Child Health	56,196
Special Projects	8,836
Wellness and Health Promotion	<u>64,137</u>
<b>Total</b>	<u>\$ 301,558</u>

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 4: Long-Term Liabilities**

The following is a summary of long-term liabilities (excluding pension liability) for the District for the year ended June 30, 2016:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
General Obligation Refunding Debt Certificates	\$ 1,281,742	\$ -	\$ (224,711)	\$ 1,057,031	\$ 233,566
Capital Lease Obligations	55,087	-	(11,591)	43,496	12,090
Accrued Compensated Absences	290,469	18,916	-	309,385	-
<b>Total</b>	<b>\$ 1,627,298</b>	<b>\$ 18,916</b>	<b>\$ (236,302)</b>	<b>\$ 1,409,912</b>	<b>\$ 245,656</b>

See Note 6 for disclosures related to pension liability.

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

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 4: Long-Term Liabilities (Continued)**

**General Obligation Bonds Payable and General Obligation Refunding Debt Certificates**

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 were to continue until 2023. However in fiscal year 2015 these bonds were refinanced. Proceeds from the issuance of these bonds were used to purchase and remodel a new operating facility.

On January 19, 2015, the Board of Health refinanced the general obligation bonds with refunding debt certificates which included a lump sum principal payment of \$500,000. The new debt certificates were issued with a principal balance of \$1,371,231 at an interest rate of 3.9536%, maturing fiscal year 2021 and are due in monthly installments.

The debt service requirements as of June 30, 2016, are as follows:

Fiscal Year	Total To Be Paid	Principal	Interest
2017	\$ 269,809	\$ 233,558	\$ 36,251
2018	269,809	242,619	27,190
2019	269,809	252,031	17,778
2020	269,809	261,793	8,016
2021	67,458	67,030	428
	<u>\$ 1,146,694</u>	<u>\$ 1,057,031</u>	<u>\$ 89,663</u>

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

Administration	\$ 11,837
Champaign County Public Health Department – Contract	2,309
Environmental Health	2,960
Infectious Disease Prevention and Management	6,567
Maternal and Child Health	12,675
Special Projects	836
Wellness and Health Promotion	<u>10,013</u>
<b>Total</b>	<u>\$ 47,197</u>

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 4: Long-Term Liabilities (Continued)**

**Capital Lease Obligations**

The District is obligated under leases accounted for as capital leases. Assets under capital leases at June 30, 2016 totaled \$40,774, net of accumulated depreciation of \$23,606.

On August 22, 2015, the Board of Health entered into a lease agreement with Xerox replacing all copiers under the current capital lease with R.K. Dixon. The present value of the future minimum lease payments was \$71,883. The following is a schedule by year of future minimum lease payments under the capital lease together with the present value of the future minimum lease payments as of June 30, 2016.

Fiscal Year	Amount
2017	\$ 12,090
2018	12,609
2019	13,152
2020	5,645
Present Value of Future Minimum Lease Payments	\$ 43,496

**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, 2016 was \$20,955. The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2016:

Fiscal Year	Amount
2017	\$ 21,297
2018	1,857
2019	928
	\$ 24,082

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 6: Pension Plan**

**IMRF Plan Description**

The District's defined benefit pension plan, a multi-employer agent 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 managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**Benefits Provided**

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 6: Pension Plan (Continued)**

**Benefits Provided** (Continued)

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

**Employees Covered by Benefit Terms**

As of December 31, 2015, the following employees were covered by the benefit terms:

	<b><u>IMRF</u></b>
Retirees and Beneficiaries currently receiving benefits	75
Inactive Plan Members entitled to but not yet receiving benefits	98
Active Plan Members	<u>114</u>
<b>Total</b>	<b><u><u>287</u></u></b>

**Contributions**

As set by statute, the District’s Regular Plan Members are required to contribute 4.5% 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’s annual contribution rate for calendar year 2015 was 9.31%. For the calendar year ended 2015, the District contributed \$495,395 to the plan. 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 IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 6: Pension Plan (Continued)**

**Net Pension Liability**

The District's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.49%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 6: Pension Plan (Continued)**

**Actuarial Assumptions** (Continued)

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38.0%	7.39%
International Equity	17.0%	7.59%
Fixed Income	27.0%	3.00%
Real Estate	8.0%	6.00%
Alternative Investments	9.0%	5.38%
Cash Equivalents	<u>1.0%</u>	2.25%
Total	<u>100.0%</u>	

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 6: Pension Plan (Continued)**

**Single Discount Rate**

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.49%.

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 6: Pension Plan (Continued)**

**Changes in the Net Pension Liability (Asset)**

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) - (B)</b>
<b>Balances at December 31, 2014</b>	\$ 17,598,623	\$ 17,081,410	\$ 517,213
<b>Changes for the year:</b>			
Service Cost	515,493	-	515,493
Interest on the Total Pension Liability	1,310,260	-	1,310,260
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	641,232	-	641,232
Changes of Assumptions	25,724	-	25,724
Contributions - Employer	-	495,395	(495,395)
Contributions - Employees	-	239,450	(239,450)
Net Investment Income	-	85,313	(85,313)
Benefit Payments, including Refunds of Employee Contributions	(772,462)	(772,462)	-
Other (Net Transfer)	-	(87,827)	87,827
Net Changes	<u>1,720,247</u>	<u>(40,131)</u>	<u>1,760,378</u>
<b>Balances at December 31, 2015</b>	<u>\$ 19,318,870</u>	<u>\$ 17,041,279</u>	<u>\$ 2,277,591</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	<b>1% Lower (6.49%)</b>	<b>Current (7.49%)</b>	<b>1% Higher (8.49%)</b>
<b>Net Pension Liability (Asset)</b>	\$ 5,086,601	\$ 2,277,591	\$ 31,414

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 6: Pension Plan (Continued)**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2016, the District recognized pension expense of \$929,138. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>	<b><u>Net Inflows Outflows of Resources</u></b>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>			
Differences between expected and actual experience	\$ 507,511	\$ 47,402	\$ 460,109
Changes of assumptions	379,029	-	379,029
Net difference between projected and actual earnings on pension plan investments	<u>1,088,868</u>	<u>-</u>	<u>1,088,868</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>1,975,408</u>	<u>47,402</u>	<u>1,928,006</u>
<i>Pension Contributions made subsequent to the Measurement Date</i>	<u>208,716</u>	<u>-</u>	<u>208,716</u>
<b>Total Deferred Amounts Related to Pensions</b>	<b><u>\$ 2,184,124</u></b>	<b><u>\$ 47,402</u></b>	<b><u>\$2,136,722</u></b>

\$208,716 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 6: Pension Plan (Continued)**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2016	\$ 531,410
2017	531,410
2018	516,353
2019	348,833
2020	-
Thereafter	-
Total	<u>\$ 1,928,006</u>

**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, 2016, the liability for accrued vacation is \$309,385.

**Note 8: Deferred Compensation Plan**

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

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

**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 Local Government Health Plan 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, 2016 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, 2016, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

**Note 11: Commitments and Contingencies**

***Claims and Litigation***

The District is frequently 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.

Carle Foundation Hospital and Presence Health have lawsuits requesting to be exempt from the real estate property tax for various years covering 2003 – 2012. To be classified as a contingency in the financial statements the item must be probable and estimable. While we do not believe these cases meet the probability test at this time, the District does have an estimated liability of \$119,721 for Presence Health and \$328,620 for Carle Foundation.

The District began the project for remodeling of the east wing and installation of a commercial kitchen after fiscal year end. The commitment related to this project at November 14, 2016 was \$85,697.

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2016**

**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) Transfers between funds for the year ended June 30, 2016 were as follows:

Fund	Transfer In	Transfer Out
General	\$ -	\$ 386,489
Audit	35,000	-
Insurance	21,439	-
Capital Improvement	330,000	-
	\$ 386,439	\$ 386,489

The transfers occurred to replenish fund balances.

b) Due to/from other funds at June 30, 2016 were as follows:

Fund	Due To	Due From
General	\$ 66,068	\$ -
Insurance	-	66,068
	\$ 66,068	\$ 66,068

The due to/from other funds occurred to replenish fund balances.

c) Deficit fund balances of individual funds:

Insurance Fund had a deficit fund balance of \$33,152 as of June 30, 2016.

d) Excess expenditures over budget:

General fund expenditures exceeded budget for the fiscal year by \$1,337,437. 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 \$1,405,373, and \$611,371, respectively, which were not accounted for in the budget process since they are not a cash expenditure.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Champaign-Urbana Public Health District  
Schedule of Employer Contributions  
Illinois Municipal Retirement Fund  
(Unaudited)**

<b>Calendar Year Ended <u>December 31,</u></b>	<b>Actuarially Determined <u>Contribution</u></b>	<b>Actual <u>Contribution</u></b>	<b>Contribution Deficiency <u>(Excess)</u></b>	<b>Covered Valuation <u>Payroll</u></b>	<b>Actual Contribution as a Percentage of Covered <u>Valuation Payroll</u></b>
2014	\$460,236	\$495,655	(\$35,419)	\$4,759,418	10.41%
2015	495,395	495,395	-	5,321,109	9.31%

Additional years will be added to this schedule until 10 years of data is presented.

**Champaign-Urbana Public Health District  
Schedule of Changes in the Net Pension Liability and Related Ratios  
Illinois Municipal Retirement Fund  
(Unaudited)**

Calendar Year Ended December 31,	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>		
Service Cost	\$ 515,493	\$ 553,162
Interest on the Total Pension Liability	1,310,260	1,197,165
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	641,232	(80,532)
Changes of Assumptions	25,724	609,347
Benefit Payments, including Refunds of Employee Contributions	<u>(772,462)</u>	<u>(732,266)</u>
<b>Net Change in Total Pension Liability</b>	1,720,247	1,546,876
<b>Total Pension Liability - Beginning</b>	<u>17,598,623</u>	<u>16,051,747</u>
<b>Total Pension Liability - Ending (A)</b>	<u>\$ 19,318,870</u>	<u>\$ 17,598,623</u>
<b>Plan Fiduciary Net Position</b>		
Contributions – Employer	\$ 495,395	\$ 495,655
Contributions – Employees	239,450	230,338
Net Investment Income	85,313	979,329
Benefit Payments, including Refunds of Employee Contributions	(772,462)	(732,266)
Other (Net Transfer)	<u>(87,827)</u>	<u>50,651</u>
<b>Net Change in Plan Fiduciary Net Position</b>	(40,131)	1,023,707
<b>Plan Fiduciary Net Position - Beginning</b>	<u>17,081,410</u>	<u>16,057,703</u>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<u>\$ 17,041,279</u>	<u>\$ 17,081,410</u>
<b>Net Pension Liability - Ending (A) - (B)</b>	\$ 2,277,591	\$ 517,213
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	88.21%	97.06%
<b>Covered Valuation Payroll</b>	\$ 5,321,109	\$ 4,759,418
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	42.80%	10.87%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**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, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues</b>				
Property Taxes	\$ 2,773,396	\$ 2,773,396	\$ 2,809,384	\$ 35,988
Intergovernmental	4,847,599	4,847,599	6,607,209	1,759,610
Charges for Services	2,254,469	2,254,469	1,774,131	(480,338)
Miscellaneous Income	147,302	147,302	36,126	(111,176)
	<u>10,022,766</u>	<u>10,022,766</u>	<u>11,226,850</u>	<u>1,204,084</u>
<b>Expenditures</b>				
Administration	651,296	651,296	761,052	(109,756)
Champaign County Public				
Health Department - Contract	649,743	649,743	613,351	36,392
Environmental Health	675,057	675,057	693,092	(18,035)
Infectious Disease				
Prevention and Management	2,262,056	2,262,056	1,899,479	362,577
Maternal and Child Health	2,500,850	2,500,850	3,765,803	(1,264,953)
Special Projects	-	-	659,957	(659,957)
Wellness and Health Promotion	2,584,769	2,584,769	2,305,548	279,221
Debt Service:				
Principal	199,190	199,190	236,302	(37,112)
Interest	84,023	84,023	47,198	36,825
Capital Outlay	98,200	98,200	60,839	37,361
	<u>9,705,184</u>	<u>9,705,184</u>	<u>11,042,621</u>	<u>(1,337,437)</u>
Excess (Deficiency) of Revenues Over Expenditures	317,582	317,582	184,229	(133,353)
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	-	(386,439)	(386,439)	-
	<u>-</u>	<u>(386,439)</u>	<u>(386,439)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 317,582</u>	<u>\$ (68,857)</u>	<u>(202,210)</u>	<u>\$ (133,353)</u>
<b>Fund Balance, Beginning of Year</b>			<u>4,167,343</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 3,965,133</u>	

**Champaign-Urbana Public Health District  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
IMRF  
For the Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b>Revenues</b>				
Property Taxes	\$ 348,556	\$ 348,556	\$ 327,340	\$ (21,216)
Intergovernmental	-	-	198,554	198,554
Total Revenues	<u>348,556</u>	<u>348,556</u>	<u>525,894</u>	<u>177,338</u>
<b>Expenditures</b>				
Administration	75,797	75,797	47,033	28,764
Champaign County Public				
Health Department - Contract	33,077	33,077	38,233	(5,156)
Environmental Health	26,968	26,968	39,219	(12,251)
Infectious Disease				
Prevention and Management	88,189	88,189	88,173	16
Maternal and Child Health	128,777	128,777	133,197	(4,420)
Special Projects	-	-	9,605	(9,605)
Wellness and Health Promotion	116,639	116,639	116,512	127
Total Expenditures	<u>469,447</u>	<u>469,447</u>	<u>471,972</u>	<u>(2,525)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (120,890)</u>	<u>\$ (120,890)</u>	53,922	<u>\$ 174,812</u>
<b>Fund Balance, Beginning of Year</b>			<u>88,768</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 142,690</u>	

**Champaign-Urbana Public Health District  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2016**

**Note 1 – 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.

**Note 2 – Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate\***

***Valuation Date:***

Notes	Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.
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**Methods and Assumptions Used to Determine 2015 Contribution Rates:**

<i>Actuarial Cost Method:</i>	Aggregate Entry Age Normal
<i>Amortization Method:</i>	Level Percentage of Payroll, Closed
<i>Remaining Amortization Period:</i>	28-year closed period until remaining reaches 15 years (then 15-year rolling period).
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	3%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	4.40% to 16.00%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.

**Champaign-Urbana Public Health District  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2016**

**Note 2 – Summary of Actuarial Methods and Assumptions Used in the Calculation of the  
2015 Contribution Rate\* (Continued)**

**Methods and Assumptions Used to Determine 2015 Contribution Rates: (Continued)**

*Mortality:* RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

***Other Information:***

*Notes:* There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation.

**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, 2016

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	584,518	18,800	467	464,948	97,369	-	-	10,063,864	860,895	12,090,861
B	Allocate Management and General Costs (Note 1)	-	-	-	-	11,976	-	-	848,919	(860,895)	-
C	SUBTOTAL A + B	584,518	18,800	467	464,948	109,345	-	-	10,912,783	-	12,090,861
D	Subtract Unallowable costs per page 2	-	-	-	-	-	-	-			
E	Add other approved uses (attach documentation)	-	-	-	-	-	-	-			
F	TOTAL Allowable costs	584,518	18,800	467	464,948	109,345	-	-			
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, 2016

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 Name	Supplemental Nutrition Program For Women Infants and Children	Breastfeeding Peer Counseling	Farmers Market	Family Case Management Downstate	Teen Pregnancy Prevention Prep
Contract Number	FCSSQ00824	FCSSQ01164	FCSSQ01247	FCSSU03239	FCSSP01830
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.

X Amanda Knight

11/28/2016

Date

Amanda Knight, Director of Finance  
Printed Name and Title

**SINGLE AUDIT SECTION**

**Champaign-Urbana Public Health District**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2016

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Passed through Illinois Department of Public Health Summer Food Service Program For Children	10.559	55280003C	\$ 975
Passed through Illinois State Board of Education Summer Food Service Program For Children	10.559	2015-09010059P00	31,063
	10.559	2016-09010059P00	24,105
	Subtotal CFDA #10.559		<u>56,143</u>
Passed through Illinois Department of Human Services Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	FCSUQ00824	584,518
	10.557	FCSUQ01164	18,800
Special Supplemental Nutrition Program for Women, Infants, and Children - noncash	10.557	N/A	1,405,373
	M Subtotal CFDA #10.557		<u>2,008,691</u>
WIC Farmers' Market Nutrition Program (FMNP)	10.572	FCSUQ01247	<u>467</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>2,065,301</u></b>

**Champaign-Urbana Public Health District**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2016

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Environmental Protection Agency</b>			
Passed through Illinois Emergency Management Agency			
State Indoor Radon Grant	66.032	15CUPBH	\$ 206
	66.032	16CUPBH	<u>2,208</u>
	Subtotal CFDA #66.032		<u>2,414</u>
Passed through Illinois Department of Public Health			
Performance Partnership Grants	66.605	55380130C	137
	66.605	65380129D	<u>413</u>
	Subtotal CFDA #66.605		<u>550</u>
<b>Total U.S. Environmental Protection Agency</b>			<u><b>2,964</b></u>
<b>U. S. Department of Housing and Urban Development</b>			
Passed through Illinois Department of Public Health			
Housing Opportunities for Persons with AIDS	14.241	55780035C	49,973
	14.241	65780027D	<u>45,223</u>
	Subtotal CFDA #14.241		<u>95,196</u>
<b>Total U. S. Department of Housing and Urban Development</b>			<u><b>95,196</b></u>

**Champaign-Urbana Public Health District**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2016

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>			
Passed through National Association of County and City Health Officials			
Medical Reserve Corps Small Grant Program	93.008	MRC 15 410	<u>257</u>
Passed through Illinois Department of Human Services			
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	FCSUP01830	<u>109,345</u>
Passed through the Association of Food & Drug Officials			
Food and Drug Administration_Reasearch	93.103	G-SP-1509-02918	2,428
	93.103	G-T-1509-02880	-
	Subtotal CFDA #93.103		<u>2,428</u>
Passed through Illinois Department of Public Health			
Project Grants and Cooperative Agreement for Tuberculosis Control Programs	93.116	55180251C	12,989
Family Planning Services	93.217	66180047D	<u>23,226</u>
Immunization Grants - noncash	93.268	N/A	<u>589,445</u>
Social Services Block Grant	93.667	66180047D	<u>8,275</u>

**Champaign-Urbana Public Health District**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2016

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	66180004D	<u>162,128</u>
HIV Care Formula Grants	93.917	55780070C	538,888
	93.917	65780042D	143,875
	93.917	50180115C	4,709
	Subtotal CFDA #93.917		<u>687,472</u>
HIV Prevention Activities - Health Department Based (See Note 2)	93.940	65780012D	37,534
HIV Prevention Activities - Health Department Based	93.940	55780058C	700
	93.940	55780046C	2,546
	93.940	55780070C	8,497
Passed through The Public Health Institute of Metropolitan Chicago	93.940	PHIMC14-15	8,757
	Subtotal CFDA #93.940		<u>58,034</u>
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	05180280	<u>19,544</u>
Maternal and Child Health Services Block Grant to the States	93.994	66380049D	<u>32,904</u>

**Champaign-Urbana Public Health District**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2016

<b>Federal Agency Pass-through Entity/ Cluster Title/ Program</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	67180010D	87,558
	93.074	67180131D	1,159
Passed through Champaign County Board of Health	93.074	67180009D	64,202
	93.074	67180197D	1,929
	Subtotal CFDA #93.074		<u>154,848</u>
Passed through Illinois Department of Healthcare and Family Services			
Medical Assistance Program	93.778	SFY2016	557,364
<b>Total U.S. Department of Health and Human Services</b>			<u><b>2,418,259</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$ 4,581,720</b></u>

(M) Denotes Major Program

**Champaign-Urbana Public Health District**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2016

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
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**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Subrecipients**

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

Program	CFDA Number	Subrecipient	Federal Amount Provided
HIV Prevention Activities - Health Department Based	93.940	Sisters and Brothers Helping Each Other	\$ 12,567
			\$ 12,567

**Note 4 - Loans**

There were no federal loans, loan guarantees or insurance outstanding at June 30, 2016 and during the year then ended.

**Note 5 - Indirect Cost Rate**

The District has elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

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

Board of Directors  
Champaign-Urbana Public Health District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Champaign-Urbana Public Health District, as of and for the year then ended June 30, 2016, 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 December 19, 2016.

**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 opinion 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 the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kemper CPA Group LLP*

KEMPER CPA GROUP LLP  
Certified Public Accountants and Consultants  
Champaign, Illinois  
December 19, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE

Board of Directors  
Champaign-Urbana Public Health District

**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 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, 2016. Champaign-Urbana Public Health District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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, 2016.

## **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 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Champaign-Urbana Public Health District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Kemper CPA Group LLP*

KEMPER CPA GROUP LLP  
Certified Public Accountants and Consultants  
Champaign, Illinois  
December 19, 2016

CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2016

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

- |  |            |
|--|------------|
| 1. Type of auditor’s report issued on financial statements   | Unmodified |
| 2. During the audit of the financial statements, were any significant deficiencies in internal control disclosed?        | No         |
| 3. If so, were any such deficiencies considered material weaknesses?   | No         |
| 4. Did the audit disclose any instances of non-compliance that would be considered material to the financial statements? | No         |

**Federal Awards**

- |   |            |
|---|------------|
| 1. Were any significant deficiencies in internal control over major programs disclosed?             | Yes        |
| 2. If so, were any such deficiencies considered material weaknesses?                                | No         |
| 3. Type of report issued on compliance for major programs   | Unmodified |
| 4. Any findings disclosed that are required to be reported in accordance with the Uniform Guidance? | No         |
| 5. Major Programs:<br>Special Supplemental Nutrition Program for Women,<br>Infants and Children     | 10.557     |
| 6. Dollar threshold to distinguish between Type A and Type B programs                               | \$ 750,000 |
| 7. Does auditee qualify as a low-risk auditee?  | No         |

CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There are no financial statement findings for the year ended June 30, 2016.

CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Internal Control over Federal Awards – Significant Deficiency:**

**FINDING 2016-001: ELIGIBILITY**

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

Questioned Costs: None

*Criteria or Specific Requirement:* The eligibility requirements outlined in the Compliance Supplement indicate that applicants must certify the information provided for eligibility determination is correct and a Certifying Health Professional must declare the individual is at nutritional risk.

*Condition:* During our audit testing of eligibility, we noted signatures of applicants and of a Certifying Health Professional were missing on the WIC Program Client Certification Form.

*Context:* This was noted in four of forty individuals tested during the audit.

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

*Effect:* Without an internal control structure to ensure that eligibility determination is correct and the individual is at nutritional risk, grant dollars could be used for ineligible individuals and/or the granting agency could cite the entity for noncompliance.

*Recommendation:* We recommend the District establish review procedures over eligibility determination, which includes consistent and timely review of the WIC Program Client Certification Form, to ensure all individuals participating in the program are eligible.

*Views of Responsible Officials and Planned Corrective Action:* We concur with the finding and are continuing to review our procedures on an on-going basis. The program has changed the clinic flow process to add a quality check step in the certification visit procedure. All certification ‘pink sheet’ enrollment forms will be given to the Divisional Administrative Assistant II, after visit completion, for review of compliance, as our new chartless system requires that these forms be filed alphabetically by month, providing for an additional staff person to review required documentation before filing. These procedures over eligibility determination have been established to ensure all individuals participating in the program are eligible.

Person Responsible:	Director of Maternal and Child Health
Expected Completion:	Already implemented

CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

**SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2015**

**FINDING NO. 2015-001 – LACK OF TIMELY PREPARATION AND REVIEW OF RECONCILIATIONS**

*Condition:* Internal account reconciliations were delinquent on a monthly basis.

This condition was corrected.

**FINDING NO. 2015-002 – CONTROLS OVER DISBURSEMENTS**

*Condition:* A check did not have the proper dual signatures.

No instances noted during current year testing.

**FINDING NO. 2015-003 – MATERIAL ADJUSTING JOURNAL ENTRIES**

*Condition:* Two material adjusting journal entries were noted.

An instance was noted during current year and communicated orally to management.

**FINDING NO. 2015-004 – REPORTING**

*Condition:* Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) monthly expenditure reports were not submitted timely.

This condition was corrected.

**FINDING NO. 2015-005 – PERIOD OF AVAILABILITY FOR MEDICAL ASSISTANCE PROGRAM**

*Condition:* An indirect general expenditure was recorded in the wrong period.

No instances noted during current year testing.

CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

**SECTION V – CORRECTIVE ACTION PLAN FOR CURRENT YEAR  
FINDINGS**

See Section III – Federal Award Findings and Questioned Costs for the year ended June 30, 2016.