

CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
June 30, 2015**



CliftonLarsonAllen

Champaign-Urbana Public Health District
June 30, 2015

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, 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, 2015, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Champaign-Urbana Public Health District as of June 30, 2015, 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.

Emphasis of a Matter

During fiscal year ended June 30, 2015, the Champaign-Urbana Public Health District adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions and the related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. As a result of the implementation of these standards, the Champaign-Urbana Public Health District reported a restatement for the change in accounting principle (see Note 13). Also, there was a restatement to its June 30, 2014 net position to correct a misstatement (see Note 13). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

The Champaign-Urbana Public Health District has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. Our opinion on the basic financial statement is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Champaign-Urbana Public Health District's basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is 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 the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2016, on our consideration of the Champaign-Urbana Public Health District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Champaign-Urbana Public Health District's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Champaign, Illinois
January 7, 2016

Champaign-Urbana Public Health District
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
Assets and Deferred Outflows of Resources	
Assets	
Cash	\$ 4,156,722
Property Taxes Receivable, Net of Allowance - \$33,500	1,777,014
Revenues Due From State, County, and Other, Net of Allowance - \$20,224	1,308,659
Prepaid Expenses	187,203
Inventory	20,861
Capital Assets:	
Land	374,000
Construction in Progress	91,400
Other Capital Assets, Net of Accumulated Depreciation	5,739,914
Total Capital Assets	<u>6,205,314</u>
Deferred Outflows of Resources	
Deferred Amount Related to Pension Liability	<u>901,328</u>
 Total Assets and Deferred Outflows of Resources	 <u>14,557,101</u>
Liabilities, Deferred Inflows of Resources and Net Position	
Liabilities	
Current Liabilities:	
Accounts Payable	214,979
Accrued Liabilities	408,883
Unearned Revenue - Grants	78,131
Unearned Revenue - Other	179,100
Current Portion of Long-Term Debt	<u>236,311</u>
Total Current Liabilities	<u>1,117,404</u>
Noncurrent Liabilities:	
Accrued Compensated Absences	290,469
Pension Liability	517,213
Noncurrent Portion of Long-Term Debt	<u>1,100,518</u>
Total Noncurrent Liabilities	<u>1,908,200</u>
Total Liabilities	<u>3,025,604</u>
Deferred Inflows of Resources	
Subsequent Year's Property Tax	2,324,025
Deferred Amount Related to Pension Liability	<u>63,967</u>
Total Deferred Inflows of Resources	<u>2,387,992</u>
Net Position	
Net Investment in Capital Assets	4,868,484
Restricted:	
Insurance	9,774
Retirement	88,768
Unrestricted	<u>4,176,479</u>
Total Net Position	<u>9,143,505</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 14,557,101</u>

See accompanying notes to financial statements.

Champaign-Urbana Public Health District
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Total Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Administration	\$ 559,754	\$ 70	\$ 116,718	\$ (442,966)
Champaign County Public Health Department - Contract	683,140	50	756,818	\$ 73,728
Environmental Health	840,113	290,415	197,910	\$ (351,788)
Infectious Disease Prevention and Management	2,112,395	226,152	1,321,938	\$ (564,305)
Maternal and Child Health	4,360,935	189,635	3,588,051	\$ (583,249)
Special Projects	192,878	-	151,064	\$ (41,814)
Vital Statistics	133,050	208,810	6,843	\$ 82,603
Wellness and Health Promotion	2,505,241	923,994	582,356	(998,891)
Total Governmental Activities	<u>\$ 11,387,506</u>	<u>\$ 1,839,126</u>	<u>\$ 6,721,698</u>	<u>\$ (2,826,682)</u>
General Revenues				
Property Taxes				3,314,505
Investment Income				11,528
Miscellaneous				117,923
Total General Revenues				<u>3,443,956</u>
Change in Net Position				617,274
Net Position, Beginning of Year, as Restated				<u>8,526,231</u>
Net Position, End of Year				<u>\$ 9,143,505</u>

Champaign-Urbana Public Health District
Balance Sheet - Governmental Funds
June 30, 2015

	General Fund	IMRF	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 3,936,250	\$ 226,417	\$ (5,945)	\$ 4,156,722
Property Taxes Receivable, net	1,567,668	161,971	47,375	1,777,014
Revenue Due From State, County, and Others, net	1,262,396	35,804	10,459	1,308,659
Prepaid Expenses	116,516	-	70,687	187,203
Inventory	20,861	-	-	20,861
	<u>\$ 6,903,691</u>	<u>\$ 424,192</u>	<u>\$ 122,576</u>	<u>\$ 7,450,459</u>
Total Assets				
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	\$ 161,410	\$ -	\$ 53,569	\$ 214,979
Accrued Liabilities	330,059	75,120	3,704	408,883
Unearned Revenue - Grants	78,131	-	-	78,131
Unearned Revenue - Other	179,100	-	-	179,100
	<u>748,700</u>	<u>75,120</u>	<u>57,273</u>	<u>881,093</u>
Total Liabilities				
Deferred Inflows of Resources				
Susequent Year's Property Tax	1,987,648	260,304	76,073	2,324,025
	<u>1,987,648</u>	<u>260,304</u>	<u>76,073</u>	<u>2,324,025</u>
Fund Balances				
Nonspendable:				
Inventory	20,861	-	-	20,861
Prepaid Expenses	116,516	-	70,687	187,203
Restricted:				
Audit	-	-	-	-
Insurance	-	-	9,774	9,774
Retirement	-	88,768	-	88,768
Building & Capital Improvements	-	-	-	-
Assigned:				
Capital Projects	396,662	-	-	396,662
Unassigned	3,633,304	-	(91,231)	3,542,073
	<u>4,167,343</u>	<u>88,768</u>	<u>(10,770)</u>	<u>4,245,341</u>
Total Fund Balances				
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,903,691</u>	<u>\$ 424,192</u>	<u>\$ 122,576</u>	<u>\$ 7,450,459</u>

See accompanying notes to financial statements.

Champaign-Urbana Public Health District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2015

Total Fund Balance for Governmental Funds \$ 4,245,341

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	91,400	
Buildings and Improvements, Net of \$1,199,912		
Accumulated Depreciation	5,569,638	
Furniture, Fixtures, and Equipment, Net of \$1,530,763		
Accumulated Depreciation	170,276	6,205,314

Long-term liabilities, including bonds payable, compensated absences, and net pension liability are not due and payable in the current period and therefore are not reported in the funds. (2,144,511)

Deferred outflows and inflows of resources related to pensions are applicable to future periods; therefore, are not reported in the funds. 837,361

Total Net Position of Governmental Activities \$ 9,143,505

See accompanying notes to financial statements.

Champaign-Urbana Public Health District
Statement of Revenues, Expenditures, and
Changes in Fund Balances (Deficit) - Governmental Funds
For the Year Ended June 30, 2015

	General Fund	IMRF	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 2,881,738	\$ 333,688	\$ 99,079	\$ 3,314,505
Licenses and Permits	251,986	-	-	251,986
Intergovernmental	6,413,720	237,657	53,202	6,704,579
Interest	11,528	-	-	11,528
Charges for Services	1,585,744	-	-	1,585,744
Miscellaneous	18,514	-	117,923	136,437
Total Revenues	11,163,230	571,345	270,204	12,004,779
Expenditures				
Administration	720,523	45,492	43,264	809,279
Champaign County Public Health Department - Contract	638,106	41,285	20,530	699,921
Environmental Health	693,092	38,456	26,850	758,398
Infectious Disease Prevention and Management	1,852,545	94,737	37,188	1,984,470
Maternal and Child Health	3,923,866	129,415	41,246	4,094,527
Special Projects	161,993	7,782	6,772	176,547
Vital Statistics	122,411	3,815	1,253	127,479
Wellness and Health Promotion	2,144,081	120,922	44,149	2,309,152
Debt Service:				
Principal	708,118	-	-	708,118
Interest	79,722	-	-	79,722
Capital Outlay	39,785	-	264,976	304,761
Total Expenditures	11,084,242	481,904	486,228	12,052,374
Excess (Deficiency) of Revenues Over Expenditures	78,988	89,441	(216,024)	(47,595)
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	78,988	89,441	(216,024)	(47,595)
Fund Balances (Deficit), Beginning of Year, as Restated	4,088,355	(673)	205,254	4,292,936
Fund Balances (Deficit), End of Year	\$ 4,167,343	\$ 88,768	\$ (10,770)	\$ 4,245,341

See accompanying notes to financial statements.

**Champaign-Urbana Public Health District
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2015**

Net Change in Fund Balances — Total Governmental Funds \$ (47,595)

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. (48,905)

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. 708,118

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. (52,559)

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. 58,215

Change in Net Position of Governmental Activities \$ 617,274

See accompanying notes to financial statements.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2015

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Champaign-Urbana Public Health District (District) was established in 1937 under the Coleman Act, which authorized the establishment and maintenance of health departments. The District is governed by the Board of Health, consisting of the Chairman of the Champaign County Board and one member from both the City of Champaign Township and the Cunningham Township. The District's public health services include, but are not limited to environmental health inspections and permits; disease tracking reporting and investigation; HIV counseling and testing, prevention and management; sexually transmitted disease testing and treatment; dental services for children; education and health promotion; preventive services and case management for women; immunizations; and array of other services to pregnant women, children, teenagers, and adults of all ages all for the residents of Champaign and Urbana except for specific intergovernmental programs.

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The financial reporting entity consists of (a) the primary government, Champaign-Urbana Public Health District, which has a separately elected governing body, is legally separate and fiscally independent of other state and local governments, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

There are no component units of Champaign-Urbana Public Health District nor is Champaign-Urbana Public Health District dependent on any other entity.

Basis of Presentation

The District's financial statements consists of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2015

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, 2015

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 and a capital project fund, which are combined as non-major funds.

Basis of Accounting/Measurement Focus

The financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to local governmental units.

Government-Wide Financial Statements

The measurement focus establishes the basis of accounting. The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been met.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2015

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

Basis of Accounting/Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

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

Governmental Fund Financial Statements

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

Use of Estimates

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

Property Taxes

Property taxes receivable consist of the estimated collectible portion of the 2014 levy which will be collected and recognized during the year ended June 30, 2015. The related revenue is recognized equally over twelve months based on those amounts received during the time frame of April to March with the remainder being deferred until it is received and available for expenditures. Deferred property tax revenue as of June 30, 2015 was \$2,324,025.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2015

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

Property Taxes (Continued)

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

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Accounts receivable in the Governmental Funds are reported net of allowance for uncollectible, as estimated. The allowance for uncollectible is adjusted annually.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items on an accrual basis.

Inventories

The District follows the consumption method of accounting for inventories. Inventories are carried at cost, as determined using the average costing method.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

The capitalization thresholds used by the District are as follows:

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

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2015

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

Capital Assets (Continued)

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

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

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. The District refinanced the General Obligation Bonds and entered into a new capital lease agreement in fiscal year 2015.

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

Pensions

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

Deferred Outflows of Resources

The District reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide statements of net position or governmental fund balance sheet. The District has one type of item which occurs related to its IMRF pension. 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, 2015, through June 30, 2015 (subsequent to the measurement date).

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2015

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

Deferred Inflows of Resources

The District's governmental activities and governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The District will not recognize the related revenue until a future event occurs. The District has two types of items which occur related to revenue recognition. Property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year in the fund statements, as it is not legally available as of fiscal year end. The District also reports deferred inflows of resources related to the pension plan.

Net Position

Net position of the District is classified in three components. Net investment in capital assets consist of capital assets net of accumulated depreciation, reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is noncapital assets that must be used for a particular purpose as specified by creditors or grantors external to the District, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position is remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets, or restricted expendable.

Fund Balance

Within the fund financial statements, governmental funds report fund balance as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balances are amounts that cannot be spent because they are not in spendable form or legally or contractually required to remain intact. Restricted fund balances are amounts that are constrained for a specific purpose through restrictions of external parties or by constitutional provision or enabling legislation.

Committed fund balance are that are constrained for specific purposes imposed by formal action of the government's highest level of decision-making authority through legislation, ordinance, board resolution or board approval at a regular or special meeting. This action must occur prior to the end of the fiscal year in order to be valid. There are no committed fund balances as of June 30, 2015.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2015

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

Fund Balance (Continued)

Assigned fund balance amounts that are constrained by the government's intent to be used for a specific purpose but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balance consists of future costs for capital projects. Unassigned fund balance is the residual classification for the government's general fund including all amounts that are not constrained as previously reported in the other classifications.

The District's policy is to maintain a minimum fund balance of twenty-five percent (25%) of budgeted expenditures. The priority for spending unrestricted resources when any of these amounts are available for expenditure should first reduce any committed amounts, followed by the assigned amounts, and then unassigned.

If the unrestricted fund balance is projected to fall below the minimum level previously stated at any given point in time, then the District Board of Health could look at utilizing specific revenue sources, such as one-time revenue sources, fee revenues or budget surpluses to replenish the fund balance back up to the minimum level established by policy. If this is not feasible, then the Board of Health should approve a plan to replenish the unrestricted fund balance as soon as economic conditions allow, however preferably no later than three years after deficit occurs, in order to sustain financial viability.

In the event that the unrestricted fund balance exceeds the minimum fund balance established by policy, then the excess may be utilized for any lawful purpose as determined by the Board of Health. It is recommended that the first priority for utilizing the unassigned fund balance be to fund any deficit fund balance if applicable to meet the minimum 25% funding level, transfer funds to the building improvement/capital projects fund, and use as beginning cash balance in support of annual budget, if necessary. The Board of Health recognizes that the any such funds should be appropriated for non-recurring expenditures as they represent prior year surpluses that may or may not recur in the future.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2015

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

Fund Balance (Continued)

Subsequent to June 30, 2015, the Board of Health adopted the fiscal year 2016 budget which utilizes excess fund balance to budget for major capital improvements to the north and west parking lots, purchase of digital x-rays and equipment for the dental division to allow for sharing with Electronic Medical Records systems. The total of these expenditures budgeted to be used from fund balance is \$396,662.

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, 2015, none of the District's bank balance of \$4,215,347 was exposed to custodial credit risk.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2015

Note 3: Capital Assets

Capital assets activity for the year ended June 30, 2015 was:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated:				
Land	\$ 374,000	\$ -	\$ -	\$ 374,000
Construction in Progress	45,963	91,400	(45,963)	91,400
	<u>\$ 419,963</u>	<u>\$ 91,400</u>	<u>\$ (45,963)</u>	<u>\$ 465,400</u>
Capital assets being depreciated:				
Buildings and Improvements	6,550,535	219,014	-	6,769,549
Furniture, Fixtures and Equipment	1,627,027	104,689	(30,676)	1,701,040
Total assets being depreciated	<u>8,177,562</u>	<u>323,703</u>	<u>(30,676)</u>	<u>8,470,589</u>
	<u>8,597,525</u>	<u>415,103</u>	<u>(76,639)</u>	<u>8,935,989</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(992,157)	(207,755)	-	(1,199,912)
Furniture, Fixtures and Equipment	(1,415,527)	(136,198)	20,962	(1,530,763)
	<u>(2,407,684)</u>	<u>(343,953)</u>	<u>20,962</u>	<u>(2,730,675)</u>
Net Capital Assets	<u>\$ 6,189,841</u>	<u>\$ 71,150</u>	<u>\$ (55,677)</u>	<u>\$ 6,205,314</u>

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

Administration	\$ 77,351
Champaign County Public Health Department – Contract	14,390
Environmental Health	39,780
Infectious Disease Prevention and Management	45,860
Maternal and Child Health	80,217
Special Projects	9,488
Wellness and Health Promotion	76,867
	<u>76,867</u>
Total	<u><u>\$343,953</u></u>

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2015

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, 2015:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
General Obligation Bonds Payable	\$ 1,966,245	\$ 7,250	\$ (1,973,495)	\$ -	\$ -
General Obligation Refunding Debt Certificates	-	1,371,231	(89,489)	1,281,742	224,720
Capital Lease Obligations	6,366	64,380	(15,660)	55,087	11,591
Accrued Compensated Absences	245,866	44,603	-	290,469	-
Total	<u><u>\$ 2,218,477</u></u>	<u><u>\$ 1,487,464</u></u>	<u><u>\$ (2,078,644)</u></u>	<u><u>\$ 1,627,298</u></u>	<u><u>\$ 236,311</u></u>

See Note 7 for further disclosures related to the accrued compensated absences.
See Note 6 for disclosures related to pension liability.

**Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2015**

Note 4: Long-Term Liabilities (Continued)

General Obligation Bonds Payable and General Obligation Refunding Debt Certificates

On October 26, 2006, the District issued \$4,000,000 of general obligation bonds. The bonds bear interest, payable monthly at a rate of 4.76% and are due in monthly installments, which began December 2007. Principal maturities began June 2008, and were to continue until 2023. However in fiscal year 2015 these bonds were refinanced. Proceeds from the issuance of these bonds were used to purchase and remodel a new operating facility.

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

The debt service requirements as of June 30, 2015, are as follows:

Fiscal Year	Total To Be Paid	Principal	Interest
2016	\$ 269,809	\$ 224,720	\$ 45,089
2017	269,809	233,558	36,251
2018	269,809	242,619	27,190
2019	269,809	252,031	17,778
2020	269,809	261,793	8,016
2021	67,448	67,021	427
	<u>\$ 1,416,493</u>	<u>\$ 1,281,742</u>	<u>\$ 134,751</u>

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2015

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, 2015 totaled \$53,650, net of accumulated depreciation of \$10,730.

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

Fiscal Year	Amount
2016	\$ 11,591
2017	12,090
2018	12,609
2019	13,152
2020	5,645
Present Value of Future Minimum Lease Payments	\$ 55,087

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, 2015 was \$25,236. 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, 2015:

Fiscal Year	Amount
2016	\$ 21,165
2017	1,857
2018	1,857
2019	928
	\$ 25,807

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2015

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, 2015**

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, 2014, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	69
Inactive Plan Members entitled to but not yet receiving benefits	95
Active Plan Members	<u>113</u>
Total	277

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 2014 was 10.29%. For the calendar year ended 2014, the District contributed \$512,285 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, 2015

Note 6: Pension Plan (Continued)

Net Pension Liability

The District's net pension liability was measured as of December 31, 2014. 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, 2014:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.50%, 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 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2015**

Note 6: Pension Plan (Continued)

Actuarial Assumptions (Continued)

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

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	63.2%	9.81 %
International Equity	2.6%	(2.79)%
Fixed Income	23.5%	5.93 %
Real Estate	4.3%	12.66 %
Alternative Investments	4.5%	N/A
Cash Equivalents	1.9%	N/A
Total	100.0%	

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2015

Note 6: Pension Plan (Continued)

Single Discount Rate

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.50%.

Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2015

Note 6: Pension Plan (Continued)

Changes in the Net Pension Liability (Asset)

	Total		
	Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability (Asset)
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances at December 31, 2013	\$ 16,051,747	\$ 16,057,703	\$ (5,956)
Changes for the year:			
Service Cost	553,162	-	553,162
Interest on the Total Pension Liability	1,197,165	-	1,197,165
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension	(80,532)	-	(80,532)
Changes of Assumptions	609,347	-	609,347
Contributions - Employer	-	495,655	(495,655)
Contributions - Employees	-	230,338	(230,338)
Net Investment Income	-	979,329	(979,329)
Benefit Payments, including Refunds of Employee Contributions	(732,266)	(732,266)	-
Other (Net Transfer)	-	50,651	(50,651)
Net Changes	1,546,876	1,023,707	523,169
Balances at December 31, 2014	\$ 17,598,623	\$ 17,081,410	\$ 517,213

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	Current	1% Higher
	<u>(6.50%)</u>	<u>(7.50%)</u>	<u>(8.50%)</u>
Net Pension Liability (Asset)	\$ 3,066,699	\$ 517,213	\$(1,530,772)

**Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2015**

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, 2015, the District recognized pension expense of \$417,453. At June 30, 2015, the District reported deferred outflows or 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
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ -	\$ 63,967
Changes of assumptions	484,008	-
Net difference between projected and actual earnings on pension plan investments	<u>181,330</u>	<u>-</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>665,338</u>	<u>63,967</u>
<i>Pension Contributions made subsequent to the Measurement Date</i>		
	<u>235,990</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	\$ 901,328	\$ 63,967

\$235,990 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, 2016.

**Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2015**

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:

Year Ending December 31	Net Deferred Outflows (Inflows) of Resources
2015	\$ 154,107
2016	154,107
2017	154,107
2018	139,050
2019	-
Thereafter	-
Total	<u>\$ 601,371</u>

Note 7: Compensated Absences

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

As of June 30, 2015, the liability for accrued vacation is \$290,469.

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, 2015

Note 9: Other Post Employment Benefits

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

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

There was no OPEB benefit obligation as of June 30, 2015 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, 2015, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

Note 11: Commitments and Contingencies

Claims and Litigation

The District is frequently involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The District administration believes the ultimate disposition of the actions will not have a material effect on the financial statements of the District.

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

The District currently has one project that was started before June 30, 2015 that was still in progress at the end of the fiscal year. The project remaining at year end was the parking lot expansion and dental remodeling. The commitments related to these projects at June 30, 2015 were \$264,390 and \$5,665 respectively for a total of \$270,055.

**Champaign-Urbana Public Health District
Notes to Financial Statements
June 30, 2015**

Note 12: Other Required Disclosures

Generally accepted accounting principles require disclosure, as part of the basic financial statements of certain information concerning individual funds including:

- a) During fiscal year 2015, there were no transfers between funds and no due to/from other funds at June 30, 2015.
- b) Deficit fund balances of individual funds:

Audit Fund had a deficit fund balance of \$18,890 and Building/Capital Improvements \$1,654 as of June 30, 2015.

Note 13: Restatement Of Net Position

The June 30, 2014 net position has been restated to correct an error made in 2014 and prior years regarding calculation of prepaid expenses which was discovered in 2015. The effect of the restatement is shown below.

Also, the District adopted a new accounting standard to conform with generally accepted accounting principles. The statement adopted requiring restatement of net position was Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*. This pronouncement requires the restatement of the June 30, 2014, net position of the governmental activities and fund balance of other governmental funds as follows:

	Governmental <u>Activities</u>	Other Governmental <u>Funds</u>
Net position/fund balance, June 30, 2014, as previously reported	\$ 8,193,955	\$ 134,911
Correction of error - prepaid insurance	70,343	70,343
Adjustment for beginning deferred outflows of resources related to pensions	255,977	-
Adjustment for beginning net pension asset	5,956	-
Net position/fund balance, June 30, 2014, as restated	\$ 8,526,231	\$ 205,254

This information is an integral part of the accompanying financial statements.

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> </u>	Actual <u> </u>	Contribution Deficiency <u>(Excess)</u>	Covered Valuation <u>Payroll</u>	Actual Contribution as a Percentage of Covered <u>Valuation Payroll</u>
2014	\$481,419	\$495,655	(\$14,236)	\$4,978,476	9.96%

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, **2014**

Total Pension Liability	
Service Cost	\$ 553,162
Interest on the Total Pension Liability	1,197,165
Changes of Benefit Terms	0
Differences Between Expected and Actual Experience of the Total Pension Liability	(80,532)
Changes of Assumptions	609,347
Benefit Payments, including Refunds of Employee Contributions	<u>(732,266)</u>
Net Change in Total Pension Liability	\$ 1,546,876
Total Pension Liability - Beginning	<u>16,051,747</u>
Total Pension Liability - Ending (A)	<u>\$ 17,598,623</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 495,655
Contributions – Employees	230,338
Net Investment Income	979,329
Benefit Payments, including Refunds of Employee Contributions	(732,266)
Other (Net Transfer)	<u>50,651</u>
Net Change in Plan Fiduciary Net Position	\$1,023,707
Plan Fiduciary Net Position - Beginning	<u>16,057,703</u>
Plan Fiduciary Net Position - Ending (B)	\$17,081,410
Net Pension Liability - Ending (A) - (B)	\$ 517,213
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.06%
Covered Valuation Payroll	\$ 4,978,476
Net Pension Liability as a Percentage of Covered Valuation Payroll	10.39%

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, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Property Taxes	\$ 2,703,028	\$ 2,703,028	\$ 2,881,738	\$ 178,710
Intergovernmental	5,496,557	5,496,557	6,413,720	917,163
Charges for Services	2,110,230	2,110,230	1,837,730	(272,500)
Miscellaneous Income	13,020	13,020	30,042	17,022
Total Revenues	<u>10,322,835</u>	<u>10,322,835</u>	<u>11,163,230</u>	<u>840,395</u>
Expenditures				
Administration	28,892	28,892	720,523	(691,631)
Champaign County Public				
Health Department - Contract	885,615	885,615	638,106	247,509
Environmental Health	836,157	836,157	693,092	143,065
Infectious Disease				
Prevention and Management	2,896,185	2,896,185	1,852,545	1,043,640
Maternal and Child Health	2,344,485	2,344,485	3,923,866	(1,579,381)
Special Projects	17,624	17,624	161,993	(144,369)
Vital Statistics	129,039	129,039	122,411	6,628
Wellness and Health Promotion	2,705,716	2,705,716	2,144,081	561,635
Debt Service:				
Principal	714,379	714,379	708,118	6,261
Interest	68,844	68,844	79,722	(10,878)
Capital Outlay	38,035	38,035	39,785	(1,750)
Total Expenditures	<u>10,664,971</u>	<u>10,664,971</u>	<u>11,084,242</u>	<u>(419,271)</u>
Excess (Deficiency) of Revenues Over Expenditures	(342,136)	(342,136)	78,988	421,124
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (342,136)</u>	<u>\$ (342,136)</u>	<u>\$ 78,988</u>	<u>\$ 421,124</u>
Fund Balance, Beginning of Year			<u>4,088,355</u>	
Fund Balance, End of Year			<u>\$ 4,167,343</u>	

See accompanying notes to required supplementary information.

Champaign-Urbana Public Health District
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
IMRF
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Property Taxes	\$ 328,371	\$ 328,371	\$ 333,688	\$ 5,317
Intergovernmental	263,346	263,346	237,657	(25,689)
Total Revenues	<u>591,717</u>	<u>591,717</u>	<u>571,345</u>	<u>(20,372)</u>
Expenditures				
Administration	107,839	107,839	45,492	62,347
Champaign County Public				
Health Department - Contract	42,781	42,781	41,285	1,496
Environmental Health	34,449	34,449	38,456	(4,007)
Infectious Disease				
Prevention and Management	101,298	101,298	94,737	6,561
Maternal and Child Health	122,740	122,740	129,415	(6,675)
Special Projects	-	-	7,782	(7,782)
Vital Statistics	6,832	6,832	3,815	3,017
Wellness and Health Promotion	125,263	125,263	120,922	4,341
Total Expenditures	<u>541,202</u>	<u>541,202</u>	<u>481,904</u>	<u>59,298</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 50,515</u>	<u>\$ 50,515</u>	\$ 89,441	<u>\$ 38,926</u>
Fund Balance, Beginning of Year			<u>(673)</u>	
Fund Balance, End of Year			<u>\$ 88,768</u>	

See accompanying notes to required supplementary information.

**Champaign-Urbana Public Health District
Notes to Required Supplementary Information
For the Year Ended June 30, 2015**

Note 1 – Appropriated Budget

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

Note 2 – Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 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 2014 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>	29-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	4%
<i>Price Inflation:</i>	3%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	4.40% to 16%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.

**Champaign-Urbana Public Health District
Notes to Required Supplementary Information
For the Year Ended June 30, 2015**

Note 2 – Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2014 Contribution Rate* (Continued)

Methods and Assumptions Used to Determine 2014 Contribution Rates: (Continued)

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

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2012, actuarial valuation; note two year lag between valuation and rate setting.

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

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	55280003C	\$ 1,650
Passed through Illinois State Board of Education Summer Food Service Program For Children	10.559	2014-09010059P00	18,022
	10.559	2015-09010059P00	16,254
	Subtotal CFDA #10.559		<u>35,926</u>
Passed through Illinois Department of Human Services Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	FCSTQ00824	626,745
	10.557	FCSTQ01164	21,100
Special Supplemental Nutrition Program for Women, Infants, and Children - noncash	10.557	N/A	1,627,804
	M Subtotal CFDA #10.557		<u>2,275,649</u>
WIC Farmers' Market Nutrition Program (FMNP)	10.572	FCSTQ01247	<u>1,000</u>
Total U.S. Department of Agriculture			<u>2,312,575</u>

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

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

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	14CUPBH	\$ 112
	66.032	15CUPBH	2,818
	Subtotal CFDA #66.032		<u>2,930</u>
Passed through Illinois Department of Public Health			
Performance Partnership Grants	66.605	45382010B	137
	66.605	55380130C	413
	Subtotal CFDA #66.605		<u>550</u>
Total U.S. Environmental Protection Agency			<u>3,480</u>
U. S. Department of Housing and Urban Development			
Passed through Illinois Department of Public Health			
Housing Opportunities for Persons with AIDS	14.241	45780064B	47,304
	14.241	55780035C	25,945
	Subtotal CFDA #14.241		<u>73,249</u>
Total U. S. Department of Housing and Urban Development			<u>73,249</u>
U.S. Department of Health and Human Services			
Passed through National Association of County and City Health Officials			
Medical Reserve Corps Small Grant Program	93.008	MRC 14 410	84
	93.008	MRC 15 410	205
	Subtotal CFDA #93.008		<u>289</u>
Passed through Illinois Department of Human Services			
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	FCSTP01830	<u>123,059</u>

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

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through Illinois Department of Public Health Project Grants and Cooperative Agreement for Tuberculosis Control Programs	93.116	45180032B	1,970
	93.116	55180251C	<u>2,127</u>
	Subtotal CFDA #93.116		<u>4,097</u>
Family Planning Services	93.217	56180041C	<u>17,231</u>
Immunization Grants - noncash	93.268	N/A	<u>114,542</u>
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by 2012 Prevention and Public Health Funds (See Note 2)	93.531	42180127B	<u>21,681</u>
Social Services Block Grant	93.667	56180041C	<u>5,667</u>
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds	93.752	56180004C	<u>150,313</u>
HIV Care Formula Grants	93.917	45780057B	492,322
	93.917	55780070C	-
	93.917	50180004C	8,918
	93.917	50180115C	<u>2,517</u>
	M Subtotal CFDA #93.917		<u>503,757</u>
HIV Prevention Activities - Health Department Based	93.940	55780058C	1,850
	93.940	45780042B	15,608
	93.940	45780042B	44,454
	93.940	45780057B	25,003
	93.940	55780070C	7,971
Passed through The Public Health Institute of Metropolitan Chicago	93.940	PHIMC14-15	<u>35,438</u>
	Subtotal CFDA #93.940		<u>130,324</u>

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

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	
Maternal and Child Health Services Block Grant to the States	93.994	56380044C	23,757	
	93.994	56180041C	2,475	
	Subtotal CFDA #93.994		<u>26,232</u>	
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	57180010C	89,126	
	93.074	Ebola	12,381	
Passed through Champaign County Board of Health	93.074	57180009C	66,303	
	Subtotal CFDA #93.074		<u>167,810</u>	
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges Passed through Illinois Public Health Association	93.525	IPL-14-149-001	31,670	
	93.525	IP-15-149-005	102,667	
	Subtotal CFDA #93.525		<u>134,337</u>	
Passed through Illinois Department of Healthcare and Family Services Medical Assistance Program	M	93.778	SFY2015	489,891
Total U.S. Department of Health and Human Services			<u>1,889,230</u>	
Total Expenditures of Federal Awards			<u>\$ 4,278,534</u>	

(M) Denotes Major Program

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

Champaign-Urbana Public Health District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

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

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

Note 2 - Subrecipients

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

Program	CFDA Number	Subrecipient	Federal Amount Provided
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by 2012 Preventinon and Public Health Funds	93.531	University of Illinois	\$ (20,640)
	93.531	Champaign County Chamber of Commerce	\$ 2,655
	93.531	Champaign County Regional Planning Commission	\$ 15,000
			<u>\$ (2,985)</u>

Note 3 - Loans

There were no federal loans, loan guarantees or insurance outstanding at June 30, 2015 and during the year then ended.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Champaign-Urbana Public Health District, as of and for the year ended June 30, 2015, 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 January 7, 2016.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2015-001 and 2015-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2015-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Champaign-Urbana Public Health District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Champaign-Urbana Public Health District's Response to Findings

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

Purpose of this Report

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

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

CliftonLarsonAllen LLP

Champaign, Illinois
January 7, 2016

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

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

Report on Compliance for Each Major Federal Program

We have audited Champaign-Urbana Public Health District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Champaign-Urbana Public Health District's major federal programs for the year ended June 30, 2015. Champaign-Urbana Public Health District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Champaign-Urbana Public Health District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Champaign-Urbana Public Health District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Champaign-Urbana Public Health District's compliance.

Opinion on Each Major Federal Program

In our opinion, Champaign-Urbana Public Health District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-004 and 2015-005. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of Champaign-Urbana Public Health District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Champaign-Urbana Public Health District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Champaign-Urbana Public Health District's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies we consider to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-002 to be a significant deficiency.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Champaign, Illinois
January 7, 2016

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: unmodified opinion

Internal control over financial reporting:

- Material weakness identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness identified? Yes No
- Significant deficiencies identified that are not considered to be material weakness? Yes None reported

Type of auditor’s report issued on compliance for major programs: unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants and Children
93.778	Medical Assistance Program
93.917	HIV Care Formula Grants

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000
Auditee qualified as low-risk auditee? Yes No

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

Section II – Financial Statement Findings

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

Criteria or Specific Requirement: Internal control is the process, affected by management and other personnel, designed to provide reasonable assurance that transactions are properly recorded and accounted for and that transactions are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements. Preparation and review of account reconciliations is an important aspect of an internal control environment.

Condition: During our internal control testing, we noted that several account reconciliations were only taking place at year-end, rather than monthly.

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

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

Cause: Per management, processes/reconciliations were not setup or known to existing staff as well as the District has insufficient staffing levels.

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

Views of Responsible Officials and Planned Corrective Action: Agree. The recommendation was in process as of June 30, 2015 with full implementation as of November 30, 2015.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

Section II – Financial Statement Findings (continued)

FINDING NO. 2015-002 – CONTROLS OVER DISBURSEMENTS

Criteria or Specific Requirement: Internal control is the process, affected by management and other personnel, designed to provide reasonable assurance that transactions are properly recorded and accounted for and that transactions are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements. Review of disbursements is an aspect of an internal control environment.

Condition: During our internal control testing, we noted an instance in which a check did not have the required dual signatures.

Context: For one month of check images reviewed, we noted one check that did not have the proper dual signatures.

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

Cause: Oversight and/or reassignment of duties. The first internal control procedure is where the individual responsible for stuffing checks for mailing visually verifies dual signatures have been recorded. The District began using a new bank during fiscal year. During the audit, it was found that the new bank does not verify if dual signatures are in place; therefore no written authorization from the missing authorized individual is requested. The bank has also stated this is not an option.

Recommendation: We recommend the District monitor the dual signature control to ensure the policy is being adhered to.

Views of Responsible Officials and Planned Corrective Action: Agree. The Authorized Signers and the individual responsible for stuffing the checks for mailing will manually review the order of the check numbers and ensure signature is present on each check. The individual stuffing the checks will do this before they begin the stuffing process.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

Section II – Financial Statement Findings (continued)

FINDING NO. 2015-003 – MATERIAL ADJUSTING JOURNAL ENTRIES

Criteria or Specific Requirement: Internal control is the process, affected by management and other personnel, designed to provide reasonable assurance that transactions are properly recorded and accounted for and that transactions are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements. Preparation and review of prepaid expense reconciliations, as well as review of expenses after year-end for all payables, are an aspect of an internal control environment.

Condition: During our audit, we noted two material adjusting journal entries.

Context: One of the material adjustments was a prior period adjustment related to prepaid expenses in the amount of \$70,345. The second material adjustment was a liability for a capital project to be recorded in the amount of \$46,480.

Effect: Beginning fund balance was understated related to prepaid insurance and capital outlay and payables were understated related to the capital project.

Cause: Oversight by the Finance Department.

Recommendation: We recommend the Finance Department establish review procedures over the trial balances on a monthly basis to ensure balances are accurately recorded.

Views of Responsible Officials and Planned Corrective Action:

1. The \$70,345 adjustment was the result of balance sheet reconciliations not completed for the last several years. This issue has been resolved as noted in Finding 2015-001.
2. Accounts Payable personnel and Director of Finance will continue to review invoices as normal paying special attention to the date services are rendered.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

Section III – Federal Award Findings and Questioned Costs

FINDING NO. 2015-004 – REPORTING

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

Questioned Costs: None

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

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

Context: This was noted in one of three expenditure reports tested during the audit.

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

Cause: A thorough evaluation and realignment of assignments identified the agency had insufficient staffing levels to meet all time frames per contracts with Grantors.

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

Views of Responsible Officials and Planned Corrective Action: We concur with the finding and this is work in progress. Two members of existing agency staff were transferred to the Finance Accounting Division effective November 12, 2014 with a schedule of approximately twenty-five hours per week for each. During the period these individuals were being trained, reassignment of Grant Reporting and training was also being submitted with the completion goal of June 30, 2015. This goal was attained, and we are continuing to review our processes and staffing assignments on an on-going basis.

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

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

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

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

Federal Agency/Program/Year: Department of Health and Human Services – CFDA# 93.778 – Medical Assistance Program – all years

Questioned Costs: None

Criteria or Specific Requirement: The period of availability requirements outlined in the OMB Circular A-133 Compliance Supplement indicate that expenses that should be recorded during the period of availability and the underlying obligations occurred within the period of availability.

Condition: During our testing of indirect general expenditures, we noted one expense was recorded in the wrong period.

Context: This was noted in one of sixty transactions tested during the audit.

Effect: Without an internal control structure to ensure that grant expenditures are properly recorded to the correct period, the granting agency could cite the entity for grant improprieties.

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

Recommendation: We recommend the District establish review procedures over its expenditures in conjunction with its monthly expenditure reporting process to ensure expenditures are recorded in the correct period.

Views of Responsible Officials and Planned Corrective Action: Procedures have been established to ensure prepayments are booked to prepaid expenses and allocated regardless of dollar amount.

Person Responsible:	Director of Finance
Expected Completion:	Already implemented

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT
SCHEDULE OF PRIOR YEAR FEDERAL FINDINGS
Year Ended June 30, 2015**

YEAR ENDED JUNE 30, 2014

FINDING NO. 2014-001 - LACK OF TIMELY FINANCIAL REPORTING

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

This condition was corrected.

FINDING NO. 2014-002 - LACK OF SEGREGATION OF DUTIES

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

This condition was corrected.

FINDING NO. 2014-005 - REPORTING FOR WIC, COMMUNITY TRANSFORMATION GRANTS, AND STATE PLANNING AND ESTABLISHMENT GRANTS FOR ACA'S EXCHANGES PROGRAMS

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

A similar finding was noted at 2015-004 for only the WIC program.

FINDING NO. 2014-006 - SUBRECIPIENT MONITORING FOR STATE PLANNING AND ESTABLISHMENT GRANTS FOR ACA'S EXCHANGES FUNDS

Condition: One subrecipient was not monitored appropriately.

No instances noted during current year testing.