

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**June 30, 2011**

**Champaign-Urbana Public Health District**  
**June 30, 2011**

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**Champaign-Urbana Public Health District**  
**June 30, 2011**

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Champaign-Urbana Public Health District (District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Champaign-Urbana Public Health District as of June 30, 2011 and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 7, 2011 on our consideration of Champaign-Urbana Public Health District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

The budgetary comparison information and schedule of funding progress listed as required supplementary information in the table of contents are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The District has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Champaign-Urbana Public Health District's basic financial statements. The accompanying Illinois Department of Human Services Grant Report listed in the table of contents as other supplementary information is presented for additional analysis and is not a required part of the basic statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Clifton Henderson LLP*

Champaign, Illinois  
December 7, 2011

**Champaign-Urbana Public Health District**  
**Statement of Net Assets**  
**June 30, 2011**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash	\$ 3,843,098
Property Taxes Receivable, Net of Allowance - \$9,100	1,355,403
Revenue Due From Federal	26,250
Revenues Due From State	2,000,037
Revenue Due From County	132,980
Revenues Due From Units of Local Government	97,394
Revenue Due From Others, Net of Allowance - \$710	65,557
Prepaid Expenses	100,954
Inventory	8,798
Capital Assets:	
Land	374,000
Other Capital Assets, Net of Accumulated Depreciation	5,347,281
Total Capital Assets	5,721,281
 Total Assets	 \$ 13,351,752
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable	264,701
Accrued Liabilities	260,580
Deferred Revenue - Grants	51,282
Deferred Revenue - Property Taxes	2,090,724
Deferred Revenue - Other	166,666
Current Portion of Long-Term Debt	140,611
Total Current Liabilities	2,974,564
Noncurrent Liabilities:	
Accrued Compensated Absences	185,362
Noncurrent Portion of Long-Term Debt	2,816,500
Total Noncurrent Liabilities	3,001,862
Total Liabilities	5,976,426
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	2,764,170
Unrestricted	4,611,156
Total Net Assets	\$ 7,375,326

See accompanying notes to financial statements.

**Champaign-Urbana Public Health District**  
**Statement of Activities**  
For the Year Ended June 30, 2011

Functions/Programs	Expenses	<u>Program Revenues</u>		Total Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities</b>				
Administration	1,255,741	\$ 198,055	\$ 88,330	\$ (969,356)
Champaign County Public Health				
Department - Contract	795,509	49,260	734,457	(11,792)
Environmental Health	770,529	254,931	400,728	(114,870)
Infectious Disease Prevention and Management	2,181,808	185,329	1,512,642	(483,837)
Maternal and Child Health	4,324,222	397,432	3,646,220	(280,570)
Public Health Institute for Research and Excellence	35,082	-	34,533	(549)
Vital Statistics	97,477	87,095	7,617	(2,765)
Wellness and Health Promotion	2,122,666	721,251	837,569	(563,846)
Total Governmental Activities	<u>\$ 11,583,034</u>	<u>\$ 1,893,353</u>	<u>\$ 7,262,096</u>	<u>(2,427,585)</u>
<b>General Revenues</b>				
Property Taxes				2,875,596
Investment Income				17,323
Miscellaneous				45,125
Total General Revenues				<u>2,938,044</u>
<b>Change in Net Assets</b>				510,459
<b>Net Assets, Beginning of Year</b>				<u>6,864,867</u>
<b>Net Assets, End of Year</b>				<u><u>\$ 7,375,326</u></u>

See accompanying notes to financial statements.

**Champaign-Urbana Public Health District**  
**Balance Sheet - Governmental Funds**  
**June 30, 2011**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash	\$ 3,700,192	\$ 142,906	\$ 3,843,098
Property Taxes Receivable, net	1,211,317	144,086	1,355,403
Revenues Due From Federal	25,006	1,244	26,250
Revenues Due From State	1,880,559	119,478	2,000,037
Revenue Due From County	120,958	12,022	132,980
Revenues Due From Units of Local Government	97,394	-	97,394
Revenues Due From Others, net Due From General Fund	65,206 -	351 1,902	65,557 1,902
Prepaid Expenses	60,012	37,582	97,594
Inventory	8,798	-	8,798
Total Assets	<u>\$ 7,169,442</u>	<u>\$ 459,571</u>	<u>\$ 7,629,013</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 264,701	\$ -	\$ 264,701
Accrued Liabilities	185,650	74,930	260,580
Due to Other Governmental Funds	1,583	319	1,902
Deferred Revenue - Grants	51,282	-	51,282
Deferred Revenue - Property Taxes	1,869,574	221,150	2,090,724
Deferred Revenue - Other	166,666	-	166,666
Total Liabilities	<u>2,539,456</u>	<u>296,399</u>	<u>2,835,855</u>
<b>Fund Balances</b>			
<b>Nonspendable:</b>			
Inventory	8,798	-	8,798
Prepaid Expenses	60,012	37,582	97,594
<b>Restricted to:</b>			
Illinois Municipal Retirement Fund	-	477	477
Audit	-	7,526	7,526
Insurance	-	117,587	117,587
<b>Unassigned</b>	<u>4,561,176</u>	<u>-</u>	<u>4,561,176</u>
Total Fund Balances	<u>4,629,986</u>	<u>163,172</u>	<u>4,793,158</u>
Total Liabilities and Fund Balances	<u>\$ 7,169,442</u>	<u>\$ 459,571</u>	<u>\$ 7,629,013</u>

See accompanying notes to financial statements.

**Champaign-Urbana Public Health District**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
**June 30, 2011**

**Total Fund Balance for Governmental Funds** \$ 4,793,158

**Total Net Assets Reported for Governmental Activities in the Statement of Net Assets are different because:**

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 374,000	
Buildings and Improvements, Net of \$517,529		
Accumulated Depreciation	4,998,941	
Furniture, Fixtures, and Equipment, Net of \$890,852		
Accumulated Depreciation	348,340	5,721,281

Other short-term assets are not due and payable in the current period and therefore are not reported in the funds 3,360

Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds. (3,142,473)

**Total Net Assets of Governmental Activities** \$ 7,375,326

See accompanying notes to financial statements.

**Champaign-Urbana Public Health District**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**For the Year Ended June 30, 2011**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Property Taxes	\$ 2,584,052	\$ 291,544	\$ 2,875,596
Licenses and Permits	235,353	-	235,353
Intergovernmental	6,927,947	334,149	7,262,096
Interest	17,323	-	17,323
Charges For Services	1,658,000	-	1,658,000
Miscellaneous	45,125	-	45,125
	<u>11,467,800</u>	<u>625,693</u>	<u>12,093,493</u>
Total Revenues			
<b>Expenditures</b>			
Administration	831,142	140,624	971,766
Champaign County Public Health Department - Contract	695,632	89,254	784,886
Environmental Health	672,998	75,595	748,593
Infectious Disease Prevention and Management	1,959,403	185,531	2,144,934
Maternal and Child Health	4,049,852	241,669	4,291,521
Public Health Institute for Research and Excellence	33,102	1,980	35,082
Vital Statistics	90,919	5,529	96,448
Wellness and Health Promotion	1,880,697	199,403	2,080,100
Debt Service:			
Principal	133,579	-	133,579
Interest	145,160	-	145,160
Capital Outlay	169,605	-	169,605
	<u>10,662,089</u>	<u>939,585</u>	<u>11,601,674</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	<u>805,711</u>	<u>(313,892)</u>	<u>491,819</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	175,000	175,000
Transfers Out	(175,000)	-	(175,000)
	<u>(175,000)</u>	<u>175,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	630,711	(138,892)	491,819
<b>Fund Balances, Beginning of Year</b>	<u>3,999,275</u>	<u>302,064</u>	<u>4,301,339</u>
<b>Fund Balances, End of Year</b>	<u>\$ 4,629,986</u>	<u>\$ 163,172</u>	<u>\$ 4,793,158</u>

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, 2011**

**Net Change in Fund Balances — Total Governmental Funds** \$ 491,819

**The Change in Net Assets 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 depreciation exceeded capital outlays in the current period.

(87,670)

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 assets.

102,903

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.

3,407

**Change in Net Assets of Governmental Activities**

\$ 510,459

See accompanying notes to financial statements.

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2011**

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

***Nature of Operations***

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

***Reporting Entity***

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the *Codification of Government Accounting and Financial Reporting Standards*, Section 2100. The financial reporting entity consists of (a) the primary government, Champaign-Urbana Public Health District, which has a separately elected governing body, is legally separate and fiscally independent of other state and local governments, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

***Basis of Presentation***

The District's financial statements consists of government-wide statements, including a statement of net assets 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, 2011**

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

*Basis of Presentation (Continued)*

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the nonfiduciary financial activities of the District. These statements report those activities of the District that are governmental (i.e. generally supported by taxes and intergovernmental revenues).

The statement of net assets 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.

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 and liabilities is reported as fund balance. The District's major governmental fund is the General 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.

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2011**

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

Governmental Funds (Continued)

Additionally, the District reports special revenue funds, which are combined as nonmajor funds.

***Basis of Accounting/Measurement Focus***

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

Government-Wide Financial Statements

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

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

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.

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2011**

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

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 and liabilities 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 2010 levy which will be collected and recognized during the year ended June 30, 2011. 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, 2011 was \$2,090,724.

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."

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2011**

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

***Receivables and Payables (Continued)***

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

***Prepaid Items***

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

***Inventories***

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

***Capital Assets***

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

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

***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 assets.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt services expenditures. The District issued no new debt in fiscal year 2011.

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2011**

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

*Net Assets*

Net assets of the District are classified in three components. Net assets invested in capital assets, net of related debt, consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net assets are 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 assets are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt or restricted expendable.

*Fund Balance*

Within the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance are amounts that cannot be spent because they are not in spendable form or legally or contractually required to remain intact. Restricted fund balance are amounts that are constrained for a specific purpose through restrictions of external parties or by constitutional provision or enabling legislation. Restricted fund balance consists of Illinois Municipal Retirement Fund (IMRF) to pay current IMRF expenditures; the Audit fund is assigned for the cost of the annual financial audit; and the insurance fund is assigned to pay for unemployment insurance, workers compensation and property/liability insurance. Committed fund balance are amounts 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, 2011.

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 is 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. There are no assigned fund balances as of June 30, 2011. Unassigned fund balance are the residual classification for the government's general fund includes 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 resources when any of these

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2011**

amounts are available for expenditure should first reduce restricted, then committed amounts, followed by the assigned amounts, and then unassigned.

If the unassigned 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 will approve a plan to replenish the fund balance as soon as economic conditions allow, however preferably no later than three years after deficit occurs, in order to sustain financial viability.

***Adoption of New Accounting Standard***

Effective July 1, 2010, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based on primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**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, 2011, none of the District's balance of \$4,021,243 was exposed to custodial credit risk.

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 3: Capital Assets**

Capital assets activity for the year ended June 30, 2011 was:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated:				
Land	\$ 374,000	\$ -	\$ -	\$ 374,000
Capital assets being depreciated:				
Buildings and Improvements	5,446,636	69,834	-	5,516,470
Furniture, Fixtures and Equipment	1,151,480	130,448	(42,736)	1,239,192
Total assets being depreciated	<u>6,598,116</u>	<u>200,282</u>	<u>(42,736)</u>	<u>6,755,662</u>
	<u>6,972,116</u>	<u>200,282</u>	<u>(42,736)</u>	<u>7,129,662</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(370,089)	(147,440)	-	(517,529)
Furniture, Fixtures and Equipment	(793,076)	(140,512)	42,736	(890,852)
	<u>(1,163,165)</u>	<u>(287,952)</u>	<u>42,736</u>	<u>(1,408,381)</u>
Net Capital Assets	<u>\$ 5,808,951</u>	<u>\$ (87,670)</u>	<u>\$ -</u>	<u>\$ 5,721,281</u>

Depreciation expense was charged to the all of the functions on the Statement of Activities.

**Note 4: Long-Term Liabilities**

The following is a summary of long-term liabilities for the District for the year ended June 30, 2011:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
General Obligation Bonds Payable	\$ 3,054,238	\$ -	\$ (125,153)	\$ 2,929,085	\$ 130,936
Capital Lease Obligations	5,776	30,676	(8,426)	28,026	9,675
Total	<u>\$ 3,060,014</u>	<u>\$ 30,676</u>	<u>\$ (133,579)</u>	<u>\$ 2,957,111</u>	<u>\$ 140,611</u>

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2011**

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

**General Obligation Bonds Payable**

On October 26, 2006, the District issued \$4,000,000 of general obligation bonds. The bonds bear interest, payable monthly at a rate of 4.76% and are due in monthly installments, which began December 2007. Principal maturities began June 2008, and continue until 2026. Proceeds from the issuance of these bonds were used to purchase and remodel a new operating facility.

The debt service requirements as of June 30, 2011, are as follows:

	Total To Be		
	Paid	Principal	Interest
2012	\$ 269,809	\$ 130,936	\$ 138,873
2013	269,809	137,777	132,032
2014	269,809	144,576	125,233
2015	269,808	151,709	118,099
2016	269,808	158,893	110,915
2017-2021	1,349,040	921,548	427,492
2022-2026	1,349,040	1,172,595	176,445
2027	112,419	111,051	1,368
	<u>\$ 4,159,542</u>	<u>\$ 2,929,085</u>	<u>\$ 1,230,457</u>

**Capital Lease Obligations**

The District is obligated under leases accounted for as capital leases. Assets under capital leases at June 30, 2011 totaled \$29,142, net of accumulated depreciation of \$1,534. 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, 2011:

2012	\$ 10,740
2013	9,048
2014	3,972
2015	3,972
2016	2,648
Less Amount Representing Interest	(2,354)
Present Value of Future Minimum Lease Payments	<u>\$ 28,026</u>

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2011**

**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, 2011 was \$22,140. The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2011:

	Amount
2012	\$ 23,793
2013	3,449
2014	1,530
	\$ 28,772

**Note 6: Pension Plan**

*Plan Description.* The District’s defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District’s plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy.* As set by statute, the District’s plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2010 was 11.30 percent of annual covered payroll. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* The required and actual contributions for calendar year 2010 was \$466,755.

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2011**

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

*Three-Year Trend Information for the Regular Plan*

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2010	\$ 466,755	100%	\$0
12/31/2009	375,531	100%	0
12/31/2008	336,543	100%	0

The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the District's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between actuarial and market value of assets. The regular plan's unfunded actuarial accrued liability at December 31, 2008 is being amortized as a level percentage of projected payroll on an open 30-year basis.

*Funded Status and Finding Progress.* As of December 31, 2010, the most recent actuarial valuation date, the regular plan was 72.21 percent funded. The actuarial accrued liability for benefits was \$6,618,688 and the actuarial value of assets was \$4,779,229, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,839,459. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$4,130,577 and the ratio of the UAAL to the covered payroll was 45 percent.

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

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2011**

**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 fifteen 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, 2011, the liability for accrued vacation is \$185,362.

	Beginning Balance	Additions	Payments	Ending Balance
Accrued Compensated Absences	\$ 193,642	\$ -	\$ (8,280)	\$ 185,362

**Note 8: Deferred Compensation Plan**

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

**Note 9: Other Post Employment Benefits**

Plan Description. The District offers other post employment benefits (OPEB) for all of its retirees through the District's Group Health insurance, defined benefit plan administered by Health Alliance that meet all of the specified criteria: (1) must be less than age 65, (2) retire through Illinois Municipal Retirement Fund (IMRF), and (3) elect coverage at the time of retirement. Spouses of eligible members are also eligible to sign up as long as they do so at the time the employee retires. Once the retiree and/or spouse reach age 65 years, they are automatically terminated from the plan, unless they waive coverage prior to that. Once the retiree waives coverage, they are no longer eligible under the OPEB plan. The premiums are paid 100 percent by the retiree.

There was no unfunded liability as of June 30, 2011 that was required to be recorded.

**Champaign-Urbana Public Health District**  
**Notes to Financial Statements**  
**June 30, 2011**

**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, 2011, 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 currently involved in various claims and pending legal actions related to matters arising from the ordinary conduct of business. The District administration believes the ultimate disposition of the actions will not have a material effect on the financial statements of the District.

**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) Individual interfund receivables and payable balances at June 30, 2011 are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ -	\$ 1,583
IMRF Fund	1,902	-
Insurance Fund	<u>-</u>	<u>319</u>
Total	<u>\$ 1,902</u>	<u>\$ 1,902</u>

The interfund balances are primarily the result of reimbursements due for expenditures paid on behalf of one fund by another fund and/or corrections of allocations or deposits.

**Champaign-Urbana Public Health District  
Notes to Financial Statements  
June 30, 2011**

**Note 12: Other Required Disclosures (Continued)**

b) Transfers between funds for year ended June 30, 2011 were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 175,000
IMRF Fund	<u>175,000</u>	<u>-</u>
	<u>\$ 175,000</u>	<u>\$ 175,000</u>

The transfers occurred to assist in paying off an early retirement balance.

c) Deficit fund balances of individual funds:

There were no funds with deficit fund balances as of June 30, 2011.

d) Excess expenditures over budget:

General fund expenditures exceeded budget for the fiscal year by \$2,034,682. This occurred because noncash vouchers received and used related to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and Vaccine For Children Program were recorded as expenditures in the financial statements in the amount of \$2,080,272, and \$104,519, respectively, which were not accounted for in the budget process since not a cash expenditure.

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

***Required Supplementary Information***

**Champaign-Urbana Public Health District  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
General Fund  
For the Year Ended June 30, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues</b>				
Property Taxes	\$ 2,527,957	\$ 2,527,957	\$ 2,584,052	\$ 56,095
Intergovernmental	4,656,258	4,645,377	6,927,947	2,282,570
Charges for Services	1,662,089	1,662,089	1,893,353	231,264
Miscellaneous Income	55,389	66,270	62,448	(3,822)
<b>Total Revenues</b>	<b>8,901,693</b>	<b>8,901,693</b>	<b>11,467,800</b>	<b>2,566,107</b>
<b>Expenditures</b>				
Administration	1,123,338	1,123,338	831,142	292,196
Champaign County Public				
Health Department - Contract	728,879	728,879	695,632	33,247
Environmental Health	459,190	459,190	672,998	(213,808)
Infectious Disease				
Prevention and Management	2,107,396	2,107,396	1,959,403	147,993
Maternal and Child Health	1,768,167	1,768,167	4,049,852	(2,281,685)
Public Health Institute				
for Research and Excellence	18,344	18,344	33,102	(14,758)
Vital Statistics	79,580	79,580	90,919	(11,339)
Wellness and Health Promotion	1,831,777	1,831,777	1,880,697	(48,920)
Debt Service:				
Principal	121,500	121,500	133,579	(12,079)
Interest	148,308	148,308	145,160	3,148
Capital Outlay	240,928	240,928	169,605	71,323
<b>Total Expenditures</b>	<b>8,627,407</b>	<b>8,627,407</b>	<b>10,662,089</b>	<b>(2,034,682)</b>
Excess (Deficiency) of Revenues Over Expenditures	274,286	274,286	805,711	531,425
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	(400)	(400)	(175,000)	(174,600)
	(400)	(400)	(175,000)	(174,600)
<b>Net Change in Fund Balance</b>	<b>273,886</b>	<b>273,886</b>	<b>630,711</b>	<b>356,825</b>
<b>Fund Balance, Beginning of Year</b>	<b>3,999,275</b>	<b>3,999,275</b>	<b>3,999,275</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 4,273,161</b>	<b>\$ 4,273,161</b>	<b>\$ 4,629,986</b>	<b>\$ 356,825</b>

**Champaign-Urbana Public Health District  
 Illinois Municipal Retirement  
 Schedule of Funding Progress  
 For the Year Ended June 30, 2011**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a) / c)</b>
12/31/2010	\$ 4,779,229	\$ 6,618,688	\$ 1,839,459	72.21%	\$ 4,130,577	44.53%
12/31/2009	3,976,064	5,873,250	1,897,186	67.70%	4,321,421	43.90%
12/31/2008	3,440,834	5,213,875	1,773,041	65.99%	4,222,628	41.99%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$5,229,806. On a market basis, the funded ratio would be 79.02%.

**Champaign-Urbana Public Health District**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2011**

**Notes to Schedule**

***Appropriated Budget***

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

***Excess Expenditures Over Budget***

General fund expenditures exceeded budget for the fiscal year by \$2,034,682. This occurred because noncash vouchers received and used related to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and Vaccine For Children Program were recorded as expenditures in the financial statements in the amount of \$2,080,272, and \$104,519, respectively, which were not accounted for in the budget process since not a cash expenditure.

***Other Supplementary Information***

Champaign-Urbana Public Health District

Illinois Department of Human Services Grant Report - Grant Allowable Cost Summary

For the Year Ended June 30, 2011

Page 1 of 2 -- Grant Allowable Cost Summary

Agency Name: Champaign Urbana Public Health District

FEIN: 37-6005435

		DHS GRANT-FUNDED SERVICES							All Other Programs	Management & General	Total
		Program 1	Program 2	Program 3	Program 4	Program 5	Program 6	Program 7			
	Program Name Contract Number Other Identification	Coordinated School Health Education 11GM071000 M11GM071372	Family Case Management - Downstate 11GM071000 M11GM071300	Healthworks Health Care Network 11GM071000 M11GM071390	WIC Farmer's Market 11GM071000 M11GM071920	Supplemental Nutrition Program For Women Infants and Children 11GM071000 M11GM071900	Breastfeeding Peer Counseling 11GM071000 M11GM071980				
A	Direct Program expenses	26,887	595,798	19,709	1,000	622,436	28,091		9,091,592	1,216,161	11,601,674
B	Allocate Management and General Costs (Note 1)	-	-	-	-	-	-	-	-	-	-
C	SUBTOTAL A + B	26,887	595,798	19,709	1,000	622,436	28,091	-	9,091,592	1,216,161	11,601,674
D	Subtract Unallowable costs per page 2	-	-	-	-	-	-	-	-	-	-
E	Add other approved uses (attach documentation)	-	-	-	-	-	-	-	-	-	-
F	TOTAL Allowable costs	26,887	595,798	19,709	1,000	622,436	28,091	-	-	-	-
G	Special provisions (see instructions)	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE
H	Interest Earned (see instructions)	-	-	-	-	-	-	-	-	-	-

NOTE 1: Management and General costs are allocated based on: \_\_\_\_direct salaries, \_\_\_\_total direct costs, \_\_\_\_other basis.

Champaign-Urbana Public Health District

Illinois Department of Human Services Grant Report - Grant Unallowable Costs Report  
For the Year Ended June 30, 2011

Page 2 of 2 -- UNALLOWABLE COSTS REPORT

FEIN: 37-6005435

DHS GRANT-FUNDED SERVICES						
	Program 1	Program 2	Program 3	Program 4	Program 5	Program 6
Program Name	Coordinated School Health Education	Family Case Management - Downstate	Healthworks Health Care Network	WIC Farmer's Market	Nutrition Program For Women Infants and Children	Breastfeeding Peer Counseling
Contract Number	11GM071000	11GM071000	11GM071000	11GM071000	11GM071000	11GM071000
Other Identification	M11GM071372	M11GM071300	M11GM071390	M11GM071920	M11GM071900	M11GM071980
compensation of governing body	-	-	-	-	-	-
entertainment	-	-	-	-	-	-
association dues	-	-	-	-	-	-
meetings & conventions	-	-	-	-	-	-
fundraising	-	-	-	-	-	-
bad debt	-	-	-	-	-	-
charity & grants	-	-	-	-	-	-
unallowable interest	-	-	-	-	-	-
inventories	-	-	-	-	-	-
depreciation on DHS-funded assets	-	-	-	-	-	-
cost of production	-	-	-	-	-	-
in-kind expenses	-	-	-	-	-	-
alcoholic beverages	-	-	-	-	-	-
personal automobiles	-	-	-	-	-	-
fines & penalties	-	-	-	-	-	-
personal use items	-	-	-	-	-	-
lobbying	-	-	-	-	-	-
unallowable relocation	-	-	-	-	-	-
gratuities	-	-	-	-	-	-
political contributions	-	-	-	-	-	-
related party transactions	-	-	-	-	-	-
cost where a conflict of interest exists	-	-	-	-	-	-
Unallowable costs if Program is Federally funded or cost-restricted by Contract (See Instructions) Explain:	-	-	-	-	-	-
Explain:	-	-	-	-	-	-
TOTAL UNALLOWABLE COSTS (to line D of Grant Report)	-	-	-	-	-	-
See below if NONE:	-	-	-	-	-	-

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

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

\_\_\_\_\_  
Signature

10/18/2011  
Date

**Andrea N. Wallace, Director of Finance**  
\_\_\_\_\_  
Printed Name and Title

**Champaign-Urbana Public Health District**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2011

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Passed through Illinois Department of Public Health Summer Food Service Program For Children	10.559	15280103	\$ 1,300
	10.559	15280103a	1,500
Passed through Illinois State Board of Education Summer Food Service Program For Children	10.559	2010-09010059P00	7,585
	10.559	2011-09010059P00	5,129
	Subtotal CFDA #10.559		<u>15,514</u>
Passed through Illinois Department of Agriculture Agricultural Marketing Service's Specialty Crop Block Grant Program - Farm Bill	10.170	12-25-B-1066	<u>7,706</u>
Passed through Illinois Department of Human Services Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	M11GM071900	563,400
	10.557	M11GM071980	25,000
Special Supplemental Nutrition Program for Women, Infants, and Children - noncash	10.557	N/A	2,080,272
	<b>M</b> Subtotal CFDA #10.557		<u>2,668,672</u>
WIC Farmers' Market Nutrition Program (FMNP)	10.572	M11GM071920	<u>1,000</u>
<b>Total U.S. Department of Agriculture</b>			<u><b>2,692,892</b></u>
<b>U.S. Environmental Protection Agency</b>			
Passed through Illinois Emergency Management Agency State Indoor Radon Grant	66.032	11CUPH	<u>3,188</u>
Passed through Illinois Department of Public Health Performance Partnership Grant	66.605	15380074	<u>488</u>
<b>Total U.S. Environmental Protection Agency</b>			<u><b>3,676</b></u>

**Champaign-Urbana Public Health District**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2011

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Energy</b>			
Passed through Champaign County Regional Planning Commission Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-EE0000824	65,000
<b>Total U.S. Department of Energy</b>			<b><u>65,000</u></b>
 <b>U. S. Department of Housing and Urban Development</b>			
Passed through Illinois Department of Public Health Housing Opportunities for Persons with AIDS	14.241	05780420	44,187
	14.241	05780438	18,623
	14.241	15780159	295
	Subtotal CFDA #14.241		<u>63,105</u>
Lead-Based Paint Hazard Control in Privately- Owned Housing	14.900	95380479	900
<b>Total U. S. Department of Housing and Urban Development</b>			<b><u>64,005</u></b>
 <b>U.S. Department of Health and Human Services</b>			
Passed through National Association of County and City Health Officials Medical Reserve Corps Small Grant Program	93.008	MRC 11 410	4,286
Centers for Disease Control & Prevention - Investigations and Technical Assistance	93.283	2010-091603	26,250
	93.283	2011-022211	4,000
Passed through Illinois Department of Public Health Centers for Disease Control & Prevention - Investigations and Technical Assistance	93.283	06180038	7,195
	93.283	16180037	60,250
	93.283	16180004	173,174
	93.283	13281008	5,732
	93.283	13287004	5,475
	<b>M</b> Subtotal CFDA #93.283		<u>282,076</u>
Passed through Illinois Department of Public Health Project Grants and Cooperative Agreement for Tuberculosis Control Programs	93.116	05180459	4,000
	93.116	15180126	4,500
	Subtotal CFDA #93.116		<u>8,500</u>

**Champaign-Urbana Public Health District**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended June 30, 2011

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
HIV Care Formula Grants	93.917	05780438	748,943
	93.917	15780146	<u>68,612</u>
<b>M</b> Subtotal CFDA #93.917			<u>817,555</u>
Immunization Grants	93.268	15180104	3,665
Immunization Grants - noncash	93.268	N/A	26,779
Immunization Grants - noncash	93.268	N/A	<u>77,740</u>
Subtotal CFDA #93.268			<u>108,184</u>
HIV Prevention Activities - Health Department Based (See Note 2)	93.940	15780135	<u>10,334</u>
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	05180280	<u>8,283</u>
Environmental Public Health and Emergency Response	93.070	13283007	1,837
	93.070	03283010	<u>628</u>
Subtotal CFDA #93.070			<u>2,465</u>
ARRA - Immunization	93.712	05180317	<u>13,763</u>
ARRA - Prevention and Wellness-State, Territories and Pacific Islands	93.723	13288703	<u>1,810</u>
Public Health Emergency Preparedness	93.069	07181010	108,065
	93.069	07181227	236
	93.069	07181132	5,760
	93.069	17180062	22,250
	93.069	17180054	14,194
	93.069	17180004	124,545
Passed through Champaign County Board of Health Public Health Emergency Preparedness	93.069	07181009	86,508
	93.069	07181226	398
	93.069	07181131	8,300
	93.069	17180061	<u>20,012</u>
Subtotal CFDA #93.069			<u>390,268</u>
Passed through Illinois Department of Healthcare and Family Services Medical Assistance Program	93.778	SFY2011	476,899
	93.778	SFY2010	305,523
	93.778	N/A	23,908
	93.778	N/A	<u>122,351</u>
Subtotal CFDA #93.778			<u>928,681</u>

**Champaign-Urbana Public Health District  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011**

Federal Agency Pass-through Entity/ Cluster Title/ Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Children's Health Insurance Program	93.767	N/A	<u>12,820</u>
Passed through Illinois Department of Public Health Maternal and Child Health Services Block Grant to the States	93.994	13480137	4,000
Passed through Illinois Department of Human Services Maternal and Child Health Services Block Grant to the States	93.994	M11GM071372	<u>26,887</u>
	Subtotal CFDA #93.994		<u>30,887</u>
Social Services Block Grant	93.667	M11GM071300	13,200
	93.667	M11GM071840	<u>24,442</u>
	Subtotal CFDA #93.667		<u>37,642</u>
<b>Total U.S. Department of Health and Human Services</b>			<b><u>2,657,554</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 5,483,127</u></b>

(M) Denotes Major Program

**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
HIV Prevention Activities - Health Department Based	93.940	Sisters and Brothers Helping Each Other	<u>\$ 3,074</u>

**Note 3 - Loans**

There were no federal loans, loan guarantees or insurance outstanding at June 30, 2011 and during the year then ended.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

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

We have audited the financial statements of Champaign-Urbana Public Health District (District) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 7, 2011. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Champaign-Urbana Public Health District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 combination of significant deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as Findings 2011-1 to be a significant deficiency in internal control over financial reporting. 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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Champaign-Urbana Public Health District's financial statements are free of 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.

We noted a certain matter that we reported to management of Champaign-Urbana Public Health District in a separate letter dated December 7, 2011.

Champaign-Urbana Public Health District's responses to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Champaign-Urbana Public Health District's responses and, accordingly, we express no opinion on them.

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

*Clifton Gunderson LLP*

Champaign, Illinois  
December 7, 2011

**Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

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

**Compliance**

We have audited the compliance of Champaign-Urbana Public Health District (District) with the types of compliance requirements described in *the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. Champaign-Urbana Public Health District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Champaign-Urbana Public Health District's management. Our responsibility is to express an opinion on Champaign-Urbana Public Health District's compliance based on our audit.

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

In our opinion, Champaign-Urbana Public Health District complied, in all material respects, with the 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, 2011.

## Internal Control Over Compliance

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

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

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 the internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as Findings 2011-2 and 2011-3. A significant deficiency in internal control over compliance is a deficiency, or 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.

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. We did not audit Champaign-Urbana Public Health District's responses and, accordingly, we express no opinion on them.

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

*Clifton Gunderson LLP*

Champaign, Illinois  
December 7, 2011

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2011**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: unqualified 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: unqualified 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
93.917	HIV Care Formula Grants
93.283	Centers for Disease Control and Prevention – Investigations and Technical Assistance

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, 2011**

**Section II – Financial Statement Findings**

**FINDING NO. 2011-1 – LACK OF SEGREGATION OF DUTIES OVER RECEIPTS**

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

*Condition:* During our internal control testing of cash receipts, we noted that the Director of Finance is allowed access to all steps within the bank deposit process, along with final review and authorization, and general ledger access.

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

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

*Cause:* There are limited personnel with accounting experience and capacity.

*Recommendation:* We recommend reviewing the Director of Finance duties and segregating the duties as much as possible to maintain adequate controls. At times, ideal segregation of duties is not possible due to size or ability of personnel. In these cases, continued review of financial information at department head and other management levels is the best means of reducing risks.

*Views of Responsible Officials and Planned Corrective Action:* We concur with the finding. Although the Director of Finance has access to all areas, the likelihood is remote that the Director would be involved in receiving cash, posting receipts to the general ledger and preparing a deposit all for the same transaction. If the Director was to receive cash and record a deposit, then another person in the Finance department would be responsible for reviewing the transaction and approving the deposit for posting. CUPHD will continue to work to improve segregation of duties, however it becomes difficult as we have three other staff besides the Director of Finance with very specific job duties that does not allow them time to be assigned additional duties that are within their ability, so we will need to investigate an additional review process or some other form of segregation.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2011**

**Section III – Federal Award Findings and Questioned Costs**

**FINDING NO. 2011-2 – LACK OF PROPER APPROVAL**

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

Questioned Costs: None

*Criteria or Specific Requirement:* Federal guidelines require controls to be in place to ensure compliance with allowable activities and costs. The District maintains control over these expenses by documenting authorization of the expense by the Program Director and the Finance Department.

*Condition:* An invoice was not properly authorized by the Program Director before the check was processed.

*Context:* Three of the forty expenditures sampled were not properly signed by the required individual.

*Effect:* Inadequate controls over expenditures can lead to noncompliance with requirements over allowable activities and costs.

*Cause:* The lack of proper authorization by the Program Director was an oversight.

*Recommendation:* We recommend the District monitor internal control policies to ensure they are being adhered to.

*Views of Responsible Officials and Planned Corrective Action:* We did follow internal control policies by having the proper authorization for the dollar threshold being requested. The Director over the program did authorize the use of grant dollars from the program to pay for the purchase from another division, however this was not formally documented on the check request. In the future, we will be sure that if a purchase is to be charged to a grant, that the division director responsible for that grant has signed off on the check request as well.

**FINDING NO. 2011-3 – INCOMPLETE CLIENT CERTIFICATION FORMS**

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

Questioned Costs: None

*Criteria or Specific Requirement:* Client Certification Forms are required to be completed for individuals participating in the nutrition program. The form is used to classify the individual's qualification for supplemental nutritious foods, nutrition education, and referrals to health and social services.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2011**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**FINDING NO. 2011-3 – INCOMPLETE CLIENT CERTIFICATION FORMS  
(CONTINUED)**

*Condition:* We noted participant Client Certification Forms that were not properly signed, in one case by the client and in one case by District personnel.

*Context:* Two of the 60 Client Certification Forms were not properly signed by the required individual.

*Effect:* Inadequate controls over Client Certification Forms can lead to errors in eligibility determination.

*Cause:* Oversight by the In-take Coordinator and/or applicant/guardian as well as other review processes.

*Recommendation:* We recommend the District monitor controls to ensure all controls are being performed as designed.

*Views of Responsible Officials and Planned Corrective Action:* We concur with the finding. In the past year all personnel in this department were retrained on required documentation. We have begun chart reviews on a quarterly basis and select 20 files documenting the findings, if any; who performed the review, and the date completed. In addition we are in the process of working on an intake specialist checklist to be part of the clinic flow procedure so they have a document that reminds them of all the necessary steps.

**CHAMPAIGN-URBANA PUBLIC HEALTH DISTRICT  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2011**

**YEAR ENDED JUNE 30, 2010**

**FINDING NO. 2010-1 – LACK OF SEGREGATION OF DUTIES OVER RECEIPTS**

*Condition:* During our internal control testing of cash receipts, we noted that the Director of Finance is allowed access to all steps within the bank deposit process, along with final review and authorization, and general ledger access.

Condition still exists. See Finding 2011-1.

**FINDING NO. 2010-2 – LACK OF ADEQUATE COLLATERAL**

*Condition:* The District's bank account balances were not fully insured or collateralized at year end.

Accounts were properly collateralized.

**FINDING NO. 2010-3 – UNAUTHORIZED TIMECARD – CFDA #93.917**

*Condition:* An employee's timecard was not properly authorized by the Department Director before the payroll was processed.

No instances were noted in our current year testing.

**FINDING NO. 2010-4 – LACK SERVICE CONTRACT – CFDA #93.283**

*Condition:* A service contract was not created between the District and one of its service providers.

No instances were noted in our current year testing.

**FINDING NO. 2010-5 – LACK OF FORMAL REVIEW OF REPORTS – CFDA #93.283**

*Condition:* We noted there is no formal review process over the grant reports submitted.

No instances were noted in our current year testing.

**FINDING NO. 2010-6 – INCOMPLETE CLIENT CERTIFICATION FORMS – CFDA #10.557**

*Condition:* Client Certification Forms were not properly signed.

Condition still exists. See Finding 2011-3

**FINDING NO. 2010-7 – LACK OF PROPER DOCUMENTATION – CFDA #10.557**

*Condition:* A participant's file containing documentation of eligibility and treatment information could not be located.

No instances were noted in our current year testing.