

Champaign-Urbana Public Health District

Accountants' Report and Financial Statements

March 31, 2004
With Single Audit Section

Champaign-Urbana Public Health District

March 31, 2004

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Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying supplementary information, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information has been subjected to the procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the combined financial statements taken as a whole.

BKD, LLP

July 8, 2004

Champaign-Urbana Public Health District
Combined Balance Sheet —
Governmental Fund Types and Account Group
March 31, 2004

	<u>Governmental Fund Types</u>		<u>General</u>	
	<u>General</u>	<u>Special</u>	<u>Long-Term</u>	<u>Total</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Debt Account</u>	<u>(Memorandum</u>
		<u>Funds</u>	<u>Group</u>	<u>Only)</u>
Assets				
Cash	\$ 2,362,503	\$ 2,725	\$ —	\$ 2,365,228
Property taxes receivable (net of allowance for uncollectibles)	1,336,575	235,459	—	1,572,034
Revenues due from state	994,321	—	—	994,321
Revenue due from county	94,245	—	—	94,245
Prepaid expenses	—	40,909	—	40,909
Other assets	1,018	—	—	1,018
Amount to be provided for compensated absences	—	—	189,503	189,503
Total assets	<u>\$ 4,788,662</u>	<u>\$ 279,093</u>	<u>\$ 189,503</u>	<u>\$ 5,257,258</u>
Liabilities and Fund Balance (Deficit)				
Liabilities				
Cash deficit	\$ —	\$ 27,496	\$ —	\$ 27,496
Accounts payable	313,873	—	—	313,873
Accrued liabilities	3,800	18,417	—	22,217
Accrued compensated absences	—	—	189,503	189,503
Deferred revenue	<u>1,336,575</u>	<u>235,459</u>	<u>—</u>	<u>1,572,034</u>
Total liabilities	1,654,248	281,372	189,503	2,125,123
Fund Balance (Deficit)	<u>3,134,414</u>	<u>(2,279)</u>	<u>—</u>	<u>3,132,135</u>
Total liabilities and fund balance (deficit)	<u>\$ 4,788,662</u>	<u>\$ 279,093</u>	<u>\$ 189,503</u>	<u>\$ 5,257,258</u>

Champaign-Urbana Public Health District
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balance (Deficit) — Governmental Fund Types
Year Ended March 31, 2004

	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total (Memorandum Only)</u>
Revenue			
Taxes	\$ 1,694,455	\$ 202,965	\$ 1,897,420
Licenses and permits	127,491	—	127,491
Intergovernmental	4,602,150	194,455	4,796,605
Interest	28,539	743	29,282
Miscellaneous	68,616	—	68,616
Charges for services	<u>306,438</u>	<u>—</u>	<u>306,438</u>
Total revenues	<u>6,827,689</u>	<u>398,163</u>	<u>7,225,852</u>
Expenditures			
Administration	1,007,695	517,628	1,525,323
Public health nursing	1,128,798	—	1,128,798
Environmental health	527,608	—	527,608
Dental health	357,156	—	357,156
Health education	583,371	—	583,371
Social services	1,189,794	—	1,189,794
Family health	<u>1,602,522</u>	<u>—</u>	<u>1,602,522</u>
Total expenditures	<u>6,396,944</u>	<u>517,628</u>	<u>6,914,572</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	430,745	(119,465)	311,280
Fund Balance, April 1, 2003	<u>2,703,669</u>	<u>117,186</u>	<u>2,820,855</u>
Fund Balance (Deficit), March 31, 2004	<u>\$ 3,134,414</u>	<u>\$ (2,279)</u>	<u>\$ 3,132,135</u>

Special Revenue Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 213,000	\$ 202,965	\$ (10,035)	\$ 1,902,423	\$ 1,897,420	\$ (5,003)
			125,880	127,491	1,611
195,800	194,455	(1,345)	4,827,081	4,796,605	(30,476)
3,000	743	(2,257)	27,000	29,282	2,282
—	—	—	55,500	68,616	13,116
—	—	—	522,701	306,438	(216,263)
411,800	398,163	(13,637)	7,460,585	7,225,852	(234,733)
552,072	517,628	34,444	1,196,674	1,525,323	(328,649)
—	—	—	1,310,584	1,128,798	181,786
—	—	—	630,869	527,608	103,261
—	—	—	399,604	357,156	42,448
—	—	—	727,529	583,371	144,158
—	—	—	1,411,096	1,189,794	221,302
—	—	—	1,815,999	1,602,522	213,477
552,072	517,628	34,444	7,492,355	6,914,572	577,783
\$ (140,272)	(119,465)	\$ 20,807	\$ (31,770)	311,280	\$ 343,050
	117,186			2,820,855	
	\$ (2,279)			\$ 3,132,135	

Champaign-Urbana Public Health District

Notes to Combined Financial Statements

March 31, 2004

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 provides health care services for the residents of Champaign and Urbana except for specific intergovernmental programs.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the District and its component units. The District did not have any component units as of March 31, 2004. For financial reporting purposes, the District includes all funds, accounts groups, agencies, boards, commissions and authorities that are controlled by the District, ultimate control is retained by the District or when the nature and significance of their relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. Control by or dependence on the District (financial accountability) was determined on the basis of imposition of will as evidenced by the ability to modify or approve the budget of the entity, financial benefit or burden on the District, and fiscal dependency on the District in accordance with Statement No. 14 of the Governmental Accounting Standards Board (GASB), *The Financial Reporting Entity*.

Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund and account group are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenue, and expenditures. The following fund types and account groups are used by the District:

Governmental Fund Types

General Fund

The General Fund, is the general operating fund of the District. It is used to account for all financial transactions except those required to be accounted for in other funds.

Special Revenue Funds

The Special Revenue Funds which consist of the Municipal Retirement fund, Insurance fund and Audit fund are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Champaign-Urbana Public Health District
Notes to Combined Financial Statements
March 31, 2004

Use of Estimates

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

Note 2: Cash

As of March 31, 2004, the District's total demand deposits and savings accounts amounted to \$2,337,732 while the bank balances were \$2,423,054. Of the bank balance, \$100,000 was covered by federal depository insurance. Of the remaining balance, \$2,323,054 was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Note 3: Property Taxes

Property taxes receivable consist of the estimated collectible portion of the 2003 levy which will be collected and recognized during the fiscal year ended March 31, 2005. The related revenue is deferred until it is received and available for expenditure.

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

Note 4: Pension Plan

The District's defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Champaign-Urbana Public Health District

Notes to Combined Financial Statements

March 31, 2004

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The District is required to contribute at an actuarially determined rate. The employer rate for calendar year 2003 was 5.82% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (over funded liability amortized on open basis). The amortization period at December 31, 2003 was 10 years.

For December 31, 2003, the District's annual pension cost of \$182,336 was equal to the District's required and actual contributions. The required contribution was determined as part of the December 31, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% per year, attributable to inflation, (c) additional projected salary increases ranging from 0.40% to 11.6% per year depending on age and services, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2003 actuarial valuation were based on the 1999-2001 experience study.

Trend Information

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/03	\$ 182,336	100%	\$ 0
12/31/02	172,050	100%	0
12/31/01	163,094	100%	0

Champaign-Urbana Public Health District
Notes to Combined Financial Statements
March 31, 2004

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/03	\$4,471,035	\$3,959,393	\$ (511,640)	112.92%	\$3,132,918	0.00%
12/31/02	4,485,883	3,924,658	(561,225)	114.30%	3,083,326	0.00%
12/31/01	4,402,159	3,695,201	(706,958)	119.13%	2,647,632	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2003 is \$3,937,053. On a market basis, the funded ratio would be 99.44%.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2003 are based on the 1999-2001 Experience Study. The principal changes were:

- Fewer members are expected to take refunds early in their career.
- For Regular members, fewer normal and early retirements are expected to occur.

Note 5: Compensated Absences

The District allows employees to accumulate unlimited unused sick leave based upon the termination payment method. Earned vacation time is generally required to be used within one year of accrual. Upon separation, the District will pay for all accumulated vacation; however, compensation for sick leave depends upon whether the employee is retiring or terminating. Upon IMRF retirement, the District will pay all sick leave accumulated prior to January 1, 1999 at the employee's December 31, 1998 salary. Upon termination, the District will pay half of the sick leave accumulated prior to January 1, 1999 at the employee's December 31, 1998 salary. Employees will not be paid for unused sick leave earned after December 31, 1998.

Champaign-Urbana Public Health District
Notes to Combined Financial Statements
March 31, 2004

As of March 31, 2004, the liability for accrued vacation, compensatory, and sick leave is \$189,503. This amount has been recorded in the General Long-Term Debt account group.

	<u>Balance</u> <u>April 1, 2003</u>		<u>Net</u> <u>Decrease</u>		<u>Balance</u> <u>March 31, 2004</u>
Compensated Absences	\$ 202,361	\$	(12,858)	\$	189,503

Note 6: Lease Obligations

The District has obligated leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the results of the lease agreements are not reflected in the District's account group. Rental expense incurred in the fiscal year ended March 31, 2004 was \$85,472. The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of March 31, 2004.

	<u>Amounts</u>
2005	\$ 77,204
2006	45,200
2007	<u>7,533</u>
	<u>\$ 129,937</u>

Note 7: 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 plans are held in trust, as described in IRC Section 457 (g) for the exclusive benefit of the participants (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 provisions of GASB Statement 32, plan balances and activities are not reflected in the District's financial statements.

Champaign-Urbana Public Health District
Notes to Combined Financial Statements
March 31, 2004

Note 8: Deficit Fund Balances

The following fund had a deficit balance as of March 31, 2004. The deficit will be resolved by decreasing future expenditures.

Illinois Municipal Retirement Fund	\$ (24,288)
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Note 9: Significant Estimates and Concentrations

Substantially all of the District's employees are covered by collective bargaining agreements. Collective bargaining agreements covering approximately 80% of these employees, and negotiations are ongoing as of July 8, 2004.

Note 10: Loss Exposure

Significant losses are covered by commercial insurance for all major programs: property, liability and workers' compensation. During the year ended March 31, 2004, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

Supplementary Information

Champaign-Urbana Public Health District
Combining Balance Sheet — Special Revenue Funds
March 31, 2004

Assets

	IMRF	Insurance Fund	Audit Fund	Totals
Cash	\$ —	\$ —	\$ 2,725	\$ 2,725
Property taxes receivable (net of allowance for uncollectibles)	173,132	49,862	12,465	235,459
Prepaid expenses	<u>—</u>	<u>40,909</u>	<u>—</u>	<u>40,909</u>
Total assets	\$ <u>173,132</u>	\$ <u>90,771</u>	\$ <u>15,190</u>	\$ <u>279,093</u>

Liabilities and Fund Balances (Deficit)

Liabilities				
Cash deficit	\$ 5,871	\$ 21,625	\$ —	\$ 27,496
Accrued liabilities	18,417	—	—	18,417
Deferred revenue	<u>173,132</u>	<u>49,862</u>	<u>12,465</u>	<u>235,459</u>
Total liabilities	197,420	71,487	12,465	281,372
Fund Balances (Deficit)	<u>(24,288)</u>	<u>19,284</u>	<u>2,725</u>	<u>(2,279)</u>
Total liabilities and fund balances (deficit)	\$ <u>173,132</u>	\$ <u>90,771</u>	\$ <u>15,190</u>	\$ <u>279,093</u>

Champaign-Urbana Public Health District
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balance (Deficit) — Special Revenue Funds
Year Ended March 31, 2004

	IMRF	Insurance Fund	Audit Fund	Totals
Revenues				
Taxes	\$ 146,081	\$ 46,606	\$ 10,278	\$ 202,965
Intergovernmental	193,255	1,200	—	194,455
Interest	<u>375</u>	<u>266</u>	<u>102</u>	<u>743</u>
Total revenues	<u>339,711</u>	<u>48,072</u>	<u>10,380</u>	<u>398,163</u>
Expenditures				
Administration	<u>426,599</u>	<u>76,097</u>	<u>14,932</u>	<u>517,628</u>
Deficiency of Revenues Under				
Expenditures	(86,888)	(28,025)	(4,552)	(119,465)
Fund Balance, April 1, 2003	<u>62,600</u>	<u>47,309</u>	<u>7,277</u>	<u>117,186</u>
Fund Balance (Deficit), March 31, 2004	<u><u>\$ (24,288)</u></u>	<u><u>\$ 19,284</u></u>	<u><u>\$ 2,725</u></u>	<u><u>\$ (2,279)</u></u>

Fund			Audit Fund			Totals		
Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
\$ 46,606	\$ (594)	\$ 10,000	\$ 10,278	\$ 278	\$ 213,000	\$ 202,965	\$ (10,035)	
1,200	—	—	—	—	195,800	194,455	(1,345)	
<u>266</u>	<u>(734)</u>	<u>—</u>	<u>102</u>	<u>102</u>	<u>3,000</u>	<u>743</u>	<u>(2,257)</u>	
48,072	(1,328)	10,000	10,380	380	411,800	398,163	(13,637)	
<u>76,097</u>	<u>112</u>	<u>15,250</u>	<u>14,932</u>	<u>318</u>	<u>552,072</u>	<u>517,628</u>	<u>34,444</u>	
(28,025)	\$ <u>(1,216)</u>	\$ <u>(5,250)</u>	(4,552)	\$ <u>698</u>	\$ <u>(140,272)</u>	(119,465)	\$ <u>20,807</u>	
<u>47,309</u>			<u>7,277</u>			<u>117,186</u>		
\$ <u>19,284</u>			\$ <u>2,725</u>			\$ <u>(12,279)</u>		

Single Audit Section

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
Year Ended March 31, 2004

Federal Agency Pass-through Entity/ Cluster Title/ Program	CFDA Number	Amount
U.S. Department of Agriculture		
Passed through State Department of Public Health		
Summer Food Service Program For Children	10.559	\$ 950
Passed through State Health and Human Services		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	<u>482,800</u>
Total U.S. Department of Agriculture		<u>483,750</u>
Housing and Urban Development		
Passed through State Department of Public Health		
Lead Based Paint Hazard Control in Privately Owned Housing	14.900	3,710
Housing Opportunities for Persons with Aids	14.241	<u>45,828</u>
Total Housing and Urban Development		<u>49,538</u>
U.S. Department of Health and Human Services		
Passed through State Department of Public Health		
HIV Care Formula Grants	93.917	427,049
HIV Prevention Activities – Health Department Based	93.940	205,246
Illinois Breast & Cervical Cancer Program	93.919	259,567
Centers for Disease Control & Prevention	93.283	105,996
Project Grants and Cooperative Agreement for Tuberculosis Control	93.116	21,753
Childhood Immunization Grants —		
Commodities	93.268	50,230
HIV/Aids Surveillance	93.944	7,638
Passed through State Health and Human Services		
Social Services Block Grant	93.667	13,200
Maternal and Child Health Services Block Grant	93.994	4,320
Cooperative Agreement for State-based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	<u>19,200</u>
Total U.S. Department of Health and Human Services		<u>1,114,199</u>
Environmental Protection Agency		
Passed through State Department of Public Health		
Performance Partnership Grants	66.605	<u>1,763</u>

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
Year Ended March 31, 2004

Federal Agency Pass-through Entity/ Cluster Title/ Program	CFDA Number	Amount
(Continued)		
U.S. Department of Transportation		
Passed through Illinois Department of Transportation		
State and Community Highway Safety	20.600	\$ 38,655
Safety Incentive Grants for Use of Seatbelts	20.604	<u>62,468</u>
Total US Department of Transportation		<u>101,123</u>
Total Expenditures of Federal Awards		\$ <u><u>1,750,373</u></u>

Champaign-Urbana Public Health District
Notes to the Schedule of Expenditures of Federal Awards
Year Ended March 31, 2004

Note 1: Basis of Presentation

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

Note 2: Subrecipients

The District provided no federal awards to subrecipients during the year ended March 31, 2004.



**Independent Accountants' Report on Compliance and
Internal Control over Financial Reporting Based
on the Audit of the Financial Statements Performed in
Accordance With *Government Auditing Standards***

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

We have audited the combined financial statements of the Champaign-Urbana Public Health District (District) as of and for the year ended March 31, 2004, and have issued our report thereon dated July 8, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

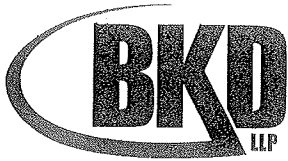
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting and its operation that we have reported to the District's management in a separate letter dated July 8, 2004.

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

BKD, LLP

Decatur, Illinois
July 8, 2004



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Independent Accountants' Report on Compliance and Internal Control over Compliance with Requirements Applicable to Major Federal Awards Programs

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

Compliance

We have audited the compliance of Champaign-Urbana Public Health District (District) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2004. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the compliance of Champaign-Urbana Public Health District based on our audit.

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

**Solutions
for
Success**

In our opinion, Champaign-Urbana Public Health District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2004.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over compliance and its operations that we have reported to the District's management in a separate letter dated July 8, 2004.

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

BKD, LLP

Decatur, Illinois
July 8, 2004

Champaign-Urbana Public Health District
Schedule of Findings and Questioned Costs
March 31, 2004

Summary of Auditor's Results

1. The opinion expressed in the independent accountants' report was:

☐ Unqualified ☒ Qualified ☐ Adverse ☐ Disclaimed

2. The independent accountants' report on internal control over financial reporting described:

Reportable condition(s) noted considered material weakness(es)? ☐ Yes ☒ No

Reportable condition(s) noted that are not considered to be a material weakness? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

☐ Yes ☒ No

4. The independent accountants' report on internal control over compliance with requirements applicable to major federal awards programs described:

Reportable condition(s) noted considered material weakness(es)? ☐ Yes ☒ No

Reportable condition(s) noted that are not considered to be a material weakness? ☐ Yes ☒ No

5. The opinion expressed in the independent accountants' report on compliance with requirements applicable to major federal awards was:

☒ Unqualified ☐ Qualified ☐ Adverse ☐ Disclaimed

6. The audit disclosed findings required to be reported by OMB Circular A-133?

☐ Yes ☒ No

Champaign-Urbana Public Health District
Schedule of Findings and Questioned Costs
March 31, 2004

7. The Organization's major programs were:

<u>Cluster/Program</u>	<u>CFDA Number</u>
Special Supplemental Nutrition Program for Women, Infants and Children	10.557
HIV Care Formula Grants	93.917

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$300,000.
9. The Organization qualified as a low-risk auditee as that term is defined in OMB Circular A-133? ☒ Yes ☐ No

Champaign-Urbana Public Health District
Schedule of Findings and Questioned Costs (Continued)
Year Ended March 31, 2004

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
None		

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
None		

Champaign-Urbana Public Health District
Summary Schedule of Prior Audit Findings
Year Ended March 31, 2004

Reference Number	Summary of Finding	Status
None		