

**MID-AMERICA MEDICAL DISTRICT COMMISSION**

**COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2012

MID-AMERICA MEDICAL DISTRICT COMMISSION  
 COMPLIANCE EXAMINATION  
 For the Two Years Ended June 30, 2012

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MID-AMERICA MEDICAL DISTRICT COMMISSION  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2012

**COMMISSION OFFICIALS**

President (Current)	Mr. Stanley Franklin
President (At June 30, 2012)	Ms. Marsha Johnson
Vice-President (Current)	Ms. Edie Koch
Vice-President (At June 30, 2012)	Mr. Stanley Franklin
Treasurer (Current)	Mr. Roy Lantry
Treasurer (At June 30, 2012)	Ms. Edie Koch
Secretary (Current)	Ms. Leah Turner
Secretary (At June 30, 2012)	Ms. Edie Koch

Commission's office is located at:

327 Missouri Avenue  
East Saint Louis, IL 62201



# Mid-America Medical District

327 Missouri Avenue, East St. Louis, IL 62201

## MANAGEMENT ASSERTION LETTER

07/08/2013

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

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-America Medical District Commission (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 Commission's compliance with the following assertions during the two-year period ended June 30, 2012. Based on this evaluation, we assert that during the years ended June 30, 2011 and June 30, 2012, the Commission has materially complied with the assertions below.

- A. The 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 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 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 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.



[www.MidAMD.com](http://www.MidAMD.com)



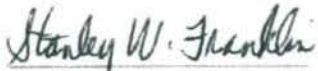
**Mid-America  
Medical District**

127 Missouri Avenue, East St. Louis, IL 62201

- E. Money or negotiable securities or similar assets handled by the Commission on behalf of or held in trust by the 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-America Medical District Commission



Mr. Stanley Franklin, President



Ms. Edie Koch, Vice President/Audit Liaison

  
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MID-AMERICA MEDICAL DISTRICT COMMISSION  
 COMPLIANCE EXAMINATION  
 For the Two Years Ended June 30, 2012

**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 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</u>	<u>Prior</u>
Findings	Report	Report
Repeated findings	4	1
Prior recommendations implemented	1	0
or not repeated	0	0

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
12-1	9	Lack of internal controls over interest calculation	Significant Deficiency and Noncompliance
12-2	11	Noncompliance with Open Meetings Act	Significant Deficiency and Noncompliance
12-3	12	Commission not fully seated	Significant Deficiency and Noncompliance
12-4	14	Noncompliance with the Commission By-Laws	Significant Deficiency and Noncompliance

## PRIOR FINDINGS NOT REPEATED

The only material finding noted during the compliance examination for the two years ended June 30, 2010, was repeated during the current examination.

### **EXIT CONFERENCE**

Commission representatives waived a formal exit conference in correspondence dated July 8, 2013 from Edie Koch, Commission Vice President and engagement liaison.

The responses to the recommendations were provided by Edie Koch, Commission Vice President and engagement liaison, in correspondence dated July 9, 2013.

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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 Mid-America 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, 2012. The management of the Mid-America Medical District Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Mid-America Medical District Commission's compliance based on our examination.

- A. The Mid-America 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-America 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-America 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-America 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-America Medical District Commission on behalf of or held in trust by the Mid-America 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-America 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-America Medical District Commission's compliance with specified requirements.

In our opinion, the Mid-America 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, 2012. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 12-1 through 12-4.

### **Internal Control**

Management of the Mid-America 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-America 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-America 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. However, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies

as described in the accompanying schedule of findings as items 12-1 through 12-4. A *significant deficiency in an entity's 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.

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

The Mid-America Medical District Commission's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the Mid-America Medical District Commission's responses and, accordingly, we express no opinion on the responses.

### **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, 2012 and June 30, 2011 in Schedules 1 through 5 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, 2012 and June 30, 2011 accompanying supplementary information in Schedules 1 through 5 and the Analysis of Operations section. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2010 accompanying supplementary information in Schedules 2 through 4 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 and the Mid-America 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 9, 2013

MID-AMERICA MEDICAL DISTRICT COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2012

12-1. **FINDING** (Lack of internal controls over interest calculation)

The Mid-America Medical District Commission (Commission) did not have adequate controls in place to determine whether the interest calculated on their behalf by the Southwestern Illinois Development Authority (SWIDA) on funds held in trust was accurate.

In Fiscal Year 2007, the Department of Commerce and Economic Opportunity (DCEO) awarded a grant to the Commission in the amount of \$250,000 to be used for Commission start-up expenses and the development of a Master Plan for the District. The grant was awarded directly to SWIDA, who maintained the State grant funds in an interest-bearing locally held fund and at the direction of the Commission, SWIDA made expenditures from the account until the grant term ended in Fiscal Year 2011. As the end of the grant period approached, SWIDA calculated the amount of interest accrued on the funds held in trust and made the funds available for the Commission's use.

We noted the amount of interest calculated on behalf of the Commission was understated by approximately \$1,613. As a result of this understatement, the unspent grant funds returned to DCEO at the end of the grant period were understated by the same amount. We also noted the Commission did not maintain their own accounting of accrued interest throughout the grant period. The Commission relied upon the accuracy of SWIDA's calculation to determine the amount of interest earned on the State grant funds.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Commission to establish and maintain a system or systems of internal fiscal and administrative controls, which shall provide assurance that revenues or other funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

The Illinois Grant Funds Recovery Act (30 ILCS 705/5) states any grant funds not expended or legally obligated by the end of the grant agreement must be returned to the grantor agency.

Commission officials stated that Southwestern Illinois Development Authority was the grantee on these funds and they were not advised by the funds grant manager that they were required to establish additional controls.

Failure to establish adequate internal controls over State grant funds increases the risk that errors or irregularities could occur and not be detected, which may reduce the amount of funds available for use by the Commission to perform its mandated functions. (Finding Code No. 12-1)

**RECOMMENDATION**

We recommend the Commission strengthen controls over its State grant funds by maintaining their own documentation related to any funds held in trust and verify the accuracy of any calculations performed on behalf of the Commission. We also recommend the Commission work to have the additional interest amount still held by SWIDA returned to DCEO.

MID-AMERICA MEDICAL DISTRICT COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2012

**COMMISSION RESPONSE**

In response to this finding, the Commission agrees and will strengthen internal controls over its funds by no longer allowing an outside entity to hold funds in trust, but to receive and administer all funds directly. The Commission's Treasurer has been directed to be the administrator on all future funding utilizing an accounting procedure that allows for financial and statistical reports to the Full Commission on a quarterly basis. This policy was already put into effect on September 1, 2011 when the Commission became the direct grantee of a \$200,000 award from the Economic Development Administration. Additionally, bank statements are to be additionally reviewed by the Treasurer and President on a monthly basis. In regard to the additional interest owed to the Commission by SWIDA, the grantee for the DCEO grant in question, the Commission's Vice President has spoken with SWIDA and they have agreed to return the additional interest amount to DCEO. A check was mailed to DCEO on July 3, 2013.

MID-AMERICA MEDICAL DISTRICT COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2012

12-2. **FINDING** (Noncompliance with Open Meetings Act)

The Mid-America Medical District Commission (Commission) did not comply with training requirements of the Open Meetings Act.

The Mid-America Medical District Act (70 ILCS 930/10(i)) states the Commission is a public body and subject to the Open Meetings Act (Act). We noted the following:

- The Commission did not designate and report to the Public Access Counselor members to receive training on compliance with the Act on behalf of the Commission.
- Commission members did not receive training on compliance with the Act.

The Act (5 ILCS 120/1.05) required every public body to designate employees, officers, or members to receive training on compliance with the Act. The Act required designated members to complete training on the Act by July 1, 2010 or within 30 days after designation. Effective January 1, 2012, the Act required all members to complete training within one year.

Commission officials stated the legal counsel to the Commission did not bring the requirements of the Open Meetings Act to their attention and thus, the Commission was not aware of the requirements of the Act.

Failure to designate members and to require members to be trained on the compliance with the Act increases the likelihood that all requirements of the Act would not be met and may subject the Commission to unnecessary legal action. (Finding Code No. 12-2)

**RECOMMENDATION**

We recommend the Commission review the requirements of the Act and implement controls to ensure compliance with all provisions of the Act.

**COMMISSION RESPONSE**

The Commission is in agreement with this finding and will vote on an amendment to the Commission's Bylaws on July 24, 2013, that will provide future direction to Commissioners in regard to their training responsibilities under this Act. The Secretary of the Commission will be tasked with tracking this requirement, notifying members in regard to training deadlines, and collecting documentation on completed trainings. Measures have already been taken to comply with outstanding training requirements of the Open Meeting Act. The Commission has taken steps to designate members to receive training on compliance with the Act on behalf of the Commission and all those members have completed that training as follows. Commissioners Koch, Beach, Patton-Whiteside, Lantry, McCulley, Randolph, Knebel, Lantry, Franklin, Johnson, Turner, and Rudis have completed the Open Meetings Act on-line training. Commissioners Koch and Green have completed the Freedom of Information Act on-line training.

MID-AMERICA MEDICAL DISTRICT COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2012

12-3. **FINDING** (Commission not fully seated)

The Mid-America Medical District Commission (Commission) did not consist of the required number of Commission members throughout Fiscal Years 2011 and 2012. In addition, the Commission did not properly establish term expiration dates for several Commission appointees.

The Commission was statutorily created to provide for the orderly creation, maintenance, development, and expansion of health care and related facilities, as well as medical research and high technology parks within the Mid-America Medical District.

During our testing we noted that as of June 30, 2012, the Commission had 12 vacancies: three vacancies were to be filled by appointees selected by the Governor, three vacancies were to be filled by the Mayor of the City of Belleville and three vacancies were to be filled by the Mayor of the City of O'Fallon. Attempts were made by the Commission to fill these positions throughout Fiscal Years 2011 and 2012; however, the positions remained vacant. In addition, a St. Clair County appointee, a City of East St. Louis appointee and the Department of Public Health ex-officio member resigned during the Fiscal Years 2011 and 2012 and the positions were not filled as of June 30, 2012.

The Mid-America Medical District Act (Act) (70 ILCS 930/10(c)) requires the Commission to be composed of 18 members, including three members appointed by the Governor, three members appointed by the Mayor of East St. Louis, three members appointed by the Chairman of the County Board of St. Clair County, three members appointed by the Mayor of the City of Belleville, three members appointed by the Mayor of the City of O'Fallon, and three ex-officio members.

We also noted that three members appointed to the Commission during Fiscal Year 2012 were appointed with inaccurate term ending dates. The three Commission members have term ending dates of October 30, 2012, 2013 and 2014. The Act (70 ILCS 930/10(c)) requires all appointed members hold office for a term of three years ending on December 31.

Commission officials stated they have repeatedly communicated with appointing bodies in regard to missing members by phone, email, letters, and face to face meetings. All always voice willingness to cooperate, but have run into problems finding the time to recruit qualified members. The Commissioners themselves have brought names of interested parties to each of the appointing bodies, but for some reason appointments were still not made in a timely fashion.

Failure of the Commission to be composed of 18 members is noncompliance with State statute and limits the input into Commission decisions by all parties intended by statute. Failure to assign the appropriate term ending dates is also in noncompliance with State statute and may result in early vacancies and impact the terms of each future Commission appointee. (Finding Code No. 12-3, 10-1)

MID-AMERICA MEDICAL DISTRICT COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2012

**RECOMMENDATION**

We recommend the Commission continue communications with the various appointing authorities to request the vacancies be filled. We also recommend the Commission establish proper term ending dates in compliance with the Act.

**COMMISSION RESPONSE**

The Commission is in agreement with this finding and has already taken steps to resolve. Since June 30, 2012, the Commission has filled the Department of Public Health ex-officio vacancy with Marilyn Green. The St. Clair County vacancy was filled with Terry Beach. The city of East St. Louis vacancy was filled with Leah Turner. Two of the three Governor vacancies were filled with Roy Lantry and Larry McCulley. As the result of a June 2013 meeting, O'Fallon Mayor Gary Graham has already committed to appointing three Commissioners. A meeting with the Mayor of Belleville is scheduled for the fourth week of July to discuss that city's appointments to the Commission. The Governor's Office was notified again July 3, 2013, of their outstanding appointment and the Commission will continue to reach out until the appointment is made. Furthermore, East St. Louis was notified on July 3, 2013, that they did not properly establish term expiration dates for Stanley Franklin, Scott Randolph, and Leah Turner (Debra Taylor resigned before taking the oath of office). The Commission will continue to work with the city until they have corrected the expiration dates.

MID-AMERICA MEDICAL DISTRICT COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2012

12-4. **FINDING** (Noncompliance with the Commission By-Laws)

The Mid-America Medical District Commission (Commission) did not adhere to their By-Laws.

We noted the following instances in which the Commission did not comply with the By-Laws of the Commission:

- The Commission's Treasurer was not bonded. By-Law section 7.4.5 requires that the Treasurer execute a bond with corporate sureties to be approved by the Commission. For the period, the Commission Treasurer was not bonded by such sureties.
- The Commission's motions were not signed by appropriate members. By-Law section 9.3 requires that before taking effect, all motions and resolutions must be signed by the President and Secretary of the Commission.

Commission officials stated the Commission has no funds to carry out bonding for the Treasurer. It was an oversight on the part of the Commission not to have the Secretary and President sign approved minutes. Plans are in place to begin having approved minutes signed by pertinent officers at the conclusion of each Commission Meeting starting with the July 2013 meeting.

Failure to adhere to their own rules subjects the Commission to undue risk. To that effect, by not bonding the Commission Treasurer, should financial fraud occur the Commission is not adequately protected against it. By not signing the motions, key business transactions do not have adequate approved documentation of the Commission's actions. (Finding Code No. 12-4)

**RECOMMENDATION**

We recommend the Commission comply with all aspects of their By-Laws.

**COMMISSION RESPONSE**

In response to this finding, although the Commission does agree that it should adhere to their own Bylaws which state that the Treasurer execute a bond with corporate sureties to be approved by the Commission, the Commission has been advised by the city attorney that this measure is not necessary. The city attorney stated that the Commission, as a state agency, may only be sued in tort in the Court of Claims and that Commissioners cannot be sued individually. This status should therefore negate the need for the Commission's Treasurer to be bonded. In response to this advice, the Commission will be voting on an amendment to Bylaws section 7.4.5 on July 24, 2013 to remove this bonding requirement. In regard to not complying with Section 9.3 of the Bylaws, the Commission agrees that requiring the President and Secretary of the Commission to sign all minutes before taking effect, is an important rule to adhere to and this practice has been put into place for all future meetings.



MID-AMERICA MEDICAL DISTRICT COMMISSION  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2012

**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) -  
Locally Held Funds
  - Schedule of State Grant Funds (Cash Basis)
  - Analysis of Significant Variations in Disbursements
  - Analysis of Significant Variations in Receipts
  - Analysis of Accounts Receivable
  
- Analysis of Operations (Not Examined)
  - Commission Functions and Planning Program (Not Examined)
  - Service Efforts and Accomplishments (Not Examined)

The accountants' 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 to the June 30, 2012 and June 30, 2011 in Schedules 1 through 5. However, the accountants do not express an opinion on the supplementary information. The accountants' 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-AMERICA MEDICAL DISTRICT COMMISSION  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE (CASH BASIS)**  
**– LOCALLY HELD FUNDS**  
 For the Two Years Ended June 30, 2012

	Economic Development Administration Grant <hr style="width: 100%;"/>
Cash Balance at July 1, 2011	\$ 0
Receipts	50,000
Disbursements	<hr style="width: 100%;"/> 0
Cash Balance at June 30, 2012	<hr style="width: 100%;"/> \$ 50,000

The Commission opened the locally held fund in Fiscal Year 2012 for the purpose of administering the grant funds received related to the Economic Development Administration grant. Therefore, there was no opening balance as of July 1, 2011. The balances per the Mid-America Medical District Commission’s records at June 30, 2012 were reconciled with the June 30, 2012 bank statement and bank confirmation completed by the financial institution.

MID-AMERICA MEDICAL DISTRICT COMMISSION  
**SCHEDULE OF STATE GRANT FUNDS (CASH BASIS)**

For the Two Years Ended June 30, 2012

The Southwestern Illinois Development Authority (SWIDA) received a \$250,000 grant from the Department of Commerce and Economic Opportunity (DCEO) in July 2007 for start-up costs of the Mid-America Medical District Commission (Commission). SWIDA received custody of the funds in Fiscal Year 2008 and was charged with administering the funds due to the fact that the Commission had not yet begun meeting when the grant was awarded. SWIDA began expending these funds, as directed by the Commission, during the previous examination period for the Commission's Master Plan. The contract for the Master Plan was entered into with a vendor in late May 2009. The Master Plan and related services were completed in December 2010 and the remaining unspent grant funds were returned to DCEO in February 2011.

	<u>State Grant</u>
Beginning Balance at July 1, 2010	\$ 64,850
Receipts	10,862
Disbursements	<u>(74,100)</u>
Ending Balance at June 30, 2011	<u>\$ 1,612</u>
Beginning Balance at July 1, 2011	\$ 1,612
Receipts	1
Disbursements	<u>-</u>
Ending Balance at June 30, 2012	<u>\$ 1,613</u>

Note: This schedule was prepared based on Commission records as reported by and reconciled to bank statements of SWIDA. This schedule includes accrued interest of \$10,863.

MID-AMERICA MEDICAL DISTRICT COMMISSION  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN DISBURSEMENTS**  
For the Two Years Ended June 30, 2012

**ANALYSIS OF SIGNIFICANT VARIATIONS IN DISBURSEMENTS BETWEEN FISCAL YEARS 2011 AND 2012**

**State Grant Funds**

The decrease of \$74,100 in disbursement was due to the Commission spending the remaining balance of the Department of Commerce and Economic Opportunity grant funds in Fiscal Year 2011. The Commission did not receive and therefore did not disburse any additional State grant funds in Fiscal Year 2012.

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

**State Grant Funds**

The decrease of \$110,300 in disbursements was due to the Commission spending the balance of the Department of Commerce and Economic Opportunity grant funds in Fiscal Year 2011 for services related to the development of the Commission's Master Plan. The majority of the grant money was disbursed in Fiscal Year 2010.

MID-AMERICA MEDICAL DISTRICT COMMISSION  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Two Years Ended June 30, 2012

**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2011 AND 2012**

**Locally Held Fund**

The increase of \$50,000 was due to the Commission being awarded a grant from the U.S. Department of Commerce – Economic Development Administration with a matching portion from the City of East St. Louis. The Commission received the matching grant during Fiscal Year 2012.

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

**State Grant Funds**

The increase of \$9,250 was due to the Commission receiving the accrued interest on the funds held in trust by the Southwestern Illinois Development Authority in Fiscal Year 2011.

MID-AMERICA MEDICAL DISTRICT COMMISSION  
**ANALYSIS OF ACCOUNTS RECEIVABLE**  
 For the Two Years Ended June 30, 2012

**ANALYSIS OF ACCOUNTS RECEIVABLE**

Accounts receivable for the Mid-America Medical District Commission consisted of the following at June 30,

	2012	2011
Due from the U.S. Economic Development Administration	\$ 200,000	\$ 0
Total	\$ 200,000	\$ 0

The following is an aging of the accounts receivable due to the Commission at June 30,

	2012	2011
Current	\$ 200,000	\$ 0
30-90 days past due	0	0
91+ days past due	0	0
Total	\$ 200,000	\$ 0

MID-AMERICA MEDICAL DISTRICT COMMISSION  
**COMMISSION FUNCTIONS AND PLANNING PROGRAM**  
For the Two Years Ended June 30, 2012  
(Not Examined)

**FUNCTIONS**

The Mid-America Medical District Commission (Commission) was created January 1, 2007, as a result of Public Act 94-1036. The Mid-America Medical District Act (70 ILCS 930/1 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.

The Mid-America Medical District's (District) boundaries are Martin Luther King Drive on the Northeast, 10th Street up to Trendley Avenue on the Southeast, Trendley Avenue and the confluence of I-64, I-70, and I-55 on the Southwest and West within the City of East St. Louis, and a line north of Collinsville, parallel to Collinsville, so as to include both sides of Collinsville on the Northwest, excluding any part of the City Hall complex and any property belonging to the federal government. Public Act 97-0583, effective August 26, 2011, expanded the boundaries of the District to also include the boundaries of the City of Belleville and the City of O'Fallon.

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 convene dialogue among leaders in the public and private sectors on topics and issues associated with the training in the delivery of health care services within the District's program area.
- c. 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.
- d. 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.
- e. To secure grants, loans or appropriations from the State of Illinois, the Federal government, any State or Federal agency or instrumentality, any unit of local government, or any other person or entity to be used for any of the purposes of the Commission.

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- f. 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.
- g. 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.
- h. To provide relocation assistance to persons and entities displaced by the Commission's acquisition of property and improvement 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, appointed by the Mayor of East St. Louis, 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.
- l. To issue revenue bonds in its corporate capacity or borrow money from any public or private agency, department, corporation or person to obtain the funds necessary for financing the acquisition of land, for the acquisition, construction, maintenance and rehabilitation of facilities and equipment within the District.

**COMMISSIONERS**

Public Act 97-0583 made significant changes to the Commission's membership. Effective August 26, 2011, the Commission consists of 15 appointed members and 3 ex-officio members: three members appointed by the Governor; three members appointed by the Mayor of East St. Louis, with the consent of the city council; three members appointed by the Chairman of the County Board of St. Clair County; three members appointed by the Mayor of the City of Belleville with the advice and consent of the corporate authorities of the City of Belleville; and three members appointed by the Mayor of the City of O'Fallon with the advice and consent of



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the corporate authorities of the City of O'Fallon. The Director of Commerce and Economic Opportunity or his or her designee, the Director of the Department of Public Health or his or her designee, and the Secretary of the Department of Human Services or his or her designee serve as ex-officio members. Mr. Brendan Kelly was elected President on March 25, 2009 and served as President until December 6, 2010. Ms. Elizabeth Patton-Whiteside served as interim President from December 6, 2010 through March 16, 2011 when Mr. Richard Coolbaugh was elected President. Mr. Coolbaugh served as President until January 23, 2012. Ms. Marsha Johnson served as interim President until March 21, 2012 when she was elected Commission President and served as President through the remainder of the examination period.

Members serve three year staggered terms. Seven Commissioners constitute a quorum. The Commission members at June 30, 2012 were as follows:

City of East St. Louis Mayoral Appointments

Scott Randolph

Stanley Franklin, Vice President

St. Clair County Board Appointments

Marsha Johnson, President

Elizabeth Patton-Whiteside

Gubernatorial Appointments

None

City of Belleville Mayoral Appointments

None

City of O'Fallon Mayoral Appointments

None

Ex-Officio Members

Edie Koch, Secretary & Treasurer, Department of Commerce and Economic Opportunity

Glendean Sisk, Department of Human Services

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**PLANNING PROGRAM**

The Mid-America Medical District Commission meets as necessary, usually once a month, to conduct business and to discuss various planning and marketing strategies. The Master Plan was developed and now serves as the official guide for future District development activity. The Commission's strategic goals include increasing and enhancing awareness of the District through implementation of portions of the Commission's new marketing plan. The Commission is taking steps to meet with other key developers in East St. Louis to establish and promote the Commission as an entity able to sustain the organization and accomplish its redevelopment mission. The Commission also plans to create a public information network and effective marketing designed to attract health and wellness institutions, investors, developers, physicians, and other medical talent and consumers to the District.

The Mid-America Medical District Commission received no State appropriations during Fiscal Years 2011 and 2012. The Commission had expenditures against a grant from the Department of Commerce and Economic Opportunity, which was awarded during Fiscal Year 2008. The purpose of the grant was for the development of the Master Plan. The grant funds were held by SWIDA on behalf of the Commission and grant expenditures were processed directly by SWIDA at the direction of the Commission. The Commission exhausted the balance of the grant during Fiscal Year 2011.

In Fiscal Year 2012, the Commission applied for and received a grant from the U.S. Department of Commerce - Economic Development Administration (EDA) for the purposes of conducting an infrastructure analysis study of the District. The Commission was awarded \$200,000 from the EDA with a local share of \$50,000 to be paid by the City of East St. Louis. The Commission contracted with a vendor to conduct the infrastructure study, which was completed in June 2012.

The Commission is currently seeking additional grant funds via a grant from the Illinois Department of Transportation for the purposes of making streetscape enhancements on Collinsville Avenue from Broadway to Martin Luther King drive. The application was due June 1, 2012 and is currently under review.

**MID-AMERICA MEDICAL DISTRICT COMMISSION**  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
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The Commission served 8 community entities as follows:

- Comprehensive Behavioral Health Center
- Winsor Urgicare
- East St. Louis Higher Education Center
- Illinois Department of Human Services – Division of Transitional Services
- Illinois Department of Children and Family Services
- Illinois Department of Veterans’ Affairs
- Southern Illinois Healthcare Foundation
- East Side Health District

The Commission completed 5 projects during the period as follows:

- Comprehensive Master Plan
- Procurement of Security Cameras
- Economic Development Strategy
- AIDS Awareness Event
- Baseline Infrastructure Analysis of the Medical District

The Commission applied the following grants during the audit period

- U.S. Department of Commerce – Economic Development Administration Planning and Local Technical Assistance grant. This grant was awarded to the Commission in 2012.
- Illinois Department of Transportation Enhancement grant. This grant is currently under review.