

**STATE OF MAINE
CHILDHOOD IMMUNIZATION FUND
FOR THE YEAR ENDED JUNE 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

Peter Gore
Chairman of the Board
Maine Vaccine Board

We have audited the accompanying financial statements of the Childhood Immunization Fund of the State of Maine administered by the Maine Vaccine Board as of and for the year ended June 30, 2013 and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Childhood Immunization Fund of the State of Maine administered by the Maine Vaccine Board as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note B, the financial statements present only the Childhood Immunization Fund and do not purport to, and do not present fairly the financial position of the State of Maine as of June 30, 2013, the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2015, on our consideration of the Maine Vaccine Board's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Maine Vaccine Board's internal control over financial reporting and compliance.

Other Matters

Management omitted the Management's Discussion and Analysis (MD&A) section that is required by accounting principles generally accepted in the United States of America. These principles require that MD&A be presented to supplement the basic financial statements. This missing information, although not a part of the basic financials, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting. MD&A places the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

These financial statements have been prepared for the purpose of the State of Maine.



Pola A. Buckley, CPA, CISA
State Auditor
Office of the State Auditor

May 4, 2015

**STATE OF MAINE
CHILDHOOD IMMUNIZATION FUND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

Assets	
Cash and Cash Equivalents	\$ 4,770,361
Member Assessments Receivable	1,642,987
	<u>1,642,987</u>
Total Assets	<u>\$ 6,413,348</u>
 Liabilities and Fund Balance	
Accounts Payable	30,255
Deferred Revenue	1,642,987
	<u>1,642,987</u>
Total Liabilities	<u>1,673,242</u>
 Fund Balance	
Unassigned	4,740,106
Total Fund Balance	<u>4,740,106</u>
 Total Liabilities and Fund Balance	<u>\$ 6,413,348</u>

The accompanying notes are an integral part of the financial statements.

**STATE OF MAINE
CHILDHOOD IMMUNIZATION FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Fiscal Year Ended June 30, 2013**

Revenues:

Assessment Revenue	\$ 9,660,516
Assessment Interest	1,672
Investment Income	<u>10,687</u>
Total Revenues	<u>\$ 9,672,875</u>

Expenditures:

Vaccine Replenishments	\$ 8,240,139
Professional Fees	123,322
Other	<u>9</u>
Total Expenditures	<u>\$ 8,363,470</u>

Revenue over / (under) Expenditures	<u>\$ 1,309,405</u>
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Net Changes in Fund Balances	<u>\$ 1,309,405</u>
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Fund Balances at Beginning of Year	<u>\$ 3,430,701</u>
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Fund Balances at End of Year	<u>\$ 4,740,106</u>
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The accompanying notes are an integral part of the financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Universal Childhood Immunization Fund and the Maine Vaccine Board (Board) were created by the Maine State Legislature in 2010 (22 M.R.S.A. § 1066) to provide all children from birth until 19 years of age in the State with access to a uniform set of vaccines as determined and periodically updated by the Board. The Board, a quasi-governmental entity, assures the necessary flow of vaccine purchase funds by collecting payments from health plans, insurance companies, and other payers and remitting the funds to the state. Through the Maine Center for Disease Control and Prevention's (CDC) Childhood Vaccine Program, the state purchases vaccines at favorable rates and distributes them to providers at no charge. Additionally, through a joint rule (Rule 95-695 Chapter 248) issued between the Department of Health and Human Services (DHHS) and the Maine Vaccine Board, the Board also determines the list of childhood vaccines available in the Maine Universal Childhood Immunization Program. The board is comprised of 10 individuals that include members of the medical profession, State of Maine employees, and insurance company employees as well.

The servicing agent responsible for the governance work (preparation of meeting agendas and minutes and supplying management, accounting, collection and recordkeeping services) of the Board is KidsVax.org, an arm of CML Administrators, LLC. Based in New Hampshire, CML was founded in 2002 and provides a range of administrative services for non-profit, governmental, and quasi-governmental organizations nationwide. KidsVax.org was created in 2011 to administer funding programs for childhood vaccines through state-mandated universal vaccine programs. Along with the State of New Hampshire and the State of Maine, KidsVax additionally has added the State of Washington and Vermont to its client list as well. KidsVax is run by a group of 10 individuals with extensive experience assisting states to manage funds for universal purchase programs.

B. Measurement Focus and Basis of Accounting

The accompanying financial statements of the Childhood Immunization Fund have been prepared under guidelines established by generally accepted accounting principles (GAAP) as mandated by the Governmental Accounting Standards Board (GASB). The summary of significant accounting policies is presented to assist in understanding the financial statements.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the governmental funds when they become susceptible to accrual, generally when they become both measurable and available. "Available" means earned and collected or expected to be collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are generally considered available if they are collected within 60 days of the end of the fiscal year.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the servicing agent 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Net Position

The Fund is required to report information regarding its financial position and activities according to classes of net position: net investment in capital assets, restricted component of net position and unrestricted component of net position. Descriptions of the net position categories included in the Fund's financial statements are as follows:

Unrestricted net assets include revenues, expenditures and contributions which are not subject to any restrictions. Unrestricted net assets can be designated by the Executive Board for special projects and expenditures.

NOTE 2 CASH

The cash balance is pooled and invested into an instrument called the State of Maine Treasurer's Cash Pool (TCP). Cash is recorded in the State's accounting system. Any cash designated for the Childhood Immunization Fund that is in excess of the total needed for operations is invested in the TCP.

The TCP is used to invest, for short periods, cash not needed to meet immediate expenditure requirements. Custodial services for a portion of the pool are provided by JP Morgan Bank. PFM is the State's investment advisor. Investments may include:

- Certificates of deposit (CDs)
- Commercial paper
- Corporate bonds
- U.S. Treasury bills
- Repurchase agreements
- Federal agency notes

The holding period for investments is up to 36 months.

NOTE 3 MEMBER ASSESSMENTS RECEIVABLE

Assessments receivable represents the running total of replenishment requests to date minus amounts collected to date through the end of the year, and is the amount that is expected to be collected from members. It has been determined that an allowance for uncollectible amounts is not necessary due to the method used to calculate the balance.

Assessments are due quarterly, 45 days after the quarter ends. Interest is charged on late submission of assessments at a rate of .03 percent per day past due. Interest is added to the assessment if the submittal is made after the due date.

NOTE 4 REVENUE AND EXPENDITURES

Revenue received is mainly related to quarterly assessments for vaccines by third party administrators, hospitals, etc. Each entity is required to pay the assessment based on the number

of covered lives or vaccines administered. The Fund (by way of its servicing agent, KidsVax) collects member assessments that are remitted to the State of Maine for purchase of vaccines. Expense is recognized for the administrative costs of operating the Maine Vaccine Board. The replenishment of vaccines and collection of vaccine assessments are similar to agency transactions.