

MID-ILLINOIS MEDICAL DISTRICT COMMISSION

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2013

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
 COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2013

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MID-ILLINOIS MEDICAL DISTRICT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013

COMMISSION OFFICIALS

President	Mr. Michael Boer
Vice President	Ms. LuAnn Johnson
Treasurer	Ms. Ramona Metzger
Secretary	Mr. Mitch Johnson

COMMISSIONERS

Commissioner	Mr. Michael Boer
Commissioner	Ms. LuAnn Johnson ¹
Commissioner	Mr. Mitch Johnson
Commissioner	Mr. Robert P. Ritz
Commissioner	Mr. Tom McLaughlin ¹
Commissioner	Ms. Sheila Stocks-Smith
Commissioner	Ms. Charlotte Warren
Commissioner	Mr. Rex Brown ¹
Commissioner	Mr. Elvin Zook
Commissioner	Mr. Jack Mazzotti
Commissioner	Ms. Virginia Cooper ¹

¹ Term expired (continues to serve until a successor is appointed)

Commission office is located at:

130 W. Mason Street
Springfield, Illinois 62702



Mid-Illinois Medical District

MANAGEMENT ASSERTION LETTER

Honorable William G. Holland
Auditor General
State of Illinois
Iles Park Plaza
740 East Ash Street
Springfield, Illinois 62703

November 15, 2013

Dear Mr. Holland:

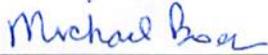
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Mid-Illinois Medical District Commission. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Mid-Illinois Medical District Commission's compliance with the following assertions during the two-year period ended June 30, 2013. Based on this evaluation, we assert that during the years ended June 30, 2012 and June 30, 2013, the Mid-Illinois Medical District Commission has materially complied with the assertions below.

- A. The Mid-Illinois Medical District Commission has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Mid-Illinois Medical District Commission has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Mid-Illinois Medical District Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Mid-Illinois Medical District 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 Mid-Illinois Medical District Commission on behalf of the State or held in trust by the Mid-Illinois Medical

District Commission have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours truly,

Mid-Illinois Medical District Commission



Michael Boer, President



Ramona Metzger, Treasurer

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013

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.

ACCOUNTANT'S REPORT

The Independent Accountant's 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>Current Report</u>	<u>Prior Report</u>
Findings	0	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

EXIT CONFERENCE

The Commission waived an exit conference in correspondence dated November 4, 2013.

SPRINGFIELD OFFICE:
ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/782-6046
FAX: 217/785-8222 • TTY: 888/261-2887
FRAUD HOTLINE: 1-855-217-1895



CHICAGO OFFICE:
MICHAEL A. BILANDIC BLDG. - SUITE 5-900
160 NORTH LASALLE - 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006
FRAUD HOTLINE: 1-855-217-1895

OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANT'S 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 Mid-Illinois Medical District 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, 2013. The management of the Mid-Illinois Medical District Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Mid-Illinois Medical District Commission's compliance based on our examination.

- A. The Mid-Illinois Medical District Commission has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Mid-Illinois Medical District Commission has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Mid-Illinois Medical District Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Mid-Illinois Medical District 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 Mid-Illinois Medical District Commission on behalf of the State or held in trust by the Mid-Illinois Medical District 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 Mid-Illinois Medical District Commission's compliance with those requirements listed in the first paragraph of this report 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 Mid-Illinois Medical District Commission's compliance with specified requirements.

In our opinion, the Mid-Illinois Medical District Commission complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2013.

Internal Control

Management of the Mid-Illinois Medical District Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Mid-Illinois Medical District Commission's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances 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, but not for the purpose of expressing an opinion on the effectiveness of the Mid-Illinois Medical District Commission's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Mid-Illinois Medical District Commission'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 the requirements listed in the first paragraph of this report 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 requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

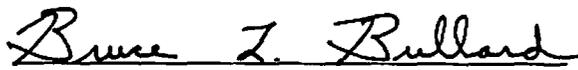
As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter.

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 for the years ended June 30, 2013 and June 30, 2012 in Schedules 1 through 3 and the Analysis of Operations Section 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 June 30, 2013 and June 30, 2012 accompanying supplementary information in Schedules 1 through 3. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2011 accompanying supplementary information in Schedules 1 through 3 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

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


BRUCE L. BULLARD, CPA
Director of Financial and Compliance Audits

Springfield, Illinois

November 15, 2013

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013

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 Significant Variations in Disbursements
Analysis of Significant Variations in Receipts

- Analysis of Operations (Not Examined):

Commission Functions and Planning Program (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2013 and June 30, 2012 supplementary information in Schedules 1 through 3. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
 COMPLIANCE EXAMINATION
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCE
(CASH BASIS)

For the Two Years Ended June 30, 2013

	Checking Account¹	
	<u>2013</u>	<u>2012</u>
Balance - July 1	\$ 77,644	\$ 148
Receipts		
Health Resources and Services		
Administration Grant	1,408	244,529
Miscellaneous Receipts	1	-
TOTAL RECEIPTS	<u>1,409</u>	<u>244,529</u>
Disbursements		
Consulting Services	78,909	167,033
TOTAL DISBURSEMENTS	<u>78,909</u>	<u>167,033</u>
Less: Outstanding Checks Beginning of Year	-	-
Add: Outstanding Checks End of Year	-	-
Balance - June 30	<u><u>\$ 144</u></u>	<u><u>\$ 77,644</u></u>

Note:

- 1 The balances per the Mid-Illinois Medical District Commission's records at June 30, 2012 and June 30, 2013 were reconciled with both the June 30, 2012 and June 30, 2013 bank statements and a bank confirmation completed by the financial institution.

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
 COMPLIANCE EXAMINATION
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCE
(CASH BASIS)

For the Two Years Ended June 30, 2013

	Savings Account¹	
	<u>2013</u>	<u>2012</u>
Balance - July 1	\$ 5,017	\$ 5,002
Receipts		
Miscellaneous Deposits	1	5
Interest Gained	7	10
TOTAL RECEIPTS	<u>8</u>	<u>15</u>
Disbursements		
Insurance Payments	-	-
TOTAL DISBURSEMENTS	<u>-</u>	<u>-</u>
Balance - June 30	<u><u>\$ 5,024</u></u>	<u><u>\$ 5,017</u></u>

Note:

- 1 The balances per the Mid-Illinois Medical District Commission's records at June 30, 2012 and June 30, 2013 were reconciled with both the June 30, 2012 and June 30, 2013 bank statements and a bank confirmation completed by the financial institution.

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN DISBURSEMENTS
For the Two Years Ended June 30, 2013

The following is a summary of explanations for significant variations in disbursements. Variations between fiscal years were considered significant if greater than \$2,500.

ANALYSIS OF SIGNIFICANT VARIATIONS IN DISBURSEMENTS BETWEEN FISCAL YEARS 2013 AND 2012

Checking Account

The variation of \$88,124 was due to the Mid-Illinois Medical District Commission disbursing the majority of the funds from a U.S. Department of Health and Human Services Health Resources and Services Administration (HRSA) grant during Fiscal Year 2012 when the grant was received. The final disbursements related to the HRSA grant were made in Fiscal Year 2013.

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2013

The following is a summary of explanations for significant variations in receipts. Variations between fiscal years were considered significant if greater than \$2,500.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2013 AND 2012

Checking Account

The variation of \$243,120 was due to the vast majority of funds from a U.S. Department of Health and Human Services Health Resources and Services Administration (HRSA) grant being received by the Mid-Illinois Medical District Commission during Fiscal Year 2012. Only a small portion of the grant was received during Fiscal Year 2013 to complete the grant project. No other grants were received during Fiscal Year 2013.

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
COMMISSION FUNCTIONS AND PLANNING PROGRAM
(NOT EXAMINED)

For the Two Years Ended June 30, 2013

FUNCTIONS

The Mid-Illinois Medical District Commission (Commission) was created January 3, 2003 as a result of Public Act 92-0870. The Mid-Illinois Medical District Act (Act) (70 ILCS 925 et seq.) provides the powers and duties of the Commission. The Commission's mission 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 the following 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 District's acquisition of property and improvement of the District.

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
COMMISSION FUNCTIONS AND PLANNING PROGRAM
(NOT EXAMINED)

For the Two Years Ended June 30, 2013

- 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 District.
- i. To prepare and approve a comprehensive master plan for the orderly development and management of all property within the District.
- j. To establish an advisory council consisting of two representatives, appointed by the Mayor of Springfield, to review and make recommendations to the District 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 District, and for all purposes and powers set forth in the Act.

The Commission is made up of eleven members, six appointed by the Governor with the advice and consent of the Senate, four appointed by the Mayor of Springfield with the advice and consent of the Springfield City Council, and one appointed by the Chairperson of the County Board of Sangamon County. Mr. Michael Boer was elected President on June 25, 2003 and has served as President from that time forward.

The Commission members at June 30, 2013 were:

Appointed by the Governor

LuAnn Johnson, Vice President
Rex Brown, Commissioner
Virginia Cooper, Commissioner
Jack Mazzotti, Commissioner
Tom McLaughlin, Commissioner
Sheila Stocks-Smith, Commissioner

Appointed by the Mayor of Springfield

Michael Boer, President
Mitch Johnson, Secretary
Charlotte Warren, Commissioner
Robert P. Ritz, Commissioner

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
COMMISSION FUNCTIONS AND PLANNING PROGRAM
(NOT EXAMINED)

For the Two Years Ended June 30, 2013

Appointed by the Chairperson of the County Board of Sangamon County

Elvin Zook, Commissioner

PLANNING PROGRAM

The Commission meets approximately once a month. Monthly financial reports are prepared and distributed at each meeting when the Commission has financial activity and these reports are placed on file. The meetings of the Commission are open to the public. The Master Plan was approved unanimously by the Commission and the Commission's Advisory Council in November 2005 and serves as the official guide for future development activity. The Commission's strategic goals were updated during the current examination. Current goals include seeking operational funding to allow for the hiring of Commission staff and continuing to increase and enhance awareness of the Commission. The Commission has drafted and will obtain Joint Committee on Administrative Rules approval of administrative rules for the Commission as well as developing long range goals and objectives.