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**STATE OF ILLINOIS**

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**OFFICE OF THE AUDITOR GENERAL**

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**COMPLIANCE EXAMINATION**

**ILLINOIS MEDICAL DISTRICT  
AT SPRINGFIELD COMMISSION**

**FOR THE TWO YEARS ENDED JUNE 30, 2005**

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**WILLIAM G. HOLLAND**

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**AUDITOR GENERAL**

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ILLINOIS MEDICAL DISTRICT AT SPRINGFIELD COMMISSION  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2005

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ILLINOIS MEDICAL DISTRICT AT SPRINGFIELD COMMISSION  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2005

**COMMISSION OFFICIALS**

President	Mr. Michael Boer
Vice President	Mr. David Bitzer
Treasurer	Ms. Amanda Cagwin
Secretary	Mr. Bradley Warren
Executive Commissioner Member-at-Large	Ms. Maureen Mulhall

Commission office is located at:

C/O SIU-SM ITECH  
PO Box 19680  
Springfield, IL 62794-9680



the Illinois Medical District  
at Springfield

Honorable William G. Holland  
Auditor General  
State of Illinois

September 22, 2005

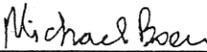
Gentlemen:

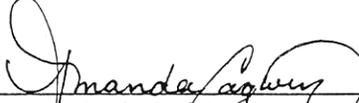
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grants that could have a material effect on the operations of the District. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the District's compliance with the following assertions during the two year period ended June 30, 2005. Based on this evaluation, we assert that during the year ended June 30, 2005, the District has materially complied with the assertions below.

- A. The District has obligated, expended, received and used public funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The District has obligated, expended, received and used public funds in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The District has complied, in all material respects, with applicable laws and regulations in its financial and fiscal operations.
- D. Revenues and receipts collected by the District are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. The money or negotiable securities or similar assets handled by the District have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Illinois Medical District at Springfield Commission

  
Michael Boer, President

  
Amanda Cagwin, Treasurer

ILLINOIS MEDICAL DISTRICT AT SPRINGFIELD COMMISSION  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2005

**COMPLIANCE REPORT**

**SUMMARY**

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

**AUDITORS' REPORT**

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>This Report</u>
Findings	0

This is the first compliance examination for the Illinois Medical District at Springfield Commission and the Commission had no findings during this examination.

**EXIT CONFERENCE**

The Illinois Medical District at Springfield Commission waived an exit conference.



OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

**INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON  
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have examined the Illinois Medical District at Springfield Commission's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2005. The management of the Illinois Medical District at Springfield Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Illinois Medical District at Springfield Commission's compliance based on our examination.

- A. The Illinois Medical District at Springfield Commission has obligated, expended, received, and used public funds in accordance with the purpose for which such funds have been authorized by law.
- B. The Illinois Medical District at Springfield Commission has obligated, expended, received, and used public funds in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Illinois Medical District at Springfield Commission has complied, in all material respects, with applicable laws and regulations in its financial and fiscal operations.
- D. The revenues and receipts collected by the Illinois Medical District at Springfield Commission are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Illinois Medical District at Springfield Commission have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Illinois Medical District at Springfield Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Illinois Medical District at Springfield Commission's compliance with specified requirements.

In our opinion, the Illinois Medical District at Springfield Commission complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2005. There were no immaterial findings relating to instances of noncompliance that have been excluded from this report.

### **Internal Control**

The management of the Illinois Medical District at Springfield Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the Illinois Medical District at Springfield Commission's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General.

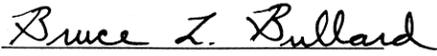
Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. There were no immaterial findings relating to internal control deficiencies that have been excluded from this report.

### **Supplementary Information for State Compliance Purposes**

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2004 and

2005 Supplementary Information for State Compliance Purposes. However, we do not express an opinion on the supplementary information.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and agency management, and is not intended to be and should not be used by anyone other than these specified parties.

  
BRUCE L. BULLARD, CPA  
Compliance Division Director

September 22, 2005

ILLINOIS MEDICAL DISTRICT AT SPRINGFIELD COMMISSION  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2005

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY**

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

Schedule of Receipts, Disbursements and Fund Balance (Cash Basis)

- Analysis of Operations:

Functions and Planning Program

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General. However, the auditors do not express an opinion on the supplementary information.

ILLINOIS MEDICAL DISTRICT AT SPRINGFIELD COMMISSION  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE (CASH BASIS)**  
 For the Two Years Ended June 30, 2005

	<u>Operating Fund</u>
Cash Balance at July 1, 2003	\$ 0
Receipts:	
State Grants	300,000
Interest	3,989
Total Receipts	303,989
Disbursements:	
Contractual Services	22,700
Cash Balance at June 30, 2005	\$ 281,289

ILLINOIS MEDICAL DISTRICT AT SPRINGFIELD COMMISSION  
**ANALYSIS OF OPERATIONS**  
For the Two Years Ended June 30, 2005

**FUNCTIONS AND PLANNING PROGRAM**

**FUNCTIONS**

The Illinois Medical District at Springfield (Commission) was created through the authority of the Illinois Medical District at Springfield Act (Act) (70 ILCS 925 et seq.). The purpose of the Commission is to attract and retain academic centers of excellence, viable health care facilities, medical research facilities, emerging high technology enterprises, and other facilities and uses as permitted by the Act. Pursuant to the Act, the Commission has statutory powers:

- a. To plan, construct, acquire, develop, operate, expand, maintain and/or contract health care facilities and other ancillary or related facilities including but not limited to; hospitals, sanitariums, clinics, laboratories or any other institutions, buildings, or structures.
- b. To preserve the proper surroundings for a medical center and related technology center in order to attract, stabilize, and retain within the District hospitals, clinics, research facilities, educational facilities, or other facilities.
- c. To exercise the right to sell, convey, transfer, or lease, all at fair market value, any title or interest in real property owned by it to any person or persons.
- d. To secure grants, loans or appropriations from the State of Illinois, the federal government, any State or federal agency or instrumentality, any unit or local government, or any other person or entity to be used for any of the purposes of the District.
- e. To collect assessments or fees from entities that enter into such a contract for District enhancement and improvements, common area shared services, shared facilities or other activities or expenditures.
- f. To acquire the fee simple title to real property lying within the District and personal property required for its purposes, by gift, purchase, or otherwise.
- g. To provide relocation assistance to persons and entities displaced by the Commission's acquisition of property and improvement of the District.
- h. To issue revenue bonds in its corporate capacity to be payable from the revenues derived from the operation of the institutions or buildings owned, leased, or operated by or on behalf of the Commission.
- i. To prepare and approve a comprehensive master plan for the orderly development and management of all property within the District.

ILLINOIS MEDICAL DISTRICT AT SPRINGFIELD COMMISSION  
**ANALYSIS OF OPERATIONS**  
For the Two Years Ended June 30, 2005

- j. To establish an advisory council consisting of 2 representatives, appointed by the Mayor of Springfield, of each recognized neighborhood organization that the Mayor determines has a legitimate interest in the development and improvement of the District. The advisory council shall review and make recommendations to the Commission with respect to the comprehensive master plan.
- k. To exercise the right to use all money received as rentals for the purposes of planning, acquisition, and development of property within the District, for the operation, maintenance, and improvement of property of the Commission, and for all purposes and powers set forth in the Act.

The Commission consists of a nine-member governing board. The Governor, with the advice and consent of the Senate, and the Mayor of Springfield, with the advice and consent of the Springfield city council, each appoint four Commission members. The Chairperson of the County Board of Sangamon County appoints one member.

The Commission members at June 30, 2005 were:

Appointed by the Governor

David Bitzer, Vice President  
LuAnn Johnson, Commissioner  
Tom McLaughlin, Commissioner  
Donald Ross, Commissioner

Appointed by the Mayor of Springfield

Michael Boer, President  
Bob Budnik, Commissioner  
Mitch Johnson, Commissioner  
Maureen Mulhall, Executive Commissioner Member-at-Large

Appointed by the Chairperson of the County Board of Sangamon County

Elvin Zook, Commissioner

ILLINOIS MEDICAL DISTRICT AT SPRINGFIELD COMMISSION  
**ANALYSIS OF OPERATIONS**  
For the Two Years Ended June 30, 2005

**PLANNING PROGRAM**

The Illinois Medical District Commission at Springfield meets as necessary to conduct business and to discuss various strategies of master plan development. Upon approval of the master plan the marketing and promotional phase will begin to garner support and funds for the construction, maintenance and operation of health related facilities. The Commission has not developed written goals to assist in short-term or long-term planning for the construction, maintenance and operation of the District other than those relating to the master plan. The Commission will operate under a formal plan upon the completion and acceptance of the master plan.

**AUDITORS' ASSESSMENT OF PLANNING PROGRAM**

The Commission's planning process has been found to be adequate to satisfy statutory responsibilities.