

February 8, 2019

To the Board of Directors and Management
Champaign-Urbana Public Health District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Champaign-Urbana Public Health District for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 13, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Champaign-Urbana Public Health District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2018. We noted no transactions entered into by the Champaign-Urbana Public Health District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of depreciation is based on the estimated useful lives of capital assets. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that depreciation is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the collectability of receivables is based on management's past experience and knowledge of the payors. We evaluated the key factors and assumptions used to develop the estimate of the collectability of receivables in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability is based on actuarial estimates of future rates of mortality, disability, turnover, retirement, rates of investment income, and compensation increases. We evaluated the key factors and assumptions used to develop the estimate of the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 8, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Champaign-Urbana Public Health District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Champaign-Urbana Public Health District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the budgetary comparison information, the IMRF schedule of changes in net pension liability and related ratios, and the IMRF schedule of employer contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 the audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Illinois Department of Human Services grant report and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with

accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Champaign-Urbana Public Health District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "KEMPER CPA GROUP LLP". The signature is written in a cursive, slightly slanted style.

Kemper CPA Group LLP
Certified Public Accountants and Consultants
Champaign, Illinois

Client: **300708.01 - Champaign-Urbana Public Health District**
 Engagement: **2018 - Champaign-Urbana Public Health District**
 Period Ending: **6/30/2018**
 Trial Balance: **TB-01 - Trial Balance**
 Workpaper: **TB-08 - Proposed JE Report**

Account	Description	W/P Ref	Debit	Credit
Proposed JE # 1		M-03		
To adjust deferred revenue for eh permits				
1-70-4315-000	Environmental Health Permits		12,177.00	
1-00-2220-000	Deferred Revenue_EH Permits			12,177.00
Total			12,177.00	12,177.00
Proposed JE # 3		K-02a		
To adjust a/p				
1-40-9030-555	Miscellaneous		5,806.00	
1-00-2100-000	Accounts Payable			5,806.00
Total			5,806.00	5,806.00

CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

June 30, 2018

Champaign-Urbana Public Health District
June 30, 2018

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Champaign-Urbana Public Health District
June 30, 2018

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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, 2018, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Champaign-Urbana Public Health District as of June 30, 2018, 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 omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements 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 February 8, 2019, 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 the effectiveness of Champaign-Urbana Public Health District's 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
Certified Public Accountants and Consultants
Champaign, Illinois
February 8, 2019

FINANCIAL STATEMENTS

Champaign-Urbana Public Health District
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets and Deferred Outflows of Resources	
Assets	
Cash	\$ 4,882,769
Property Taxes Receivable, Net of Allowance - \$32,600	1,811,160
Revenues Due From State, County, and Other, Net of Allowance - \$19,894	1,736,990
Prepaid Expenses	147,288
Inventory	23,305
Pension Assets	722,151
Capital Assets:	
Land	374,000
Construction in Progress	6,459
Other Capital Assets, Net of Accumulated Depreciation	5,842,305
Total Capital Assets	6,222,764
Total Assets	15,546,427
Deferred Outflows of Resources	
Deferred Amount Related to Pension Liability	1,152,880
Total Assets and Deferred Outflows of Resources	16,699,307
Liabilities, Deferred Inflows of Resources and Net Position	
Liabilities	
Current Liabilities:	
Accounts Payable	157,682
Accrued Liabilities	226,532
Unearned Revenue - Grants	55,302
Unearned Revenue - Other	202,172
Current Portion of Long-Term Debt	267,487
Total Current Liabilities	909,175
Noncurrent Liabilities:	
Accrued Compensated Absences	343,455
Noncurrent Portion of Long-Term Debt	341,743
Total Noncurrent Liabilities	685,198
Total Liabilities	1,594,373
Deferred Inflows of Resources	
Subsequent Year's Property Tax	2,616,869
Deferred Amount Related to Pension Liability	2,802,236
Total Deferred Inflows of Resources	5,419,105
Total Liabilities and Deferred Inflows of Resources	7,013,478
Net Position	
Net Investment in Capital Assets	5,613,534
Restricted:	
Retirement	163,099
Unrestricted	3,909,196
Total Net Position	\$ 9,685,829

Champaign-Urbana Public Health District
Statement of Activities
For the Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Total Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities				
Administration	\$ 964,669	\$ 97,770	\$ -	\$ (866,899)
Champaign County Public Health Department - Contract	739,804	1,802	864,890	126,888
Environmental Health	826,464	350,959	148,772	(326,733)
Infectious Disease Prevention and Management	2,350,697	151,443	1,679,884	(519,370)
Maternal and Child Health	4,189,029	171,623	3,364,509	(652,897)
Special Projects	668,543	232,088	159,223	(277,232)
Wellness and Health Promotion	2,087,565	1,253,325	265,185	(569,055)
Total Governmental Activities	<u>\$ 11,826,771</u>	<u>\$ 2,259,010</u>	<u>\$ 6,482,463</u>	(3,085,298)
General Revenues				
Property Taxes				3,460,283
Investment Income				14,825
Rent				127,655
Total General Revenues				<u>3,602,763</u>
Change in Net Position				517,465
Net Position, Beginning of Year				<u>9,168,364</u>
Net Position, End of Year				<u>\$ 9,685,829</u>

Champaign-Urbana Public Health District
Balance Sheet - Governmental Funds
June 30, 2018

	General Fund	IMRF	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 3,921,265	\$ 493,271	\$ 468,233	\$ 4,882,769
Property Taxes Receivable, net	1,620,291	143,483	47,386	1,811,160
Revenue Due From State, County, and Others, net	1,695,743	32,618	8,629	1,736,990
Prepaid Expenses	102,954	-	44,334	147,288
Inventory	23,305	-	-	23,305
Total Assets	<u>\$ 7,363,558</u>	<u>\$ 669,372</u>	<u>\$ 568,582</u>	<u>\$ 8,601,512</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	\$ 157,194	\$ -	\$ 488	\$ 157,682
Accrued Liabilities	138,491	86,860	1,181	226,532
Unearned Revenue - Grants	55,302	-	-	55,302
Unearned Revenue - Other	202,172	-	-	202,172
Total Liabilities	<u>553,159</u>	<u>86,860</u>	<u>1,669</u>	<u>641,688</u>
Deferred Inflows of Resources				
Subsequent Year's Property Tax	<u>2,308,953</u>	<u>231,357</u>	<u>76,559</u>	<u>2,616,869</u>
Fund Balances				
Nonspendable:				
Inventory	23,305	-	-	23,305
Prepaid Expenses	102,954	-	44,334	147,288
Restricted:				
Retirement	-	163,099	-	163,099
Assigned:				
Capital Projects	381,425	-	376,576	758,001
IMRF	61,944	188,056	-	250,000
Unassigned	<u>3,931,818</u>	<u>-</u>	<u>69,444</u>	<u>4,001,262</u>
Total Fund Balances	<u>4,501,446</u>	<u>351,155</u>	<u>490,354</u>	<u>5,342,955</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,363,558</u>	<u>\$ 669,372</u>	<u>\$ 568,582</u>	<u>\$ 8,601,512</u>

**Champaign-Urbana Public Health District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018**

Total Fund Balance for Governmental Funds	\$	5,342,955
 Total Net Position Reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore not reported in the funds. Those assets consist of:		
Land	\$	374,000
Construction in Progress		6,459
Buildings and Improvements, Net of \$1,911,808		
Accumulated Depreciation	5,589,050	
Furniture, Fixtures, and Equipment, Net of \$1,750,448		
Accumulated Depreciation	253,255	6,222,764
 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.		
		(230,534)
 Deferred outflows and inflows of resources related to pensions are applicable to future periods; therefore, are not reported in the funds.		
		(1,649,356)
 Total Net Position of Governmental Activities	 \$	 9,685,829

Champaign-Urbana Public Health District
Statement of Revenues, Expenditures, and
Changes in Fund Balances (Deficit) - Governmental Funds
For the Year Ended June 30, 2018

	General Fund	IMRF	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 3,061,276	\$ 298,170	\$ 100,837	\$ 3,460,283
Licenses and Permits	313,791	-	-	313,791
Intergovernmental	6,241,156	187,591	45,488	6,474,235
Interest	14,825	-	-	14,825
Charges for Services	1,945,219	-	-	1,945,219
Miscellaneous	8,228	-	127,655	135,883
Total Revenues	11,584,495	485,761	273,980	12,344,236
Expenditures				
Administration	561,207	50,195	30,059	641,461
Champaign County Public Health Department - Contract	672,677	35,459	18,093	726,229
Environmental Health	730,201	38,302	27,543	796,046
Infectious Disease Prevention and Management	2,185,288	81,640	26,874	2,293,802
Maternal and Child Health	3,966,947	131,743	36,026	4,134,716
Special Projects	380,188	17,157	7,498	404,843
Wellness and Health Promotion	1,907,309	90,177	36,582	2,034,068
Debt Service:				
Principal	257,433	-	-	257,433
Interest	28,541	-	-	28,541
Capital Outlay	74,990	7	83,436	158,433
Total Expenditures	10,764,781	444,680	266,111	11,475,572
Excess (Deficiency) of Revenues Over Expenditures	819,714	41,081	7,869	868,664
Other Financing Sources (Uses)				
Transfers In	-	-	290,000	290,000
Transfers Out	(290,000)	-	-	(290,000)
Total Other Financing Sources (Uses)	(290,000)	-	290,000	-
Net Change in Fund Balance	529,714	41,081	297,869	868,664
Fund Balances (Deficit), Beginning of Year	3,971,732	310,074	192,485	4,474,291
Fund Balances (Deficit), End of Year	\$ 4,501,446	\$ 351,155	\$ 490,354	\$ 5,342,955

**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, 2018**

Net Change in Fund Balances — Total Governmental Funds \$ 868,664

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. (176,045)

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. 257,433

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. 14,368

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. (446,955)

Change in Net Position of Governmental Activities \$ 517,465

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2018

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 consist 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, 2018

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, 2018

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 is recognized in the fiscal year in which all eligibility requirements have been met.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2018

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 other than property taxes, as described below. 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 2017 levy which will be collected and recognized during the year ended June 30, 2018. 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, 2018 was \$2,616,869.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2018

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

Property Taxes (Continued)

The tax levy ordinance is passed by the end of 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 is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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.” Interfund balances and transfers between the governmental funds are eliminated in the government-wide financial statements.

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, 2018

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.

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, 2018, through June 30, 2018.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2018

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 are 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, 2018.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2018

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 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, 2018

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

Fund Balance (Continued)

Subsequent to June 30, 2018, the Board of Health adopted the fiscal year 2019 budget which utilizes excess fund balance to budget for major capital improvements: replacement of flooring in Infectious Diseases and Environmental Health, replacement of the roof and a one-time payment to IMRF. The total of these expenditures budgeted to be used from fund balance is \$1,008,001.

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, 2018, none of the District's bank balance of \$4,962,145 was exposed to custodial credit risk.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2018

Note 3: Capital Assets

Capital assets activity for the year ended June 30, 2018 was:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated:				
Land	\$ 374,000	\$ -	\$ -	\$ 374,000
Construction in Progress	97,627	6,459	(97,627)	6,459
	<u>471,627</u>	<u>6,459</u>	<u>(97,627)</u>	<u>380,459</u>
Capital assets being depreciated:				
Buildings and Improvements	7,324,879	175,978	-	7,500,857
Furniture, Fixtures and Equipment	1,925,212	85,394	(6,902)	2,003,704
Total assets being depreciated	<u>9,250,091</u>	<u>261,372</u>	<u>(6,902)</u>	<u>9,504,561</u>
	<u>9,721,718</u>	<u>267,831</u>	<u>(104,529)</u>	<u>9,885,020</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,664,115)	(247,693)	-	(1,911,808)
Furniture, Fixtures and Equipment	(1,670,565)	(85,755)	5,872	(1,750,448)
	<u>(3,334,680)</u>	<u>(333,448)</u>	<u>5,872</u>	<u>(3,662,256)</u>
Net Capital Assets	<u>\$ 6,387,038</u>	<u>\$ (65,617)</u>	<u>\$ (98,657)</u>	<u>\$ 6,222,764</u>

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

Administration	\$ 28,549
Champaign County Public Health Department – Contract	-
Environmental Health	1,936
Infectious Disease Prevention and Management	11,777
Maternal and Child Health	7,264
Special Projects	248,354
Wellness and Health Promotion	<u>35,568</u>
Total	<u>\$ 333,448</u>

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2018

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, 2018:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
General Obligation Refunding Debt Certificates	\$ 823,486	\$ -	\$ (242,609)	\$ 580,877	\$ 252,031
Capital Lease Obligations	31,406	11,771	(14,824)	28,353	15,455
Accrued Compensated Absences	357,825	-	(14,368)	343,457	-
Total	\$ 1,212,717	\$ 11,771	\$ (271,801)	\$ 952,687	\$ 267,486

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, 2018

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. 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. 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, 2018, are as follows:

Fiscal Year	Total To Be Paid	Principal	Interest
2019	\$ 269,809	\$ 252,031	\$ 17,778
2020	269,809	261,793	8,016
2021	67,481	67,053	428
	<u>\$ 607,099</u>	<u>\$ 580,877</u>	<u>\$ 26,222</u>

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

Administration	\$ 5,873
Champaign County Public Health Department – Contract	2,117
Environmental Health	2,273
Infectious Disease Prevention and Management	4,953
Maternal and Child Health	7,168
Special Projects	972
Wellness and Health Promotion	<u>5,185</u>
Total	<u>\$ 28,541</u>

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2018

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, 2018 totaled \$23,031, net of accumulated depreciation of \$53,120.

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 \$64,380.

On July 18, 2017 the Board of Health entered into a lease agreement with Everbank subsequently named TIAA Commercial, Inc. for two copiers. The present value of the future minimum lease payments was \$11,771.

The following is a schedule by year of future minimum lease payments under the capital leases together with the present value of the future minimum lease payments as of June 30, 2018.

Fiscal Year	Amount
2019	\$ 15,455
2020	8,005
2021	2,417
2022	2,476
Future Minimum Lease Payments	\$ 28,353

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, 2018 was \$48,828. 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, 2018:

Fiscal Year	Amount
2019	\$ 45,696
	\$ 45,696

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2018

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.

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, 2018**

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, 2017, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	82
Inactive Plan Members entitled to but not yet receiving benefits	102
Active Plan Members	<u>101</u>
Total	<u><u>285</u></u>

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 2017 was 9.21%. For the calendar year ended 2017, the District contributed \$458,538 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, 2018

Note 6: Pension Plan (Continued)

Net Pension Liability

The District's net pension liability was measured as of December 31, 2017. 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, 2017:

- The **Actuarial Cost Method** used was Aggregate Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- 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-2017 (base year 2015). 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-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- 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:

**Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2018**

Note 6: Pension Plan (Continued)

Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37.0%	6.85%
International Equity	18.0%	6.75%
Fixed Income	28.0%	3.00%
Real Estate	9.0%	5.75%
Alternative Investments	7.0%	2.65% - 7.35%
Cash Equivalents	<u>1.0%</u>	2.25%
Total	<u>100.0%</u>	

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 3.31%, and the resulting single discount rate is 7.50%.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2018

Note 6: Pension Plan (Continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2016	\$ 19,850,877	\$ 18,158,920	\$ 1,691,957
Changes for the year:			
Service Cost	528,182	-	528,182
Interest on the Total Pension Liability	1,477,396	-	1,477,396
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(657,099)	-	(657,099)
Changes of Assumptions	(590,899)	-	(590,899)
Contributions - Employer	-	458,538	(458,538)
Contributions - Employees	-	264,130	(264,130)
Net Investment Income	-	3,149,568	(3,149,568)
Benefit Payments, including Refunds of Employee Contributions	(832,703)	(832,703)	-
Other (Net Transfer)	-	(700,548)	700,548
Net Changes	<u>(75,123)</u>	<u>2,338,985</u>	<u>(2,414,108)</u>
Balances at December 31, 2017	<u>\$ 19,775,754</u>	<u>\$ 20,497,905</u>	<u>\$ (722,151)</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:

	1% Lower (6.50%)	Current (7.50%)	1% Higher (8.50%)
Net Pension Liability (Asset)	\$ 1,876,559	\$ (722,151)	\$(2,830,640)

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2018

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, 2018, the District recognized pension expense of \$893,367. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Inflows Outflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>			
Differences between expected and actual experience	\$ 240,069	\$ 871,536	\$ (631,467)
Changes of assumptions	117,623	476,263	(358,640)
Net difference between projected and actual earnings on pension plan investments	<u>580,619</u>	<u>1,454,437</u>	<u>(873,818)</u>
Total Deferred Amounts to be recognized in pension expense in future periods	938,311	2,802,236	(1,863,925)
<i>Pension Contributions made subsequent to the Measurement Date</i>	<u>214,569</u>	<u>-</u>	<u>214,569</u>
Total Deferred Amounts Related to Pensions	<u>\$ 1,152,880</u>	<u>\$2,802,236</u>	<u>\$(1,649,356)</u>

\$214,569 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, 2019.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2018

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>
2018	\$ (232,164)
2019	(399,684)
2020	(713,217)
2021	(518,860)
2022	-
Thereafter	-
Total	<u>\$ (1,863,925)</u>

Note 7: Compensated Absences

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

As of June 30, 2018, the liability for accrued vacation is \$343,457.

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, 2018

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, 2018 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, 2018, 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 estimates its liability would be \$119,721 for Presence Health and \$328,620 for Carle Foundation.

The District has committed to two projects before June 30, 2018. The projects remaining at year end were the replacement of the roof, and replacement of flooring in Infectious Disease and Environmental Health. The commitments related to these projects at June 30, 2018 were \$663,300 and \$25,768, respectively.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2018

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, 2018 were as follows:

Fund	Transfer In	Transfer Out
General	\$ -	\$ 290,000
Insurance	90,000	-
Capital Improvement	200,000	-
	\$ 290,000	\$ 290,000

The transfers occurred to replenish fund balances.

- b) There were no due to/from other funds as of June 30, 2018.
- c) There were no deficit fund balances as of June 30, 2018.
- d) Excess expenditures over budget:
 General fund expenditures exceeded budget for the fiscal year by \$815,153. 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 \$1,378,856, and \$72,419, 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)**

Calendar Year Ended <u>December 31,</u>	Actuarially Determined <u>Contribution</u>	Actual <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered Valuation <u>Payroll</u>	Actual Contribution as a Percentage of Covered <u>Valuation Payroll</u>
2014	\$460,236	\$495,655	(\$35,419)	\$4,759,418	10.41%
2015	495,395	495,395	-	5,321,109	9.31%
2016	456,068	456,068	-	5,044,996	9.04%
2017	458,538	458,538	-	4,978,702	9.21%

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service Cost	\$528,182	\$564,055	\$ 515,493	\$ 553,162
Interest on the Total Pension Liability	1,477,396	1,436,386	1,310,260	1,197,165
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(657,099)	(595,910)	641,232	(80,532)
Changes of Assumptions	(590,899)	(25,484)	25,724	609,347
Benefit Payments, including Refunds of Employee Contributions	<u>(832,703)</u>	<u>(847,040)</u>	<u>(772,462)</u>	<u>(732,266)</u>
Net Change in Total Pension Liability	(75,123)	532,007	1,720,247	1,546,876
Total Pension Liability - Beginning	<u>19,850,877</u>	<u>19,318,870</u>	<u>17,598,623</u>	<u>16,051,747</u>
Total Pension Liability - Ending (A)	<u>\$19,775,754</u>	<u>\$19,850,877</u>	<u>\$ 19,318,870</u>	<u>\$ 17,598,623</u>
Plan Fiduciary Net Position				
Contributions – Employer	\$458,538	\$ 456,068	\$ 495,395	\$ 495,655
Contributions – Employees	264,130	227,027	239,450	230,338
Net Investment Income	3,149,568	1,177,753	85,313	979,329
Benefit Payments, including Refunds of Employee Contributions	(832,703)	(847,040)	(772,462)	(732,266)
Other (Net Transfer)	<u>(700,548)</u>	<u>103,835</u>	<u>(87,827)</u>	<u>50,651</u>
Net Change in Plan Fiduciary Net Position	2,338,985	1,117,641	(40,131)	1,023,707
Plan Fiduciary Net Position - Beginning	<u>18,158,920</u>	<u>17,041,279</u>	<u>17,081,410</u>	<u>16,057,703</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$20,497,905</u>	<u>\$18,158,920</u>	<u>\$ 17,041,279</u>	<u>\$ 17,081,410</u>
Net Pension Liability - Ending (A) - (B)	(722,151)	\$1,691,957	\$ 2,277,591	\$ 517,213
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.65%	91.48%	88.21%	97.06%
Covered Valuation Payroll	\$4,978,702	\$5,044,996	\$ 5,321,109	\$ 4,759,418
Net Pension Liability as a Percentage of Covered Valuation Payroll	(14.50)%	33.54%	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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Property Taxes	\$ 3,077,102	\$ 3,077,102	\$ 3,061,276	\$ (15,826)
Intergovernmental	4,605,392	4,605,392	6,241,156	1,635,764
Charges for Services	2,131,973	2,131,973	2,259,010	127,037
Miscellaneous Income	20,108	20,108	23,053	2,945
Total Revenues	<u>9,834,575</u>	<u>9,834,575</u>	<u>11,584,495</u>	<u>1,749,920</u>
Expenditures				
Administration	1,957,677	1,957,677	561,207	1,396,470
Champaign County Public				
Health Department - Contract	672,466	672,466	672,677	(211)
Environmental Health	680,547	680,547	730,201	(49,654)
Infectious Disease				
Prevention and Management	2,026,280	2,026,280	2,185,288	(159,008)
Maternal and Child Health	2,167,207	2,167,207	3,966,947	(1,799,740)
Special Projects	343,101	343,101	380,188	(37,087)
Wellness and Health Promotion	1,778,861	1,778,861	1,907,309	(128,448)
Debt Service:				
Principal	255,228	255,228	257,433	(2,205)
Interest	28,273	28,273	28,541	(268)
Capital Outlay	39,988	39,988	74,990	(35,002)
Total Expenditures	<u>9,949,628</u>	<u>9,949,628</u>	<u>10,764,781</u>	<u>(815,153)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(115,053)</u>	<u>(115,053)</u>	<u>819,714</u>	<u>934,767</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(910,269)</u>	<u>(910,269)</u>	<u>(290,000)</u>	<u>-</u>
Total Transfers	<u>(910,269)</u>	<u>(910,269)</u>	<u>(290,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (1,025,322)</u>	<u>\$ (1,025,322)</u>	<u>529,714</u>	<u>\$ 934,767</u>
Fund Balance, Beginning of Year			<u>3,971,732</u>	
Fund Balance, End of Year			<u>\$ 4,501,446</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
Property Taxes	\$ 297,910	\$ 297,910	\$ 298,170	\$ 260
Intergovernmental	218,638	218,638	187,591	(31,047)
Total Revenues	<u>516,548</u>	<u>516,548</u>	<u>485,761</u>	<u>(30,787)</u>
Expenditures				
Administration	849,245	849,245	50,195	799,050
Champaign County Public				
Health Department - Contract	41,255	41,255	35,459	5,796
Environmental Health	37,613	37,613	38,302	(689)
Infectious Disease				
Prevention and Management	83,787	83,787	81,640	2,147
Maternal and Child Health	132,173	132,173	131,743	430
Special Projects	16,846	16,846	17,157	(311)
Wellness and Health Promotion	97,561	97,561	90,177	7,384
Capital Outlay	-	-	7	(7)
Total Expenditures	<u>1,258,480</u>	<u>1,258,480</u>	<u>444,680</u>	<u>813,800</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(741,932)</u>	<u>(741,932)</u>	<u>41,081</u>	<u>783,013</u>
Other Financing Sources (Uses)				
Transfers In	<u>620,269</u>	<u>620,269</u>	-	<u>620,269</u>
Total Transfers	<u>620,269</u>	<u>620,269</u>	-	<u>620,269</u>
Net Change in Fund Balance	<u><u>\$ (121,663)</u></u>	<u><u>\$ (121,663)</u></u>	41,081	<u><u>\$ 1,403,282</u></u>
Fund Balance, Beginning of Year			<u>310,074</u>	
Fund Balance, End of Year			<u><u>\$ 351,155</u></u>	

**Champaign-Urbana Public Health District
Notes to Required Supplementary Information
For the Year Ended June 30, 2018**

Note 1 – Appropriated Budget

An appropriated budget is legally adopted on an annual fiscal year basis. 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 2017 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 2017 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>	26-year closed period until remaining reaches 10 years (then 10-year rolling period).
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.50%
<i>Price Inflation:</i>	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	3.75% to 14.50%, 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 2014 valuation pursuant to an experience study of the period 2011 to 2013.

Champaign-Urbana Public Health District
Notes to Required Supplementary Information
For the Year Ended June 30, 2018

**Note 2 – Summary of Actuarial Methods and Assumptions Used in the Calculation of the
2017 Contribution Rate*** (Continued)

Methods and Assumptions Used to Determine 2017 Contribution Rates: (Continued)

Mortality: The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience. For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates 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 2012). 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 2012).

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2015 actuarial valuation; note two year lag between valuation and rate setting.

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, 2018

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 FCSWQ00824	Breastfeeding Peer Counseling FCSWQ01164	Farmers Market FCSWQ01247	Healthy Families Illinois FCSWS04913	Family Case Management Downstate FCSWU03239	Teen Pregnancy Prevention Prep FCSWP01830				
A	Direct Program expenses	586,125	22,727	909	91,312	541,496	109,091	-	9,140,958	982,954	11,475,572
B	Allocate Management and General Costs (Note 1)	58,613	2,273	91	8,741	-	10,909	-	902,327	(982,954)	-
C	SUBTOTAL A + B	644,738	25,000	1,000	100,053	541,496	120,000	-	10,043,285	-	11,475,572
D	Subtract Unallowable costs per page 2	-	-	-	-	-	-	-			
E	Add other approved uses (attach documentation)	-	-	-	-	-	-	-			
F	TOTAL Allowable costs	644,738	25,000	1,000	100,053	541,496	120,000	-			
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, 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, 2018

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	Healthy Families Illinois	Family Case Management Downstate
Contract Number	FCSWQ00824	FCSWQ01164	FCSWQ01247	FCSWS04913	FCSWU03239
Other Identification					
compensation of governing body	-	-	-	-	-
entertainment	-	-	-	-	-
association dues	-	-	-	-	-
meetings & conventions	-	-	-	-	-
fundraising	-	-	-	-	-
bad debt	-	-	-	-	-
charity & grants	-	-	-	-	-
unallowable interest	-	-	-	-	-
inventories	-	-	-	-	-
depreciation on DHS-funded assets	-	-	-	-	-
cost of production	-	-	-	-	-
in-kind expenses	-	-	-	-	-
alcoholic beverages	-	-	-	-	-
personal automobiles	-	-	-	-	-
finances & penalties	-	-	-	-	-
personal use items	-	-	-	-	-
lobbying	-	-	-	-	-
unallowable relocation	-	-	-	-	-
gratuities	-	-	-	-	-
political contributions	-	-	-	-	-
related party transactions	-	-	-	-	-
cost where a conflict of interest exists	-	-	-	-	-

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

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

Explain:

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

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

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

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

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

Signature

12/27/2018

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, 2018

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through Illinois Department of Public Health Summer Food Service Program For Children	10.559	85280110F	1,725
Passed through Illinois State Board of Education Summer Food Service Program For Children	10.559	2017-09010059P00	40,835
	10.559	2018-09010059P00	24,071
	Subtotal CFDA #10.559		<u>66,631</u>
Passed through Illinois Department of Human Services Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	FCSWQ00824	644,738
	10.557	FCSWQ01164	25,000
Special Supplemental Nutrition Program for Women, Infants, and Children - noncash	10.557	N/A	1,378,856
	Subtotal CFDA #10.557		<u>2,048,594</u>
WIC Farmers' Market Nutrition Program (FMNP)	10.572	FCSWQ01247	<u>1,000</u>
Total U.S. Department of Agriculture			<u>2,116,225</u>

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Environmental Protection Agency			
Passed through Illinois Emergency Management Agency			
State Indoor Radon Grant	66.032	17CHAM Radon	141
	66.032	18CHAM Radon	2,257
	Subtotal CFDA #66.032		<u>2,398</u>
Passed through Illinois Department of Public Health			
Performance Partnership Grants	66.605	75380115E	125
	66.605	85380110F	388
Passed through Champaign County Board of Health	66.605	75380114E	300
	66.605	85380109F	900
	Subtotal CFDA #66.605		<u>1,713</u>
Total U.S. Environmental Protection Agency			<u>4,111</u>

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through Illinois Department of Human Services Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	FCSWP01830	<u>120,000</u>
Opioid STR	93.788	43CWZ03194	<u>223,385</u>
Passed through Illinois Department of Public Health Family Planning Services	93.217	86180047F	<u>10,200</u>
Immunization Grants - noncash	93.268	N/A	<u>72,419</u>
Social Services Block Grant	93.667	86180047F	<u>27,300</u>
State Public Health Approaches for Ensuring Quitline Capacity - Funded in part by Prevention and Public Health Funds (PPHF)	93.735	83281010F	63,962
Passed through Champaign County Board of Health	93.735	83281009F	<u>70,000</u>
	Subtotal CFDA #93.735		<u>133,962</u>
Ryan White Care Act Title II	93.917	75780028E	805,787
	93.917	75780028E	<u>242,108</u>
	M Subtotal CFDA #93.917		<u>1,047,895</u>
HIV Prevention Activities - Health Department Based	93.940	75780015E	<u>18,351</u>

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	87180010F	79,612
Passed through Champaign County Board of Health	93.074	87180009F	<u>56,927</u>
	Subtotal CFDA #93.074		<u>136,539</u>
Passed through Illinois Department of Healthcare and Family Services Medical Assistance Program	93.778	SFY2018	345,136
Total U.S. Department of Health and Human Services			<u>2,135,187</u>
Total Expenditures of Federal Awards			<u>\$ 4,255,523</u>

(M) Denotes Major Program

Champaign-Urbana Public Health District
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Note 1 - Basis of Presentation

This 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, 2018. 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	Coles County Health Department	\$ 3,037

Note 4 - Loans

There were no federal loans, loan guarantees or insurance outstanding at June 30, 2018 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, 2018, and the related notes to the financial statements, which collectively comprise Champaign-Urbana Public Health District's basic financial statements and have issued our report thereon dated February 8, 2019.

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.

A handwritten signature in black ink that reads "KEMPER CPA GROUP LLP". The signature is written in a cursive, slightly slanted style.

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants
Champaign, Illinois
February 8, 2019

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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance 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, 2018.

Report on Internal Control over Compliance

Management of Champaign-Urbana Public Health District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Champaign-Urbana Public Health District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

A handwritten signature in black ink that reads "KEMPER CPA GROUP LLP". The letters are cursive and somewhat stylized, with the "K" and "G" being particularly prominent.

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants
Champaign, Illinois
February 8, 2019

CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2018

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? | N/A |
| 4. Did the audit disclose any instances of noncompliance that would be considered material to the financial statements? | No |

Federal Awards

- | | |
|---|------------|
| 1. Were any significant deficiencies in internal control over major programs disclosed? | No |
| 2. If so, were any such deficiencies considered material weaknesses? | N/A |
| 3. Type of report issued on compliance for major programs | Unmodified |
| 4. Any findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 5. Major Program: | |
| Ryan White Care Act Title II | 93.917 |
| 6. Dollar threshold to distinguish between Type A and Type B programs | \$ 750,000 |
| 7. Does auditee qualify as a low-risk auditee? | Yes |

CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no financial statement findings for the year ended June 30, 2018.

CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings for the year ended June 30, 2018.

CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION IV – SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2017

FINDING 2017-001: Documentation of Direct-Service Hours

Condition: During our audit testing of payroll expenses, we noted that the District did not reconcile the employees' direct-service hours input into the Illinois Department of Human Service's Cornerstone system to the employees' hours input into the District's timesheet system.

No instances noted during current-year testing.

CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

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

There are no findings for the year ended June 30, 2018.