

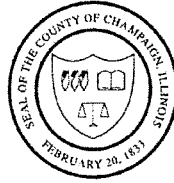
# Committee of the Whole

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November 12, 2013  
Handouts

1. Item VII-B2 FY2012 Comprehensive Annual Financial Report/Audit
2. Item VII-F1-2 General Corporate fund FY2013 Budget Report and Budget Change Report

**JOHN FARNEY**  
COUNTY AUDITOR



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**OFFICE OF THE AUDITOR**  
CHAMPAIGN COUNTY, ILLINOIS

**TO:** Alan Kurtz, County Board Chair; Christopher Alix, Deputy Chair of the Finance Committee; and Members of the Champaign County Board

**FROM:** John Farney, County Auditor  
Barbara Ramsay, Chief Deputy County Auditor / Accounting Manager

**DATE:** November 7, 2013

**RE:** Comprehensive Annual Financial Report Summary

The Comprehensive Annual Financial Report (CAFR) is Champaign County Government's annual report to its taxpayers, governing board, oversight bodies, investors and creditors. The report includes detailed information concerning the finances of Champaign County. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. Management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP).

The CAFR is structured in four basic sections. The Introductory Section (pages 1-20) contains an introduction to the government, along with subjective assessments, as needed. The Financial Section (pages 21-254) includes a report from the County's Independent Auditor, the Management Discussion and Analysis, and basic financial statements that include information about individual funds. The third section, the Single Audit Section (pages 255-272), is required reporting on the expenditures of Federal Awards. Included in this section is the Independent Auditor's Report on Internal Controls, Program Compliance, Findings and Questioned Costs, and a summary of prior audit findings, all as required by Federal law. Finally, the Statistical Section contains trend data and nonfinancial data that may be of interest to readers of the CAFR.

The County's Independent Auditor, CliftonLarsonAllen, LLP, has reviewed the financial statements contained within the CAFR. Their report appears on pages 21-22 of the CAFR. CliftonLarsonAllen, LLP, has issued an unqualified opinion of the information contained within the FY2012 CAFR. The report is attached to this summary.

**FINANCIAL HIGHLIGHTS**

The net assets of a county can be a good indicator of the overall financial health of Champaign County. The net assets of Champaign County at the end of Fiscal Year 2012 were \$85,067,484. This represents an increase in total net assets of approximately \$2.4 million over the prior year. A significant portion of the increase in the net assets can be attributed to increased Operating Grants and Contributions.

## **GOVERNMENT WIDE FINANCIAL ANALYSIS**

Champaign County's total assets exceeded liabilities by \$85,067,484 at the close of FY2012. The largest portion of the County's net assets, \$61,939,159, reflects its investment in capital assets, less any outstanding debt used to acquire those assets.

Another portion of the County's net assets, totaling \$32,473,921, represents resources that are subject to external restrictions on how they may be used.

At the close of FY2012, there was \$15,580,065 of outstanding debt issued to finance construction of the 2006 Nursing Home facility. This debt is being repaid using property taxes and sales taxes.

## **REVENUE**

Revenue for the County's governmental and business type activities come from a number of different sources, including property taxes, sales taxes, grants & contributions, investments and miscellaneous income. Revenue for governmental activities in FY2012 totaled \$81,743,092. Revenue for business type activities (Nursing Home) totaled \$15,329,842. The total revenue for Champaign County in FY2012 was \$97,072,934.

## **EXPENSES**

Expenses for the County's governmental activities totaled \$78,959,959 for FY2012. Expenses for the County's business type activities totaled \$15,701,671 for the same period. The total expenditures for Champaign County in FY2012 were \$94,661,630.

Justice and Public Safety expenses constituted the largest single category of expense within governmental activities, totaling \$30,578,631 (38.7% of total expenses). Development expenses were the next largest at \$11,731,325 (14.9%), followed by General Government at \$10,690,161 (13.5%). Overall expenses increased \$1.7 million over the previous year.

## **FINANCIAL ANALYSIS**

The combined governmental funds of Champaign County reported an ending fund balance of \$36,346,908 for FY2012, an increase of \$579,657 over the previous year. Of that fund balance, 89.6% is restricted by state statute, grant stipulations or debt covenants. Another 4.4% is either committed to a specific purpose by County Board resolution or assigned to a specific purpose by County officials. The remaining \$2,189,493 (6%) is unassigned and free to be used for any purpose at the discretion of the County Board.

The General Fund is the chief operating fund of the County. At the end of FY2012, the total fund balance of the general fund was \$3,930,086, which represents 12.6% of total general fund expenditures. The total fund balance increased by 3.8%, or \$143,572, over the previous fiscal year.

The proprietary fund statements display the County's only enterprise fund, which is the Champaign County Nursing Home. The Nursing Home ended the year with a surplus in unrestricted net assets of \$1,181,455. While the Nursing Home had a positive fund balance in FY2011, the FY2012 fund balance was a negative (\$537,663), due to lower net revenues and slightly higher expenses.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Conservative budgeting once again contributed to the overall positive financial health of Champaign County. The original expenditure budget for FY2012 was 2.6% higher than the original budget for FY2011. The original FY2012 budget also projected a small negative fund balance of (\$108,491) compared to the prior year's balanced budget. Under the final amended budget, the projected net change in fund balance was a decrease of (\$39,675), but the actual net change in fund balance turned out to be an increase of \$211,505.

## **CAPITAL ASSETS**

Champaign County's investment in capital assets as of November 30, 2012, amounted to \$93,852,965 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads and bridges.

## **LONG TERM DEBT**

At the end of the current fiscal year, the County of Champaign had total long-term liabilities of \$52,366,701. Champaign County's total bonded debt decreased by \$3,748,787 during FY2012. The entire amount is backed by the full faith and credit of the County of Champaign.

## **SINGLE AUDIT**

Champaign County is required to comply with the requirements described in OMB Circular A-133 (Single Audit) due to the amount of Federal funds received by the County and its associated entities. In FY2012, Champaign County received \$15,303,747 in Federal revenue, and expended \$15,197,817 in Federal awards.

In accordance with OMB Circular A-133, CliftonLarsonAllen, LLP, the County's Independent Auditors, have issued a schedule of findings and questioned costs for the Fiscal Year ending November 30, 2012. They issued three findings, all related the ACCESS Initiative. Included in those findings were:

- 1) \$150.27 in questioned costs attributed to interest and late fees paid on credit card purchases. This condition was also reported in the FY2011 Single Audit report.
- 2) Lack of a process to minimize the time lapsing between the receipt of federal funds and disbursements for program purchases, resulting in excess cash on hand.
- 3) Lack of timely filing of monthly financial reports and program income incorrectly recorded.

The Executive Director of the Mental Health Board is addressing these findings with his staff and grant agencies.

The OMB Circular A-133 findings are attached to this summary.

## **STATISTICAL SECTION**

The Statistical Section of the FY2012 CAFR provides information on financial trends, revenue capacity, debt capacity, demographic & economic information and operating information. This multi-year data may be useful in forecasting certain financial conditions.

**MANAGEMENT LETTER**

As part of the Independent Auditor's audit of Champaign County, they have issued a management letter to address deficient conditions in the County's Information Technology systems. That letter is attached to this summary.

The management letter issued for FY2012 is substantially the same as the management letter issued for FY2011. The items addressed in this letter are currently under review and remedy by the County Information Technology department. In addition to staff addressing these issues, the Technology Oversight Committee has been made aware of these deficiencies and will be addressing them in the future.

The Information Technology department has communicated to this office, the County Administrator, and to the Independent Auditor, that many of these issues will be addressed during the first quarter of 2014.


**CONCLUSION**

Overall, the financial health of Champaign County is good. The conservative budget principles adopted by the County have helped during the recent economic turmoil that has negatively affected many government entities across the country. Credit must be given to County Administrator Deb Busey and County Board leadership for their prudent financial management during the last Fiscal Year.

As always, the Champaign County Auditor's Office is more than happy to meet with Board members, as well as County citizens, to discuss the financial well being of Champaign County.

Sincerely,

  
JOHN FARNEY  
COUNTY AUDITOR

  
BARBARA J RAMSAY, CPA  
CHIEF DEPUTY COUNTY AUDITOR/ACCOUNTING MANAGER



CliftonLarsonAllen

CliftonLarsonAllen LLP  
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## Independent Auditor's Report

Champaign County Board  
Champaign County, Illinois  
Urbana, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Champaign County, Illinois (County) as of and for the year ended November 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Champaign County'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, the business-type activities, each major fund, and the aggregate remaining fund information of Champaign County, Illinois as of November 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof 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 our report dated October 21, 2013 on our consideration of the County'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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 23 through 34 and 41 through 42 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. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Champaign County, Illinois' basic financial statements. The combining statements and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial 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. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the 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.

The introductory and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*CliftonLarsonAllen LLP*

Champaign, IL  
October 21, 2013



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

Champaign County Board  
Champaign County, Illinois  
Urbana, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Champaign County, Illinois (County) as of and for the year ended November 30, 2012, and have issued our report thereon dated October 21, 2013. 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**

Management of Champaign County, Illinois is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County'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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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 deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of 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 over financial reporting that we consider to be material weaknesses, as defined above.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Champaign County, Illinois' 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Champaign County, Illinois in a separate letter dated October 21, 2013.

This report is intended solely for the information and use of the County Board, Finance Committee, 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.

*CliftonLarsonAllen LLP*

Champaign, Illinois  
October 21, 2013



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www.cliftonlarsonallen.com

**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**

Champaign County Board  
Champaign County, Illinois  
Urbana, Illinois

**Compliance**

We have audited the compliance of Champaign County, Illinois (County) 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 its major federal programs for the year ended November 30, 2012. Champaign County, Illinois' 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 County, Illinois' management. Our responsibility is to express an opinion on Champaign County, Illinois' 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 County, Illinois' 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 of Champaign County, Illinois' compliance with those requirements.

In our opinion, Champaign County, Illinois 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 November 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, 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 Findings 2012-1, 2012-2 and 2012-3.

## Internal Control Over Compliance

The management of Champaign County, Illinois is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Champaign County, Illinois' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 County'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 County's 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 2012-1, 2012-2 and 2012-3. 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 the attention of those charged with governance.

Champaign County, Illinois' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Champaign County, Illinois' responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the County Board, Finance Committee, 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.

*CliftonLarsonAllen LLP*

Champaign, Illinois  
October 21, 2013

**CHAMPAIGN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2012**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified  
 Internal control over financial reporting:  
 • Material weaknesses identified?  Yes  No  
 • Significant deficiency identified that is not considered to be a material weakness?  Yes  None reported  
 Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:  
 • Material weaknesses identified?  Yes  No  
 • Significant deficiencies identified that are not considered to be material weaknesses?  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(s)</u>	<u>Name of Federal Program or Cluster</u>
81.042	ARRA Weatherization Assistance for Low Income Persons
93.600	Head Start Fund
81.128	ARRA Energy Efficiency and Conservation Block Grant Program
93.104	Community Mental Health Services for Children With Serious Emotional Disturbances
93.568	Low-Income Home Energy Assistance

Dollar threshold used to distinguish between type A and type B programs: \$455,935

Auditee qualified as low-risk auditee?  Yes  No

**CHAMPAIGN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2012**

**Section II - Financial Statement Findings**

NONE.

**CHAMPAIGN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2012**

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

**FINDING NO. 2012-1 ALLOWABLE COST CONTROLS - COMMUNITY MENTAL HEALTH  
SERVICES FOR CHILDREN WITH SERIOUS EMOTIONAL  
DISTURBANCES**

Federal Agency/Program: U.S. Department of Health and Human Services –CFDA #93.104  
– Community Mental Health Services for Children with Serious  
Emotional Disturbances; Passed-through Illinois Department of  
Human Services (IDHS)  
Questioned Costs: \$150.27

*Criteria or Specific Requirement:* Applicable allowable cost compliance requirements state that interest and late fees are not an allowable cost.

*Condition:* During our audit testing, we noted credit card interest and other late fees paid with federal funding.

*Context:* This was noted in three of the sixty disbursements tested during the audit (\$68.46). Additional interest and late fees were paid at other times, for a total of \$150.27 for fiscal year ended November 30, 2012.

*Effect:* Lack of proper controls over allowable costs can lead to questioned costs and amounts due back to federal agencies.

*Cause:* The requisition and verification process for bill payments makes timely payment a persistent problem, which results in interest due on late credit card payments and other late fees on bills.

*Recommendation:* We recommend the employees reviewing and approving disbursements review the applicable allowable costs circular to ensure only allowable costs are approved and paid from federal resources.

*Views of Responsible Officials and Planned Corrective Action:* The Executive Director has continued to reinforce with staff the need to address compliance with this requirement. This Project (i.e., cooperative agreement) will end on September 30, 2015. In the interim, the project will be winding down and this will significantly reduce the variables which have made it difficult to comply with this requirement.

**CHAMPAIGN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2012**

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

**FINDING NO. 2012-2 PROPER CONTROL OVER CASH MANAGEMENT - COMMUNITY  
MENTAL HEALTH SERVICES FOR CHILDREN WITH SERIOUS  
EMOTIONAL DISTURBANCES**

Federal Agency/Program: U.S. Department of Health and Human Services –CFDA #93.104  
– Community Mental Health Services for Children with Serious  
Emotional Disturbances; Passed-through Illinois Department of  
Human Services (IDHS)  
Questioned Costs: None noted

*Criteria or Specific Requirement:* Cash management compliance requirements state if federal funds are received in advance, the grantee must establish procedures with the pass-through entity (IDHS) to minimize the time between the transfer of federal funds and the disbursement of funds for program purposes.

*Condition:* During our audit testing, we noted there was not a process in place to minimize the time lapsing between the receipt of federal funds and disbursements for program purposes.

*Context:* This was noted in one of the four receipts of funds during the fiscal year.

*Effect:* Excess cash was on hand for an extended period of time.

*Cause:* This was a new program in fiscal year 2010 with large amounts received in advance for start-up costs and since then the program has continued to receive large amounts that are in excess of what it has disbursed. Per County personnel, they had no notice from IDHS when funding would be received prior to its receipt or explanation of the amount received. Per County personnel, they were concerned about returning excess funding to the State, as they knew they would need it for future expenses. They were aware of the excess cash and did properly track interest earned on the funds. The County does not have the ability to advance money to the program if cash flow runs low.

*Recommendation:* We recommend the County work with IDHS to develop a formal process to minimize the time elapsing between the transfer of funds and disbursement of funds for program purposes.

*Views of Responsible Officials and Planned Corrective Action:* The Executive Director will discuss this problem with the Illinois Department of Human Services (IDHS) contract monitor and will recommend that we closely watch this problem and to the extent possible, request that payments be directly tied to the monthly reimbursement reports.

**CHAMPAIGN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2012**

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

**FINDING NO. 2012-3 PROPER CONTROL OVER REPORTING - COMMUNITY MENTAL  
HEALTH SERVICES FOR CHILDREN WITH SERIOUS EMOTIONAL  
DISTURBANCES**

Federal Agency/Program: U.S. Department of Health and Human Services –CFDA #93.104  
– Community Mental Health Services for Children with Serious  
Emotional Disturbances; Passed-through Illinois Department of  
Human Services (IDHS)  
Questioned Costs: None noted

*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. The Department of Human Services requires all monthly reports be filed within thirty days of the month end.

*Condition:* During our audit testing, we noted monthly financial reports were not submitted timely and program income was incorrectly recorded.

*Context:* This was noted in two of the four monthly report submissions tested during the audit.

*Effect:* Lack of proper controls over reporting compliance requirements can lead to errors in reporting.

*Cause:* This was an oversight by the Program Manager responsible for reviewing and submitting the monthly reports.

*Recommendation:* We recommend the County establish review procedures over its monthly financial reports prior to submission to ensure their accuracy, timeliness and compliance with reporting requirements.

*Views of Responsible Officials and Planned Corrective Action:* The Executive Director has met with the staff responsible for submission of the monthly reimbursement forms and has reinforced to need to assure timely submission of required forms and documents.



**CHAMPAIGN COUNTY, ILLINOIS  
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS  
Year Ended November 30, 2012**

**YEAR ENDED NOVEMBER 30, 2011**

**FINDING NO. 2011-1 ALLOWABLE COST CONTROLS -  
COMMUNITY MENTAL HEALTH SERVICES FOR CHILDREN  
WITH SERIOUS EMOTIONAL DISTURBANCES**

*Condition:* During our audit testing, we noted credit card interest paid with federal funding.

Condition still exists.

**FINDING NO. 2011-2 PROPER CONTROL OVER MATCHING -  
COMMUNITY MENTAL HEALTH SERVICES FOR CHILDREN  
WITH SERIOUS EMOTIONAL DISTURBANCES**

*Condition:* During our audit testing, we noted there were instances when the County match was not properly calculated and reported.

No instances were noted during current year's testing.

**FINDING NO. 2011-3 PROPER CONTROL OVER CASH MANAGEMENT -  
COMMUNITY MENTAL HEALTH SERVICES FOR CHILDREN  
WITH SERIOUS EMOTIONAL DISTURBANCES**

*Condition:* During our audit testing, we noted there was not a process in place to minimize the time lapsing between the receipt of federal funds and disbursements for program purposes.

Condition still exists.



Champaign County Board,  
Finance Committee, and Management  
Champaign County, Illinois  
Champaign, Illinois

We have completed our audit of the Champaign County, Illinois (County) financial statements as of and for the year ended November 30, 2012, and have issued our report dated October 21, 2013. In connection with our audit engagement, we noted the following matter which we would like to bring to your attention.

**Information Technology**

We noted the following conditions related to the financial systems:

- Financial system user access controls (controls that limit access to different components of the system) are not implemented in the current system.
- The financial software has very limited support internally. There are insufficient IT personnel to properly segregate and document system development functions in the support of the financial system applications.
- Management has not documented a disaster recovery plan.
- AS/400 password parameters do not meet currently accepted standards.
- AS/400 operating system auditing functions (tracking of changes) are not enabled on the system supporting the financial applications.

Inadequate financial system development and security controls over the programming functions in the financial system can lead to processing errors. Lack of a documented disaster recovery plan for the financial systems could lead to the unanticipated loss of customized financial system applications and financial data.

**Recommendation**

The County should consider updating its financial system and reviewing all related security settings at the system and financial application levels. Financial system user access authorities should be reviewed and approved by appropriate management personnel annually. Formalized system development review processes should be developed and enforced for all financial application system changes. A documented and tested disaster recovery plan should be developed to help management mitigate the effects of a natural or technology-related disaster affecting the financial systems, hardware, and data.

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This communication is intended solely for the information and use of the Champaign County Board, Finance Committee, management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Larson Allen LLP*

Champaign, Illinois  
October 21, 2013

**FY2013 General Corporate Fund Revenue Projection Report**

	11/8/2013	FY2012 Actual 10/31/2012	FY2012 Actual 12/31/2012	FY2013 BUDGET 12/1/2012	FY2013 YTD 10/31/2013	Projected % to be Received	Projected \$\$ to be Received	\$ Difference to Original Budget
<b>SIGNIFICANT REVENUE</b>								
PROPERTY TAXES (CURRENT)	\$7,971,989	\$8,255,678	\$8,686,118	\$8,232,750	\$8,522,918	98%	\$8,522,918	-\$163,200
PROPERTY TAXES (BACK)	\$0	\$12,844	\$5,200	\$0	\$5,200	100%	\$5,200	\$0
MOBILE HOME TAXES	\$0	\$9,116	\$8,500	\$0	\$8,500	100%	\$8,500	\$0
PAYMENT IN LIEU OF TAXES	\$1,345	\$1,345	\$4,500	\$3,823	\$4,500	100%	\$4,500	\$0
COUNTY HOTEL/MOTEL TAX	\$20,343	\$26,177	\$21,000	\$23,638	\$29,126	139%	\$29,126	\$8,126
COUNTY AUTO RENTAL TAX	\$24,607	\$29,933	\$30,000	\$23,564	\$29,115	97%	\$29,115	-\$885
PENALTIES ON TAXES	\$377,304	\$694,211	\$677,000	\$317,772	\$677,000	100%	\$677,000	\$0
BUSINESS LICENSES & PERMITS	\$37,269	\$37,364	\$40,500	\$34,299	\$38,500	95%	\$38,500	-\$2,000
NON-BUSINESS LIC. & PERMITS	\$1,164,943	\$1,410,816	\$1,195,425	\$1,180,810	\$1,424,924	119%	\$1,424,924	\$229,499
FEDERAL GRANTS	\$352,851	\$391,947	\$423,762	\$385,821	\$423,762	100%	\$423,762	\$0
STATE GRANTS	\$181,012	\$203,962	\$219,381	\$201,001	\$219,381	100%	\$219,381	\$0
<b>STATE SHARED REVENUE</b>								
CORP. PERS. PROP. REPL. TAX	\$688,933	\$688,933	\$782,641	\$999,854	\$999,854	128%	\$999,854	\$217,213
1% SALES TAX (UNINCORPOR.)	\$882,246	\$1,043,741	\$1,155,478	\$983,540	\$1,192,408	103%	\$1,192,408	\$36,930
1/4% SALES TAX (ALL COUNTY)	\$4,257,780	\$5,158,766	\$5,389,687	\$4,405,839	\$5,356,116	99%	\$5,356,116	-\$33,571
USE TAX	\$410,203	\$494,737	\$495,626	\$447,670	\$534,085	108%	\$534,085	\$38,459
INHERITANCE TAX	\$328,274	\$328,274	\$0	\$0	\$0	0%	\$0	\$0
STATE REIMBURSEMENT	\$674,604	\$674,978	\$1,320,153	\$1,309,277	\$1,320,153	100%	\$1,320,153	\$0
SALARY REIMBURSEMENT	\$359,942	\$422,714	\$307,471	\$275,737	\$307,471	100%	\$307,471	\$0
STATE REV./SALARY STIPENDS	\$48,500	\$48,500	\$48,500	\$45,500	\$48,500	100%	\$48,500	\$0
INCOME TAX	\$2,605,983	\$2,948,008	\$2,870,635	\$2,707,166	\$3,040,178	106%	\$3,040,178	\$169,543
CHARITABLE GAMES/LICENSE	\$0	\$0	\$0	\$0	\$44,875	100%	\$44,875	\$44,875
OFF-TRACK BETTING	\$47,200	\$47,200	\$55,000	\$36,932	\$37,582	68%	\$37,582	-\$17,418
POLICE TRAINING REIMBURSEMENT	\$20,365	\$20,365	\$25,472	\$9,821	\$25,472	100%	\$25,472	\$0
LOCAL GOVERNMENT REVENUE	\$511,504	\$569,615	\$535,580	\$509,612	\$614,860	115%	\$614,860	\$79,280
LOCAL GOVERNMENT REIMBURSE.	\$476,431	\$563,306	\$563,182	\$481,634	\$584,529	104%	\$584,529	\$21,347
GENERAL GOVERNMENT	\$3,397,197	\$4,113,942	\$4,199,198	\$3,230,410	\$3,874,720	92%	\$3,874,720	-\$324,478
FINES	\$834,393	\$1,014,698	\$1,017,000	\$758,969	\$919,750	90%	\$919,750	-\$97,250
FORFEITURES	\$8,728	\$28,878	\$30,000	\$4,614	\$21,523	72%	\$21,523	-\$8,477
INTEREST EARNINGS	\$11,412	\$14,553	\$14,400	\$3,434	\$4,908	34%	\$4,908	-\$9,492
RENTS & ROYALTIES	\$490,391	\$584,808	\$591,514	\$452,029	\$581,236	98%	\$581,236	-\$10,278
GIFTS & DONATIONS	\$10,687	\$12,687	\$7,500	\$10,629	\$10,629	142%	\$10,629	\$3,129
OTHR FIN. SOURCES--FIX. ASSETS	\$14,749	\$27,104	\$4,000	\$18,822	\$18,822	471%	\$18,822	\$14,822
OTHR. MISC. REVENUE	\$81,856	\$91,262	\$99,050	\$192,576	\$192,576	194%	\$192,576	\$93,526
INTERFUND TRANSFERS	\$945,612	\$1,495,136	\$1,329,440	\$741,875	\$1,304,440	98%	\$1,304,440	-\$25,000
INTERFUND REIMBURSEMENTS	\$126,959	\$402,997	\$413,903	\$93,360	\$413,903	100%	\$413,903	\$0
OTHER FINANCING SOURCES								
<b>TOTALS</b>	<b>\$27,365,611</b>	<b>\$31,868,595</b>	<b>\$32,566,816</b>	<b>\$28,160,172</b>	<b>\$32,831,514</b>	<b>101%</b>	<b>\$32,831,514</b>	<b>\$264,698</b>

**FY2013 General Corporate Fund Expenditure Projection Report**

<b>SIGNIFICANT EXPENDITURE LINE ITEMS/CATEGORIES</b>	<b>FY2013 YTD 10/31/2012</b>	<b>FY2012 FINAL 12/31/2012</b>	<b>FY2013 BUDGET 12/1/2012</b>	<b>FY2013 YTD 10/31/2013</b>	<b>Projected % TO BE SPENT</b>	<b>Projected \$ TO BE SPENT</b>	<b>\$ Difference to Original BUDGET (+/-)</b>
<b>PERSONNEL</b>							
Regular Salaries & Wages	\$10,194,362	\$12,804,410	\$13,189,315	\$11,181,778	97.97%	\$12,921,166	-\$268,149
SLEP Salaries	\$5,771,413	\$6,946,772	\$7,344,343	\$6,311,570	99.01%	\$7,271,437	-\$72,906
SLEP Overtime	\$308,766	\$371,447	\$456,685	\$334,626	84.67%	\$386,679	-\$70,006
Fringe Benefits	\$2,242,828	\$2,625,138	\$2,736,955	\$2,246,596	95.18%	\$2,604,953	-\$132,002
<b>COMMODITIES</b>							
Postage	\$205,748	\$237,503	\$243,769	\$206,316	91.46%	\$222,949	-\$20,820
Purchase Document Stamps	\$748,150	\$870,000	\$748,150	\$748,150	100.00%	\$748,150	\$0
Gasoline & Oil	\$180,263	\$236,781	\$249,189	\$184,341	92.69%	\$230,973	-\$18,216
All Other Commodities	\$435,811	\$608,126	\$653,714	\$492,214	107.67%	\$703,886	\$50,172
<b>SERVICES</b>							
Gas Service	\$264,686	\$300,072	\$390,000	\$279,379	83.69%	\$326,378	-\$63,622
Electric Service	\$598,494	\$872,397	\$895,000	\$688,111	94.08%	\$842,039	-\$52,961
Medical/Professional Services	\$901,044	\$1,089,242	\$1,091,674	\$990,953	102.57%	\$1,119,678	\$28,004
All Other Services	\$2,772,631	\$3,575,200	\$3,788,999	\$3,138,852	100.19%	\$3,796,270	\$7,271
<b>CAPITAL</b>							
Vehicles	\$113,745	\$228,237	\$214,520	\$113,745	100.00%	\$214,520	\$0
All Other Capital	\$93,681	\$88,686	\$218,116	\$158,200	100.00%	\$218,116	\$0
<b>TRANSFERS</b>							
To Capital Improvement Fund	\$0	\$86,319	\$123,278	\$0	100.00%	\$123,278	\$0
All Other Transfers	\$380,631	\$167,205	\$507,260	\$380,631	100.00%	\$507,260	\$0
<b>DEBT REPAYMENT</b>							
	\$536,596	\$549,556	\$545,536	\$540,971	100.00%	\$545,536	\$0
<b>TOTAL</b>	<b>\$25,748,848</b>	<b>\$31,657,090</b>	<b>\$33,396,503</b>	<b>\$27,996,433</b>	<b>98.16%</b>	<b>\$32,783,268</b>	<b>-\$613,235</b>

**FY2013 General Corporate Fund Projection Summary Report**

SUMMARY

FUND BALANCE 11/30/12 (unaudited)	\$4,348,086	
BEGINNING FUND BALANCE % OF BUDGET -	13.02%	
ADD FY2013 REVENUE	<b>Budgeted</b> \$32,566,816	<b>Projected</b> \$32,831,514
LESS FY2013 EXPENDITURE	\$33,396,503	\$32,783,268
Revenue to Expenditure Difference	<b>-\$829,687</b>	<b>\$48,246</b>
FUND BALANCE PROJECTION - 11/30/13	<b>\$3,518,399</b>	<b>\$4,396,332</b>
% OF 2013 Expenditure Budget	<b>10.54%</b>	<b>13.16%</b>

## GENERAL CORPORATE FUND - FY2013 BUDGET CHANGE REPORT

General Corporate Fund Original Budget As Of:	12/1/2012
Expenditure	\$32,643,640
Revenue	\$32,517,745
Revenue/Expenditure Difference	(\$125,895)

General Corporate Fund Budget As Of:		11/8/2013		
Expenditure	\$33,396,503	% Inc/Dec	2.31%	Revenue/Exp. (\$829,687)
Revenue	\$32,566,816	% Inc/Dec	0.15%	

### EXPENDITURE CHANGES

Department	Description	Expenditure Change	Revenue Change	Difference
Sheriff	Re-Encumber Purchase of Vehicles from FY2012	\$85,585	\$0	(\$85,585)
County Board	Re-Encumber Funds Pledged for Clinton Landfill Legal Challenge	\$13,642	\$0	(\$13,642)
Public Properties	Re-Encumber Funds for Downtown Correctional Center Repair/Maintenance	\$5,960	\$0	(\$5,960)
County Board	Appropriate Funds for Participation in Mahomet Aquifer Sole Source Coalition	\$14,000	\$0	(\$14,000)
EMA	Grant Award for Training Exercises	\$3,730	\$3,730	\$0
IT	Re-Encumber Funds for Lyle Shields Meeting Room Remodel	\$3,116	\$0	(\$3,116)
General County	Grant to Nursing Home to Forgive Outstanding Loan	\$333,142	\$0	-\$333,142
Correctional Center	Signing Bonus for Corrections Contract	\$141,000	\$0	-\$141,000
Coroner	Public Health Grant	\$625	\$625	\$0
Physical Plant	Elevator Upgrades	\$9,110	\$0	-\$9,110
IT	Internet Bandwidth Upgrade	\$13,936	\$0	-\$13,936
IT	E-Mail Server Upgrades	\$20,367	\$0	-\$20,367
Coroner	Cooler	\$21,971	\$21,971	\$0
Auditor	Full-Time Accountant from Part Time	\$4,475	\$0	-\$4,475
Physical Plant	Parking Lot Improvements	\$5,000	\$0	-\$5,000
Administrative Services	Deputy County Administrator	\$17,351	\$0	-\$17,351
Administrative Services	Publication Costs for Search Committees	\$5,053	\$0	-\$5,053
Coroner	Refrigeration Unit Replacement	\$2,800	\$2,800	\$0
IT	Copier Services	\$52,000	\$19,945	-\$32,055
<b>TOTAL</b>		<b>\$752,863</b>	<b>\$49,071</b>	<b>(\$703,792)</b>

<b>Changes Attributable to Recurring Costs</b>	<b>\$121,164</b>	<b>\$41,916</b>	<b>(\$79,248)</b>
<b>Changes Attributable to 1-Time Expenses</b>	<b>\$631,699</b>	<b>\$7,155</b>	<b>(\$624,544)</b>