

MID-ILLINOIS MEDICAL DISTRICT COMMISSION

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2011

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2011

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MID-ILLINOIS MEDICAL DISTRICT COMMISSION
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COMMISSION OFFICIALS

President	Mr. Michael Boer
Vice President	Ms. LuAnn Johnson
Treasurer	Ms. Amanda Cagwin
Secretary	Mr. Mitch Johnson

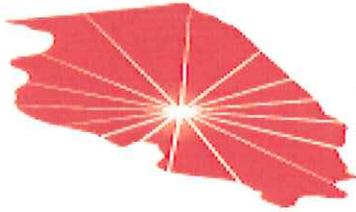
COMMISSIONERS

Commissioner	Mr. Michael Boer
Commissioner	Mr. Mitch Johnson
Commissioner	Ms. LuAnn Johnson ¹
Commissioner	Mr. Robert P. Ritz
Commissioner	Mr. Tom McLaughlin ¹
Commissioner	Mr. Brad Schaive
Commissioner	Dr. Charlotte Warren, Ph.D.
Commissioner	Mr. Rex Brown
Commissioner	Dr. Elvin Zook, M.D.
Commissioner	Mr. Jack Mazzotti
Commissioner	Ms. Virginia Cooper

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

Commission Address:

130 W. Mason Street
Springfield, Illinois 62702



Mid-Illinois Medical District

130 W. Mason Street • Springfield, Illinois 62702 • 217-525-1173

www.midillinoismedicaldistrict.org

MANAGEMENT ASSERTION LETTER

July 6, 2012

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

Attention: Lisa Warden, Audit Manager

Auditor General 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, 2011. Based on this evaluation, we assert that during the years ended June 30, 2011 and June 30, 2010, 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 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 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 in its financial and fiscal operations.

- D. 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 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 very truly,

Mid-Illinois Medical District Commission



Michael Boer
President



Amanda Cagwin
Treasurer

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2011

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.

ACCOUNTANTS' REPORT

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

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
	<u>Report</u>	<u>Report</u>
Findings	0	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	1

EXIT CONFERENCE

The Mid-Illinois Medical District Commission waived an exit conference in correspondence dated May 25, 2012.

SPRINGFIELD OFFICE:

ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/782-6046

FAX: 217/785-8222 • TTY: 888/261-2887



CHICAGO OFFICE:

MICHAEL A. BILANDIC BLDG. • SUITE 5-900
160 NORTH LASALLE • 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL

WILLIAM G. HOLLAND

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

Honorable William G. Holland
Auditor General
State of Illinois

and

Mr. Michael Boer
President
Mid-Illinois Medical District Commission

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, 2011. 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 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 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 in its financial and fiscal operations.
- D. 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 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.

We conducted our examination 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, 2011.

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 as a basis for designing 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, 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 Mid-Illinois Medical District Commission's internal control over compliance.

A deficiency in an entity's 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 an entity's 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.

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 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.

As required by the Audit Guide, an immaterial finding excluded from this report has been reported in a separate letter to your office.

Supplementary Information for 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 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 2010 and the 2011 Supplementary Information for Compliance Purposes. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2009 Supplementary Information for Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Commissioners of the Mid-Illinois Medical District, and Mid-Illinois Medical District Commission management 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

July 6, 2012

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2011

SUPPLEMENTARY INFORMATION FOR COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for 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:

District Functions and Planning Program

The accountants' report that covers the Supplementary Information for 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 accountants do not express an opinion on the supplementary information.

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCE (CASH BASIS)
For the Two Years Ended June 30, 2011

	Checking Account¹	
	<u>2011</u>	<u>2010</u>
Balance ² - July 1	\$ 67,082	\$ -
Receipts		
Healthcare Information Exchange Grant	-	176,563
TOTAL RECEIPTS	<u>-</u>	<u>176,563</u>
Disbursements		
Consulting Services	59,272	117,143
TOTAL DISBURSEMENTS	<u>59,272</u>	<u>117,143</u>
Less: Outstanding Checks Beginning of Year	(7,662)	-
Add: Outstanding Checks End of Year	-	7,662
Balance - June 30	<u><u>\$ 148</u></u>	<u><u>\$ 67,082</u></u>

Notes:

1. The balances per the Mid-Illinois Medical District Commission's records at June 30, 2010 and June 30, 2011 were reconciled with both the June 30, 2010 and June 30, 2011 bank statements and a bank confirmation completed by the financial institution.
2. The Mid-Illinois Medical District Commission's checking account was opened on September 1, 2009; therefore, there was no opening balance as of July 1, 2009.

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCE (CASH BASIS)
For the Two Years Ended June 30, 2011

	Savings Account¹
	<u>2011</u>
Balance ² - July 1	\$ -
Receipts	
Gateway Insurance Funds	5,000
Interest Receipts	<u>2</u>
TOTAL RECEIPTS	<u>5,002</u>
Disbursements	
Insurance Payments	<u>-</u>
TOTAL DISBURSEMENTS	<u>-</u>
Balance - June 30	<u><u>\$ 5,002</u></u>

Notes:

1. The balances per the Mid-Illinois Medical District Commission's records at June 30, 2011 were reconciled with both the June 30, 2011 bank statements and a bank confirmation completed by the financial institution.
2. The Mid-Illinois Medical District Commission's savings account was opened on May 4, 2011; therefore, there was no opening balance as of July 1, 2010.

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN DISBURSEMENTS
For the Two Years Ended June 30, 2011

ANALYSIS OF SIGNIFICANT VARIATIONS IN DISBURSEMENTS BETWEEN FISCAL YEARS 2010 AND 2011

Checking Account

The variation of \$57,871 was due to the Healthcare Information Exchange Grant money being disbursed early in fiscal year 2011 for consulting services. The majority of the grant money was disbursed in fiscal year 2010 when it was received.

ANALYSIS OF SIGNIFICANT VARIATIONS IN DISBURSEMENTS BETWEEN FISCAL YEARS 2009 AND 2010

Checking Account

The variation of \$117,143 was due to the Healthcare Information Exchange Grant money being received in fiscal year 2010 for consulting services. The Mid-Illinois Medical District Commission opened the Checking Account on September 1, 2009 upon receipt of the grant proceeds from the Department of Healthcare and Family Services.

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2011

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2010 AND 2011

Checking Account

The variation of \$176,563 is due to the Mid-Illinois Medical District Commission receiving the Healthcare Information Exchange Grant from the Department of Healthcare and Family Services for operational expenses in fiscal year 2010, but not receiving additional funds from this source in fiscal year 2011.

Savings Account

The variation of \$5,000 is due to the Mid-Illinois Medical District Commission receiving money from the Capital Area Labor Management Board for insurance purposes of a gateway signage project, which had not begun at the conclusion of fiscal year 2011. The Mid-Illinois Medical District Commission opened the Savings Account on May 4, 2011 upon receipt of the proceeds from the Capital Area Labor Management Board.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2009 AND 2010

Checking Account

The variation of \$176,563 is due to the Mid-Illinois Medical District Commission receiving the Healthcare Information Exchange Grant from the Department of Healthcare and Family Services for operational expenses in fiscal year 2010. The Mid-Illinois Medical District Commission opened the Checking Account on September 1, 2009 upon receipt of the grant proceeds from the Department of Healthcare and Family Services.

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2011

COMMISSION FUNCTIONS AND PLANNING PROGRAM

FUNCTIONS

The Mid-Illinois Medical District Commission (Commission) was created January 3, 2003 as the Illinois Medical District at Springfield Commission. In fiscal year 2008, Public Act 95-693 changed the Commission's name to the Mid-Illinois Medical District Commission. The Mid-Illinois Medical District Act (Act) (70 ILCS 925 et seq.) provides the powers and duties of the Commission. The Act also created a medical district to attract and retain academic centers of excellence, viable healthcare facilities, medical research facilities, emerging high technology enterprises, and other facilities and uses. Pursuant to the Act, the Commission has the following statutory powers:

- a. To plan, construct, acquire, develop, operate, expand, maintain, and/or contract healthcare 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;

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2011

- 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 Commission with respect to the comprehensive master plan; and,
- 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, with six members appointed by the Governor with the advice and consent of the Senate, four members appointed by the Mayor of Springfield with the advice and consent of the Springfield City Council, and one member 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, 2011 were:

Appointed by the Governor

LuAnn Johnson, Vice President
Rex Brown, Commissioner
Virginia Cooper, Commissioner
Jack Mazzotti, Commissioner
Tom McLaughlin, Commissioner
Brad Schaive, Commissioner

Appointed by the Mayor of Springfield

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

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2011

Appointed by the Chairperson of the County Board of Sangamon County

Elvin Zook, M.D., 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 district development activity. The Commission's strategic goals have not been updated during the current examination period due to low activity.

Previously established goals include increasing and enhancing awareness of the District through implementation of portions of the Commission's new marketing plan. The Commission also plans to initiate, invite, define, and leverage relationships among other entities that possess resources, vision, and determination to partner with the District in the accomplishment of the Commission's purposes, and to establish capacity to facilitate new development within the District. The goals and objectives are expected to be updated during fiscal years 2012 and 2013.