
Illinois Medical District Commission

(a component unit of the State of Illinois)

Financial Report
with Supplemental Information
June 30, 2021

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Independent Auditor's Report

To the Board of Commissioners
Illinois Medical District Commission

Report on the Financial Statements

We have audited the accompanying financial statements of Illinois Medical District Commission (the "Commission"), a component unit of the State of Illinois, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise Illinois Medical District Commission's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Illinois Medical District Commission as of June 30, 2021 and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Commissioners
Illinois Medical District Commission

Other Matter

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net pension (assets) liability and related ratios, and the schedule of employer contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited Illinois Medical District Commission's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2021 on our consideration of Illinois Medical District Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Illinois Medical District Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Illinois Medical District Commission's internal control over financial reporting and compliance.



November 17, 2021

This section of Illinois Medical District Commission's (the "Commission") financial report presents our discussion and analysis of the Commission's financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with the Commission's financial statements, which follow this section.

Financial Highlights

- The Commission's total net position decreased to \$53,211,416. This year's decrease of \$641,989 is attributable to the Commission's decreased revenue and reduced capital grant income. For the year ended June 30, 2020, the Commission's net position decreased by \$555,389, which was the result of increased revenue offset by an increase in broker commission expense during the year.
- During fiscal year 2021, the Commission's operating expenses were \$5,632,679, a decrease of \$1,373,082 compared to fiscal year 2020's operating expenses. The fiscal year 2021 expense decrease is attributed to decreases in broker commissions and consulting services.
- During fiscal year 2021, the Commission's operating revenue was \$4,605,581, a decrease of 21.7 percent compared to fiscal year 2020. The fiscal year 2021 revenue decrease is related to tenants' large, one-time increase in revenue during fiscal 2020.

Overview of the Financial Statements

The financial statements of the Commission have been prepared on the accrual basis of accounting following the business-type activities reporting requirements of the Governmental Accounting Standards Board (GASB) as a single enterprise fund. These statements are as follows:

- Statement of net position - Includes all of the Commission's assets and liabilities and provides information about the amounts and investments in assets and the obligations to the Commission's creditors. It also provides a basis of assessing the liquidity and financial flexibility of the Commission. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the Commission is improving or deteriorating.
- Statement of revenue, expenses, and changes in net position - Provides information as to the increase or decrease of current year revenue over expenses
- Statement of cash flows - Provides information about the Commission's cash receipts and disbursements during the reporting period. The statement discloses net cash provided by or used in operating activities, capital financing activities, and investing activities.

Illinois Medical District Commission

Management's Discussion and Analysis (Continued)

The following table presents condensed financial information about the Commission's financial position as of June 30, 2020 and 2021:

The Commission's Net Position

	<u>2020</u>	<u>2021</u>
Assets		
Other assets	\$ 29,322,779	\$ 27,161,770
Capital assets	<u>59,461,214</u>	<u>59,983,490</u>
Total assets	88,783,993	87,145,260
Deferred Outflows of Resources		
	310,847	171,019
Liabilities		
Current liabilities	3,585,272	14,421,844
Long-term liabilities	<u>31,309,160</u>	<u>19,386,375</u>
Total liabilities	34,894,432	33,808,219
Deferred Inflows of Resources		
	<u>347,003</u>	<u>296,644</u>
Net Position		
Net investment in capital assets	44,676,683	45,619,676
Restricted	152,854	-
Unrestricted	<u>9,023,868</u>	<u>7,591,740</u>
Total net position	<u>\$ 53,853,405</u>	<u>\$ 53,211,416</u>

Capital assets increased because of increases in the Commission's land and building improvements. The main difference in other assets is attributable to decreases in unrestricted cash of \$2,119,691 and long-term notes receivable of \$1,458,827, offset by an increase in restricted cash of \$993,129.

Short-term liabilities increased because of the reclassification of a long-term mortgage to short-term debt. In fiscal year 2021, net short-term liabilities increased by \$10,836,572.

Long-term liabilities declined because of notes payable reductions and a reclassification of a mortgage balance to short term. Net long-term liabilities declined by \$11,922,785 in fiscal year 2021, as explained in Note 6 to the financial statements.

Illinois Medical District Commission

Management's Discussion and Analysis (Continued)

The following table presents condensed information about the Commission's revenue and expenses for the years ended June 30, 2020 and 2021:

	2020	2021
Revenue		
Operating revenue	\$ 5,880,610	\$ 4,605,581
Nonoperating revenue	2,207,166	1,949,197
Total revenue	8,087,776	6,554,778
Expenses		
Operating expenses other than depreciation	5,407,717	3,909,673
Depreciation	1,598,044	1,723,006
Interest expense	1,637,282	1,564,088
Loss on sale of capital assets	122	-
Total expenses	8,643,165	7,196,767
Change in Net Position	(555,389)	(641,989)
Net Position - Beginning of year	54,408,794	53,853,405
Net Position - End of year	<u>\$ 53,853,405</u>	<u>\$ 53,211,416</u>

Operating revenue decreased by 21.7 percent in fiscal year 2021. Operating expenses other than depreciation decreased by \$1,498,044 which is a 27.7 percent decrease. Categories that experienced decreases were broker commissions, consulting services, and legal fees.

In 2021, the Commission received nonoperating capital grant income of \$1,022,937, a decrease of \$205,848 over fiscal year 2020.

Budgetary Highlights

The 2021 actual results in comparison to the operating budget were favorable. The Commission's 2021 budget called for a budgetary loss of \$829,000. The Commission ended fiscal year 2021 with budgetary income (operating revenue less operating expenses other than depreciation) of \$695,908. This positive variance of \$1,524,908 is largely attributed to lower broker commissions and consulting services.

Capital Assets and Debt Administration

At the end of 2021, the Commission had invested \$59,983,490 in a broad range of capital assets, including land, buildings and equipment (see Note 5 to the financial statements). This amount represents a net increase (including additions and deductions) of \$522,276, or 0.9 percent, over last year.

At year end, the Commission had \$31,168,813 in notes payable outstanding, a net decrease of 4.7 percent over last year. More detailed information about the Commission's long-term liabilities is presented in Note 6 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Cost controls continue to be in effect, and we believe we will meet our budgetary goals in fiscal 2022.

Contacting the Commission's Management

This financial report is intended to provide a general overview of the Commission's finances and demonstrate the Commission's accountability for the money it receives. If you have questions about this report or need additional information, please contact the Commission at administration@medicaldistrict.org.

Illinois Medical District Commission

Statement of Net Position

June 30, 2021

Assets

Current assets:

Cash and cash equivalents	\$ 5,629,338
Receivables:	
Accounts receivable - Net	287,832
Interest receivable	72,723
Notes receivable	<u>1,458,827</u>
Total current assets	7,448,720

Noncurrent assets:

Restricted cash and cash equivalents	1,143,374
Net pension asset	326,696
Capital assets:	
Assets not subject to depreciation	37,557,976
Assets subject to depreciation - Net	22,425,514
Loan receivable	100,000
Notes receivable	<u>18,142,980</u>
Total noncurrent assets	<u>79,696,540</u>

Total assets 87,145,260

Deferred Outflows of Resources - Deferred pension costs

171,019

Liabilities

Current liabilities:

Accounts payable and accrued expenses	1,209,329
Accrued liabilities and other:	
Interest payable	124,620
Security deposits	186,691
Unearned revenue	982,469
Certificates of participation	1,175,000
Mortgage payable	<u>10,743,735</u>
Total current liabilities	14,421,844

Noncurrent liabilities:

Compensated absences	136,297
Mortgage payable	3,620,078
Certificates of participation	<u>15,630,000</u>
Total noncurrent liabilities	<u>19,386,375</u>

Total liabilities 33,808,219

Deferred Inflows of Resources - Deferred pension costs

296,644

Net Position

Net investment in capital assets	45,619,676
Unrestricted	<u>7,591,740</u>
Total net position	<u><u>\$ 53,211,416</u></u>

Illinois Medical District Commission

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2021 and 2020

	2021	2020
Operating Revenue		
Rental income	\$ 4,580,231	\$ 5,660,151
Tenant reimbursement revenue	-	202,959
Other operating revenue	25,350	17,500
Total operating revenue	4,605,581	5,880,610
Operating Expenses		
Audit and accounting	44,800	40,500
Broker commissions	423,371	1,500,906
Consulting services	431,991	767,328
Donations	-	21,500
Dues and subscriptions	29,482	30,848
Insurance	152,864	122,333
Legal fees	115,582	172,109
Office expense	19,655	28,779
Other contractual services	32,857	52,589
Other expenses	7,910	5,513
Professional fees	155,844	138,081
Real estate taxes	(5,749)	-
Repairs and maintenance	419,609	449,388
Salaries, wages, and related expenses	1,771,003	1,762,172
Software services	10,080	8,848
Telecommunications	35,048	37,231
Travel expense	138	8,928
Utilities	265,188	260,664
Depreciation	1,723,006	1,598,044
Total operating expenses	5,632,679	7,005,761
Operating Loss	(1,027,098)	(1,125,151)
Nonoperating Revenue (Expenses)		
Interest income	926,260	978,381
Loss on disposal of capital assets	-	(122)
Interest expense	(1,564,088)	(1,637,282)
Total nonoperating expenses	(637,828)	(659,023)
Loss - Before capital grant income	(1,664,926)	(1,784,174)
Capital Grant Income	1,022,937	1,228,785
Change in Net Position	(641,989)	(555,389)
Net Position - Beginning of year	53,853,405	54,408,794
Net Position - End of year	<u>\$ 53,211,416</u>	<u>\$ 53,853,405</u>

Illinois Medical District Commission

Statement of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Payments received from tenants	\$ 4,464,759	\$ 5,986,876
Payments to suppliers	(2,694,401)	(1,935,108)
Payments to employees	(1,834,704)	(1,778,232)
Net cash (used in) provided by operating activities	(64,346)	2,273,536
Cash Flows from Capital Financing Activities		
Purchase of capital assets	(2,245,283)	(3,552,364)
Principal paid on capital debt and leases	(420,718)	(401,074)
Proceeds from capital grants	1,958,405	1,250,000
Interest paid on capital debt and leases	(1,570,266)	(1,643,160)
Net cash used in capital financing activities	(2,277,862)	(4,346,598)
Cash Flows Provided by Investing Activities - Collections on notes receivable	1,215,646	1,265,753
Net Decrease in Cash and Cash Equivalents	(1,126,562)	(807,309)
Cash and Cash Equivalents - Beginning of year	7,899,274	8,706,583
Cash and Cash Equivalents - End of year	\$ 6,772,712	\$ 7,899,274
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 5,629,338	\$ 7,749,029
Restricted cash and cash equivalents	1,143,374	150,245
Total cash and cash equivalents	\$ 6,772,712	\$ 7,899,274
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (1,027,098)	\$ (1,125,151)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	1,723,006	1,598,044
Changes in assets and liabilities:		
Accounts receivable	(225,926)	93,610
Other assets	-	214,633
Deferred outflows and inflows	(59,544)	(14,263)
Accounts payable and accrued expenses	(555,730)	1,495,804
Unearned revenue	(4,196)	5,226
Security deposits	89,300	7,430
Compensated absences	(4,158)	46,574
Net pension liability	-	(48,371)
Net cash (used in) provided by operating activities	\$ (64,346)	\$ 2,273,536
Significant Noncash Transactions		
Noncash payments received on notes receivable	\$ 2,048,676	\$ 2,046,926
Noncash payments made on certificates of participation	(2,048,676)	(2,046,926)

June 30, 2021

Note 1 - Nature of Business

Illinois Medical District Commission (the "Commission") is a special district created by statute (70 ILCS 915/0.01 et. seq.). Under this statute, it was formerly considered part of the executive branch of the State of Illinois and operated under the authority and review of the Illinois General Assembly. On July 18, 2012, Public Act 97-0825 was signed into law by the governor of Illinois. This act amended the Illinois Medical District Commission Act (70 ILCS 915). This amendment designates the Commission as a unit of local government; therefore, the Commission is no longer considered a state agency. The Commission requested a determination from the Comptroller's Office as to whether the Commission will continue to be reported as a component unit of the State of Illinois for financial reporting purposes after the date of the amendment. After reviewing the change in legislation affecting the Commission and the effects of the State's implementation of GASB Statement No. 61, the Comptroller's Office concluded on February 20, 2013 that the Commission will continue to be reported as a discretely presented component unit of the State due to the board appointment and ability to impose its will.

The purpose of the Commission is to maintain the proper surroundings for a medical center and a related technology center in order to attract, stabilize, and retain therein hospitals, clinics, research facilities, or other facilities permitted under the Illinois Medical District Act (the "Act"). The Commission also provides for the orderly creation and expansion of various county and local governmental facilities; other ancillary or related facilities; medical research and high technology parks, together with the necessary land, buildings, facilities, equipment, and personal property, as permitted under the Act; and administering and exercising ultimate authority for the Chicago Technology Park.

Note 2 - Significant Accounting Policies

The Commission's accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB).

Financial Reporting Entity

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the officials of the primary government are financially accountable. Financial accountability is defined as the following:

- Appointment of a voting majority of the component unit's board and either (a) the primary government's ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government
- Fiscal dependency on the primary government

Based upon the required criteria, the Commission is a component unit of the State of Illinois financial reporting entity. The financial balances and activities included in these financial statements are, therefore, also included in the State's annual comprehensive financial report. The State of Illinois' Annual Comprehensive Financial Report (ACFR) may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams Street, Springfield, IL 62704.

The Commission's reporting entity includes the Commission's governing board and all related organizations for which the Commission exercises oversight responsibility. Currently there are no related organizations that meet the criteria noted above.

June 30, 2021

Note 2 - Significant Accounting Policies (Continued)

Basis of Accounting

For financial reporting purposes, the Commission is considered a special-purpose government engaged only in business-type activities, as defined by GASB Statement No. 34. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the Commission's financial statements have been presented on the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Revenue from grants, entitlements, and similar items is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Appropriations made from the State of Illinois General Revenue or Capital Development funds for the benefit of the Commission are recognized as revenue to the extent expended, limited to available appropriations, and represent only the portion of these shared funds that can be directly attributed to the operations of the Commission.

During fiscal year 2021, the Commission did not receive an appropriation from the State of Illinois.

Classification of Revenue and Expenses

The Commission has classified its revenue and expenses as either operating or nonoperating according to the following criteria:

Operating revenue and expenses - Include activities that directly relate to the operational purposes of the Commission. Operating revenue primarily includes rent and service payments from tenants. Operating expenses primarily include expenses related to property management and development, as well as depreciation and amortization expense

Nonoperating revenue and expenses - Include investment income, interest expense, gain on sale of capital assets, and capital grant income

Cash and Cash Equivalents

Cash and cash equivalents include debt securities with a maturity of 90 days or less at the time of acquisition, money market accounts, and cash in banks for locally held funds.

Restricted Assets

The restricted cash and cash equivalents relate to security deposits from tenants and amounts to be used for grant purposes.

Accounts and Notes Receivable

Accounts receivable include amounts due from tenants for rent, parking, or other chargeable costs. The amounts are presented net of an allowance for doubtful accounts. Notes receivable include amounts due from the University of Illinois and the Illinois State Police related to installment sales of real property.

Capital Assets

Capital assets include property and equipment that are recorded at cost. Donated assets are reported at acquisition value when received. Capital assets are depreciated using the straight-line method.

June 30, 2021

Note 2 - Significant Accounting Policies (Continued)

Capitalization thresholds and estimated useful lives are as follows:

	Capitalization Threshold	Estimated Useful Life
Land	\$100,000	-
Land improvements	25,000	30
Site improvements	25,000	20-30
Buildings	100,000	10-30
Building improvements	25,000	10-30
Intangible assets	100,000	3-25
Equipment	5,000	3-7

Long-term Obligations

Long-term debt and other long-term obligations, including mortgages and certificates of participation, are reported as liabilities in the statement of net position.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Commission has one item that qualifies for reporting in this category. It is related to the deferred pension expenses associated with the differences between actual and expected experience, changes of actuarial assumptions, the net difference between projected and actual earnings on investments within the pension plan, and employer contributions made to the pension plan subsequent to the measurement date of the net pension liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has one item that qualifies for reporting in this category. It is related to the deferred pension expenses associated with the differences between actual and expected experience.

Pension

The Commission offers a defined benefit pension plan to its employees. The Commission records a net pension asset or liability for the difference between the total pension liability calculated by the actuary and the pension plan’s fiduciary net position. For the purposes of measuring the net pension asset or liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan’s fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

The liability for compensated absences consists of vested, accumulated paid time off leave balances for commission employees. The liability has been calculated based on the employees’ current salary level.

Note 2 - Significant Accounting Policies (Continued)

Net Position

In the financial statements, equity is displayed in three components as follows:

Net investment in capital assets - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of due to other state agency, capital lease obligations, lines of credit, and other liabilities that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Commission's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted - This consists of net position that does not meet the definition of restricted or net investment in capital assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Information

The financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Upcoming Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Commission is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the Commission's financial statements for the year ended June 30, 2019 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The provisions of this statement were originally effective for the Commission's financial statements for the year ended June 30, 2019 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

June 30, 2021

Note 3 - Deposits and Investments

The Public Funds Investment Act (30 ILCS 235/1 et seq.) and Public Funds Deposit Act (30 ILCS 225/1 et seq.) provide general guidance concerning the criteria to be met for the placement of public funds in a financial institution and the types of investment instruments permitted. These statutes authorize the Commission to purchase certain obligations of the U.S. Treasury, federal agencies and instrumentalities; certificates of deposit and time deposits covered by federal depository insurance; commercial paper of U.S. corporations with assets exceeding \$500,000,000, if such paper is rated at the highest classification established by at least two standard rating services; money market mutual funds; and investment in the Illinois Funds.

A reconciliation of deposits is presented below, and the financial statement captions shown on the statement of net position as of June 30, 2021 are as follows:

Carrying amount of deposits	\$ 6,772,712
Cash and cash equivalents - Current	\$ 5,629,338
Cash and cash equivalents - Restricted for grants and security deposits	<u>1,143,374</u>
	<u>\$ 6,772,712</u>

The state treasurer is the custodian of the State’s cash and cash equivalents for funds maintained in the State Treasury. The Commission independently manages cash and cash equivalents maintained outside of the State Treasury. As of June 30, 2021, no commission funds were held in the State Treasury.

Deposits

The Commission utilizes different bank accounts for the various activities of the Commission. The book balance of such accounts was \$6,772,712 at June 30, 2021, while the bank balance was \$6,987,482 at June 30, 2021. The difference between the above amounts primarily represents checks and deposits that had not cleared with the bank.

Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, the Commission’s deposits may not be recovered. As of June 30, 2021, the Commission had no deposits that were uninsured or uncollateralized. The Commission, therefore, has no custodial credit risk related to its deposits.

Note 4 - Accounts, Interest, and Notes Receivable

Accounts receivable include amounts due from tenants for rent, parking, or other chargeable costs. The following table presents the amounts due to the Commission by major type and the related allowance for doubtful accounts.

	<u>Rent and Related Fees</u>
: Accounts receivable	\$ 327,832
Allowance for doubtful accounts	<u>(40,000)</u>
Net	<u>\$ 287,832</u>

Rents and related fees above include no receivables that are over 360 days past due.

Interest receivable includes interest due from the University of Illinois of \$72,723 related to the installment sale of real estate described in Note 6.

June 30, 2021

Note 4 - Accounts, Interest, and Notes Receivable (Continued)

Notes Receivable

Notes receivable, inclusive of imputed interest, represent two installment sales contracts. The first contract is with the University of Illinois and relates to the installment sale agreement described in Note 6. The contract calls for annual principal payments of \$215,700 each December 1 through the year 2032 for the land portion of the agreement and principal and interest payments equal to the principal and interest payments due on the certificates of participation, as noted in Note 6. The total note receivable as of June 30, 2021 was \$19,395,400.

The second contract was entered into with the Illinois State Police (ISP) in July 2004. In accordance with this contract, the Commission sold certain parcels of land and agreed to construct a parking lot thereon. In turn, the ISP will make annual payments (inclusive of imputed interest) over 20 years, totaling \$2,158,668. The total note receivable as of June 30, 2021 was \$206,407.

Loan Receivable

On February 14, 2020, the Commission entered into an agreement with the Chicago Community Loan Fund (CCLF), an Illinois not-for-profit corporation. The agreement provides \$100,000 to the CCLF to be used for projects that will benefit communities in the Chicagoland area in categories such as health care, education, and economic vitality. The term of the agreement is three years, with an interest rate of 2.25 percent paid semiannually.

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated:				
Land and land improvements	\$ 35,495,977	\$ 983,072	\$ -	\$ 36,479,049
Construction in progress	-	1,078,927	-	1,078,927
Subtotal	35,495,977	2,061,999	-	37,557,976
Capital assets being depreciated:				
Site improvements	3,912,137	39,866	-	3,952,003
Buildings and improvements	38,831,422	112,739	-	38,944,161
Equipment	72,830	30,678	(14,396)	89,112
Subtotal	42,816,389	183,283	(14,396)	42,985,276
Accumulated depreciation:				
Site improvements	1,249,603	194,120	-	1,443,723
Buildings and improvements	17,548,430	1,515,908	-	19,064,338
Equipment	53,119	12,806	(14,224)	51,701
Subtotal	18,851,152	1,722,834	(14,224)	20,559,762
Net capital assets being depreciated	23,965,237	(1,539,551)	(172)	22,425,514
Net capital assets	<u>\$ 59,461,214</u>	<u>\$ 522,448</u>	<u>\$ (172)</u>	<u>\$ 59,983,490</u>

June 30, 2021

Note 6 - Short-term and Long-term Debt

Interest Payable

Interest payable includes interest payable on the Signature Bank mortgage of \$51,897 and interest payable on certificates of participation of \$72,723.

Certificates of Participation

On June 1, 2002, the Commission issued certificates of participation totaling \$30,625,000 in connection with the construction of an office building for the use of the University of Illinois, near its facility on the west side of Chicago. These certificates will mature each June 1 from 2004 to 2032 at various amounts. The coupon rate on the certificates of participation varies from 2.35 percent to 5.25 percent, with interest paid semiannually on June 1 and December 1. The balance outstanding was \$16,805,000 as of June 30, 2021.

Changes in long-term debt related to direct borrowings of certificates of participation were as follows:

	Balance July 1, 2020	Draws	Payments	Balance June 30, 2021	Due within One Year
Certificates of participation	\$ 17,925,000	\$ -	\$ (1,120,000)	\$ 16,805,000	\$ 1,175,000

Sinking Fund maturities and interest requirements on the certificates of participation payable at June 30, 2021 are as follows (in thousands):

Years Ending June 30	Principal	Interest	Total
2022	\$ 1,175	\$ 873	\$ 2,048
2023	1,235	814	2,049
2024	1,295	750	2,045
2025	1,360	684	2,044
2026	1,430	615	2,045
2027-2031	8,365	1,873	10,238
Thereafter	1,945	102	2,047
Total	\$ 16,805	\$ 5,711	\$ 22,516

In connection with the issuance, the Commission entered into an installment purchase contract with the University of Illinois for the aforementioned building and the respective land on which it stands. The installment payments related to the building (see Note 4) are scheduled at the same time and the same amounts as the payments on the certificates of participation. In addition, as part of the issuance process, the Commission purchased credit insurance on the certificates of participation, which guarantees the payments of principal and interest when they become due.

Mortgage Notes

On September 1, 2016 and June 30, 2017, the Commission secured two separate mortgages for \$12,000,000 and \$4,095,000, respectively, which are collateralized by security interests in certain properties. These mortgage notes mature from 2018 to 2023 at various amounts. The coupon rate on the mortgage notes varies from 4.13 to 4.92 percent, with interest paid monthly.

Changes in long-term debt related to direct borrowings of mortgage notes were as follows:

	Balance July 1, 2020	Draws	Payments	Balance June 30, 2021	Due within One Year
Mortgages	\$ 14,784,531	\$ -	\$ 420,718	\$ 14,363,813	\$ 10,743,735

Note 6 - Short-term and Long-term Debt (Continued)

Future principal and interest requirements on these notes at June 30, 2021 are as follows (in thousands):

Years Ending June 30	Principal	Interest	Total
2022	\$ 10,744	\$ 370	\$ 11,114
2023	3,620	15	3,635
Total	<u>\$ 14,364</u>	<u>\$ 385</u>	<u>\$ 14,749</u>

The Commission and its financial institution have reached an agreement to refinance the existing mortgages with a new, single mortgage. This refinancing is scheduled to close in the second quarter of fiscal year 2022 with terms substantially similar to the existing mortgages. The replacement loan will have a five-year balloon payment, and the interest rate is 3.95 percent, which is lower than the existing loan rates.

Debt Service Coverage Ratio

The mortgage loan and security agreements require the Commission to achieve a debt service coverage ratio of at least 1.20 for each fiscal year commencing with the fiscal year beginning on July 1, 2017. For the fiscal year ended June 30, 2021, using the language definition of debt service coverage found in the loan agreements, the Commission calculated the ratios to exceed the minimum for the \$12,000,000 and \$4,095,000 mortgages; these ratios are above the minimum ratio of 1.20.

Note 7 - Risk Management

The Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees.

The Commission maintains commercial coverage for its medical benefits provided to employees, automobiles, workers' compensation, and property liability. Settled claims have not exceeded the amount of insurance coverage in any of the past three years.

Note 8 - Contingencies

The Commission is from time to time subject to various claims, legal actions, and inquiries related to compliance with environmental and other governmental laws and regulations. Although it is difficult to quantify the potential impact of these claims, management believes that the ultimate cost of these matters will not adversely affect the Commission's future financial condition or results of operations.

Accordingly, management does not believe that a reserve of the future effect, if any, of these matters in the financial statements of the Commission is necessary at June 30, 2021, as it is not possible to determine with any degree of probability the level of future expenditures for these matters.

Note 9 - Pension Plan

IMRF Plan Description

The Illinois Medical District Commission defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The Commission's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multiemployer public pension fund. A summary of IMRF's pension benefits is provided in the *Benefits Provided* section of this note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Note 9 - Pension Plan (Continued)

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) Plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) Plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011 are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least 8 years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.667 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3 percent of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with 10 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.667 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3 percent of the original pension amount
- One-half of the increase in the Consumer Price Index of the original pension amount

Employees Covered by Benefit Terms

As of December 31, 2020, the following members were covered by the benefit terms:

	Illinois Municipal Retirement Fund
Inactive plan members or beneficiaries currently receiving benefits	4
Inactive plan members entitled to but not yet receiving benefits	9
Active plan members	13
Total employees covered by the plan	26

Contributions

As set by statute, the Commission's Regular Plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Commission's annual contribution rate for calendar year 2020 was 5.39 percent. For the fiscal year ended June 30, 2021, the Commission contributed \$70,277 to the plan. The Commission also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's board of trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Asset

The Commission's net pension asset was measured as of December 31, 2020. The total pension liability was determined by an actuarial valuation performed as of that date.

June 30, 2021

Note 9 - Pension Plan (Continued)

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at December 31, 2019	\$ 2,246,805	\$ 2,424,488	\$ (177,683)
Changes for the year:			
Service cost	119,741	-	119,741
Interest	166,099	-	166,099
Differences between expected and actual experience	47,057	-	47,057
Changes in assumptions	(25,166)	-	(25,166)
Contributions - Employer	-	71,914	(71,914)
Contributions - Employee	-	60,038	(60,038)
Net investment income	-	323,126	(323,126)
Benefit payments, including refunds	(31,309)	(31,309)	-
Miscellaneous other charges	-	1,666	(1,666)
Net changes	276,422	425,435	(149,013)
Balance at December 31, 2020	<u>\$ 2,523,227</u>	<u>\$ 2,849,923</u>	<u>\$ (326,696)</u>

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2020:

- The actuarial cost method used was entry age normal.
- The inflation rate was assumed to be 2.25 percent.
- Salary increases were expected to be 2.85 percent to 13.75 percent, including inflation.
- The investment rate of return was assumed to be 7.25 percent, including inflation.
- Projected retirement age was from the experience-based table of rates, specific to the type of eligibility condition, last updated for the 2020 valuation according to an experience study for the years from 2017 to 2019.
- For nondisabled retirees, the Pub-2010 amount weighted below-median income, general, retiree, male (adjusted 106 percent), and female (adjusted 105 percent) tables and future mortality improvements projected using scale MP-2020
- For disabled retirees, the Pub-2010 amount weighted, below-median income, general, disabled retiree, and male and female (both unadjusted) tables and future mortality improvements projected using scale MP-2020
- For active members, the Pub-2010 amount weighted, below-median income, general, employee, and male and female (both unadjusted) tables and future mortality improvements projected using scale MP-2020

Note 9 - Pension Plan (Continued)

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2020:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	37.00 %	5.00 %
International equity	18.00	6.00
Fixed income	28.00	1.30
Real estate	9.00	6.20
Alternative investments	7.00	2.85-6.95
Cash or cash equivalents	1.00	0.70

Single Discount Rate

A single discount rate of 7.25 percent was used to measure the total pension liability. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The single discount rate reflects the following:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits)
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met)

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments of 7.25 percent was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the plan's net pension asset, calculated using a single discount rate of 7.25 percent, as well as what the plan's net pension asset would be if it were calculated using a single discount rate that is 1 percentage point lower or 1 percentage point higher:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net pension asset	\$ (4,599)	\$ (326,696)	\$ (547,258)

June 30, 2021

Note 9 - Pension Plan (Continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the Commission recognized pension expense of \$10,266. At June 30, 2021, the Commission reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	\$ 74,697	\$ 101,504
Changes of assumptions	43,733	34,930
Net difference between projected and actual earning on pension plan investments	-	160,210
Total deferred amounts to be recognized in pension expense in future periods	118,430	296,644
Pension contributions made subsequent to the measurement date	52,589	-
Total deferred amounts related to pensions	<u>\$ 171,019</u>	<u>\$ 296,644</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Years Ending December 31	Net Deferred Outflows/Inflows of Resources
2021	\$ (36,989)
2022	(31,996)
2023	(80,297)
2024	(32,981)
2025	3,523
Thereafter	526
Total	<u>\$ (178,214)</u>

Note 10 - Grant Funding

On March 30, 2020, the Illinois Department of Commerce & Economic Opportunity (DCEO) awarded the Commission a grant totaling \$5,000,000. The grant funds are to be used for improvements at the Commission’s property located at 2020 West Ogden, Chicago, Illinois. Total funding since inception of \$3,208,405 has been received, and the Commission has expended \$2,251,722. The unexpended grant balance of \$956,683 is recorded as cash restricted for grants (see Note 3).

Required Supplemental Information

Illinois Medical District Commission

Required Supplemental Information

Schedule of Changes in the Net Pension (Asset) Liability and Related Ratios

Calendar Years Ended December 31

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 119,741	\$ 119,299	\$ 124,472	\$ 118,539	\$ -	\$ 157,246	\$ 140,414
Interest on the total pension liability	166,099	149,409	146,923	129,569	91,236	135,165	105,043
Differences between expected and actual experience of the total pension liability	47,057	(488)	(190,659)	62,197	412,773	(735,250)	112,472
Changes in assumptions	(25,166)	-	64,296	(42,005)	-	-	73,198
Benefit payments, including refunds of employee contributions	(31,309)	(45,158)	(36,045)	(43,713)	(60,637)	(67,881)	(7,945)
Net Change in Total Pension Liability	276,422	223,062	108,987	224,587	443,372	(510,720)	423,182
Total Pension Liability - Beginning of year	2,246,805	2,023,743	1,914,756	1,690,169	1,246,797	1,757,517	1,334,335
Total Pension Liability - End of year	<u>\$ 2,523,227</u>	<u>\$ 2,246,805</u>	<u>\$ 2,023,743</u>	<u>\$ 1,914,756</u>	<u>\$ 1,690,169</u>	<u>\$ 1,246,797</u>	<u>\$ 1,757,517</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 71,914	\$ 74,288	\$ 79,832	\$ 100,716	\$ 121,825	\$ 106,338	\$ 164,465
Contributions - Employees	60,038	56,468	56,483	55,473	56,513	48,731	65,435
Net investment income (loss)	323,126	324,156	(66,005)	262,234	101,434	7,537	78,386
Benefit payments, including refunds	(31,309)	(45,158)	(36,045)	(43,713)	(60,637)	(67,881)	(7,945)
Other (net transfers)	1,666	39,362	(79,870)	(16,767)	(9,221)	(105,321)	(10,664)
Net Change in Plan Fiduciary Net Position	425,435	449,116	(45,605)	357,943	209,914	(10,596)	289,677
Plan Fiduciary Net Position - Beginning of year	2,424,488	1,975,372	2,020,977	1,663,034	1,453,120	1,463,716	1,174,039
Plan Fiduciary Net Position - End of year	<u>\$ 2,849,923</u>	<u>\$ 2,424,488</u>	<u>\$ 1,975,372</u>	<u>\$ 2,020,977</u>	<u>\$ 1,663,034</u>	<u>\$ 1,453,120</u>	<u>\$ 1,463,716</u>
Commission's Net Pension (Asset) Liability - Ending	<u>\$ (326,696)</u>	<u>\$ (177,683)</u>	<u>\$ 48,371</u>	<u>\$ (106,221)</u>	<u>\$ 27,135</u>	<u>\$ (206,323)</u>	<u>\$ 293,801</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	112.95 %	107.91 %	97.61 %	105.55 %	98.39 %	116.55 %	83.28 %
Covered Payroll	\$ 1,334,200	\$ 1,254,870	\$ 1,255,211	\$ 1,232,764	\$ 1,138,181	\$ 1,073,036	\$ 1,524,867
Commission's Net Pension (Asset) Liability as a Percentage of Covered Payroll	(24.49)%	(14.16)%	3.85 %	(8.62)%	2.38 %	(19.23)%	19.27 %

Illinois Medical District Commission

Required Supplemental Information Schedule of Employer Contributions

**Last Ten Calendar Years
Years Ended December 31**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 71,913	\$ 74,288	\$ 79,831	\$ 100,717	\$ 110,290	\$ 105,158	\$ 172,462	\$ 147,708	\$ 119,922	\$ 98,076
Actual contribution	71,914	74,288	79,832	100,716	121,825	106,338	164,465	147,708	119,922	98,076
Contribution Excess (Deficiency)	\$ 1	\$ -	\$ 1	\$ (1)	\$ 11,535	\$ 1,180	\$ (7,997)	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,334,200	\$ 1,254,870	\$ 1,255,211	\$ 1,232,764	\$ 1,138,181	\$ 1,073,036	\$ 1,524,867	\$ 1,169,500	\$ 892,940	\$ 754,427
Contributions as a Percentage of Covered Payroll	5.39 %	5.92 %	6.36 %	8.17 %	10.70 %	9.91 %	10.79 %	12.63 %	13.43 %	13.00 %

Notes to Schedule of Employer Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine 2020 contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Nontaxing bodies: 10-year rolling period
Asset valuation method	5-year smoothed market, 20 percent corridor
Inflation	2.50 percent, approximate. No explicit price inflation assumption is used in this valuation.
Salary increase	3.35 percent to 14.25 percent, including inflation
Investment rate of return	7.50 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period from 2014 to 2016
Mortality	For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table, with adjustments to match current IMRF experience.
Other information	There were no benefit changes during the year.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Commissioners
Illinois Medical District Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Illinois Medical District Commission (the "Commission") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Commission's financial statements, and have issued our report thereon dated November 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Commissioners
Illinois Medical District Commission

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

November 17, 2021