Illinois Medical District Commission

(a component unit of the State of Illinois)

Financial Report

with Supplemental Information

June 30, 2022

Contents

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Independent Auditor's Report

To the Board of Commissioners
Illinois Medical District Commission

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2022 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as of June 30, 2022 and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Commissioners
Illinois Medical District Commission

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2022 on our consideration of the 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 the 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 the Commission's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 25, 2022

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, 2022. Please read it in conjunction with the Commission's financial statements, which follow this section.

Financial Highlights

- The Commission's total net position increased to $54,729,599. This year's increase of $1,518,183 is attributable to the Commission's increased operating revenue. For the year ended June 30, 2021, the Commission's net position decreased by $641,989, which was the result of decreased revenue and reduced capital grant income during the year.
- During fiscal year 2022, the Commission's operating expenses were $5,881,882, an increase of $249,203 compared to fiscal year 2021's operating expenses. The fiscal year 2022 expense increase is attributed to increases in broker commissions and repairs and maintenance expense, offset by a decrease in salaries, wages, and related expenses.
- During fiscal year 2022, the Commission's operating revenue was $7,327,082, an increase of 59.1 percent compared to fiscal year 2021. The fiscal year 2022 revenue increase is related to recognition of $812,638 in revenue related to implementing GASB 87, *Leases,* during fiscal year 2022, recognition of tenant reimbursement revenue of $1,052,705, and additional lease revenue of $856,158.

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.

The following table presents condensed financial information about the Commission's financial position as of June 30, 2021 and 2022:

The Commission's Net Position

	2021	2022
Assets		
Other assets	$ 27,161,770	$ 57,914,986
Capital assets	59,983,490	59,950,998
Total assets	87,145,260	117,865,984
Deferred Outflows of Resources	171,019	119,845
Liabilities		
Current liabilities	14,421,844	3,552,399
Long-term liabilities	19,386,375	28,044,366
Total liabilities	33,808,219	31,596,765
Deferred Inflows of Resources	296,644	31,659,465
Net Position		
Net investment in capital assets	45,619,676	45,972,087
Unrestricted	7,591,740	8,757,512
Total net position	**$ 53,211,416**	**$ 54,729,599**

The main difference in other assets is attributable to short- and long-term lease receivable assets created because of implementing GASB 87, *Leases,* during fiscal year ended June 30, 2022 as explained in Note 11 to the financial statements. The GASB 87, *Leases,* is not reflected in the June 30, 2021 balances. We recorded lease receivables of $31,731,437 and an increase in net pension asset of $661,252, offset by a decrease in notes receivable of $1,522,440.

Short-term liabilities decreased because of the reclassification of a short-term mortgage to long-term debt. In fiscal year 2022, net short-term liabilities decreased by $10,869,445.

Long-term liabilities increased because of a reclassification of a short-term mortgage balance to long-term debt, offset by a decrease in certificates of participation. Net long-term liabilities increased by $8,657,991 in fiscal year 2022, as explained in Note 6 to the financial statements.

Deferred inflows of resources increased by $31,362,821. Deferred pension costs increased by $444,022 and the Commission recorded a deferred lease liability of $30,918,799 because of implementing GASB 87, *Leases,* during fiscal year ended June 30, 2022, as explained in Note 11 to the financial statements. The GASB 87, *Leases,* is not reflected in the June 30, 2021 balances.

The following table presents condensed information about the Commission’s revenue and expenses for the years ended June 30, 2021 and 2022:

	2021	2022
Revenue		
Operating revenue	$ 4,605,581	$ 7,327,082
Nonoperating revenue	1,949,197	1,565,498
Total revenue	6,554,778	8,892,580
Expenses		
Operating expenses other than depreciation	3,909,673	4,095,177
Depreciation	1,723,006	1,786,705
Interest expense	1,564,088	1,492,515
Total expenses	7,196,767	7,374,397
Change in Net Position	(641,989)	1,518,183
Net Position - Beginning of year	53,853,405	53,211,416
Net Position - End of year	**$ 53,211,416**	**$ 54,729,599**

Operating revenue increased by 59.1 percent in fiscal year 2022 due to implementing GASB 87, *Leases,* during fiscal year 2022, recognition of tenant reimbursement revenue, and additional lease revenue. GASB 87, *Leases,* is not reflected in the June 30, 2021 balances. Operating expenses other than depreciation increased by $185,504, which is a 4.7 percent increase. Categories that experienced increases were broker commissions and repairs and maintenance, offset by a decrease in salaries, wages, and related expenses.

In 2022, the Commission received nonoperating capital grant income of $695,498, a decrease of $327,469 over fiscal year 2021.

Budgetary Highlights

The 2022 actual results in comparison to the operating budget were favorable. The Commission’s 2022 budget called for budgetary income of $693,050. The Commission ended fiscal year 2022 with budgetary income (operating revenue less operating expenses other than depreciation) of $3,231,905. This positive variance of $2,538,855 is largely attributed to increased revenue and decreased broker commissions and salaries, wages, and related expenses.

Capital Assets and Debt Administration

At the end of 2022, the Commission had invested $59,950,998 in a broad range of capital assets, including land, buildings, and equipment (see Note 5 to the financial statements). This amount represents a net decrease (including additions and deductions) of $32,492, or 0.1 percent, over last year.

At year end, the Commission had $29,608,911 in notes payable outstanding, a net decrease of 5.0 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 year 2023.

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.

Statement of Net Position

	June 30, 2022
Assets	
Current assets:	
Cash and cash equivalents (Note 3)	$ 5,274,188
Receivables:	
Accounts receivable - Net (Note 4)	110,803
Interest receivable (Note 4)	68,952
Leases receivable (Note 11)	2,088,806
Notes receivable (Note 4)	1,519,840
Loan receivable (Note 4)	100,000
Total current assets	9,162,589
Noncurrent assets:	
Restricted cash and cash equivalents (Note 3)	1,501,038
Net pension asset (Note 9)	987,948
Capital assets: (Note 5)	
Assets not subject to depreciation	36,931,270
Assets subject to depreciation - Net	23,019,728
Lease receivable (Note 11)	29,642,631
Notes receivable (Note 4)	16,620,540
Other noncurrent assets	240
Total noncurrent assets	108,703,395
Total assets	117,865,984
Deferred Outflows of Resources - Deferred pension costs (Note 9)	119,845
Liabilities	
Current liabilities:	
Accounts payable	233,615
Accrued liabilities and other:	
Interest payable (Note 6)	89,937
Security deposits	245,289
Unearned revenue	1,286,986
Certificates of participation (Note 6)	1,235,000
Mortgage payable (Note 6)	461,572
Total current liabilities	3,552,399
Noncurrent liabilities:	
Compensated absences	132,027
Mortgage payable (Note 6)	13,517,339
Certificates of participation (Note 6)	14,395,000
Total noncurrent liabilities	28,044,366
Total liabilities	31,596,765
Deferred Inflows of Resources	
Deferred pension costs (Note 9)	740,666
Deferred inflows from leases	30,918,799
Total deferred inflows of resources	31,659,465
Net Position	
Net investment in capital assets	45,972,087
Unrestricted	8,757,512
Total net position	**$ 54,729,599**

See notes to financial statements.

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30, 2022
Operating Revenue	
Rental income (Note 11)	$ 4,375,032
Interest income from leases (Note 11)	1,867,336
Tenant reimbursement revenue	1,052,705
Other operating revenue	32,009
Total operating revenue	7,327,082
Operating Expenses	
Audit and accounting	45,100
Broker commissions	666,563
Consulting services	238,645
Donations	6,390
Dues and subscriptions	19,916
Insurance	173,986
Legal fees	121,643
Office expense	13,519
Other contractual services	35,849
Other expenses	10,006
Professional fees	261,416
Real estate taxes	30,818
Repairs and maintenance	592,830
Salaries, wages, and related expenses	1,519,574
Software services	9,988
Telecommunications	33,673
Travel expense	247
Utilities	315,014
Depreciation	1,786,705
Total operating expenses	5,881,882
Operating Income	1,445,200
Nonoperating Revenue (Expenses)	
Interest income	870,030
Interest expense	(1,492,515)
Total nonoperating expenses	(622,485)
Income - Before capital grant income	822,715
Capital Grant Income (Note 10)	695,468
Change in Net Position	1,518,183
Net Position - Beginning of year	53,211,416
Net Position - End of year	**$ 54,729,599**

See notes to financial statements.

Statement of Cash Flows

	Year Ended June 30, 2022
Cash Flows from Operating Activities	
Payments received from tenants	$ 6,755,522
Payments to suppliers	(3,551,556)
Payments to employees	(1,689,900)
Net cash provided by operating activities	1,514,066
Cash Flows from Capital Financing Activities	
Purchase of capital assets	(1,754,214)
Principal paid on capital debt and leases	(384,902)
Proceeds from capital grants	994,534
Interest paid on capital debt and leases	(1,527,198)
Net cash used in capital financing activities	(2,671,780)
Cash Flows from Investing Activities	
Collections on notes receivable	286,427
Interest income	873,801
Net cash provided by investing activities	1,160,228
Net Increase in Cash and Cash Equivalents	2,514
Cash and Cash Equivalents - Beginning of year	6,772,712
Cash and Cash Equivalents - End of year	**$ 6,775,226**
Classification of Cash and Cash Equivalents	
Cash and cash equivalents	$ 5,274,188
Restricted cash and cash equivalents	1,501,038
Total cash and cash equivalents	**$ 6,775,226**
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	$ 1,445,200
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	1,786,705
Changes in assets and liabilities:	
Accounts receivable	177,029
Other assets	(240)
Deferred outflows and inflows	(166,056)
Accounts payable and accrued expenses	(975,713)
Unearned revenue	5,451
Security deposits	58,598
Compensated absences	(4,270)
Deferred lease inflow and lease receivable	(812,638)
Net cash provided by operating activities	**$ 1,514,066**
Significant Noncash Transactions	
Noncash payments received on notes receivable	$ 2,047,676
Noncash payments made on certificates of participation	(2,047,676)

See notes to financial statements.

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.

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 2022, 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 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.

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

Leases

The Commission is a lessor for noncancelable leases of land and buildings. The Commission recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Commission initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Commission determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- The Commission uses incremental borrowing rate and market rates charged to lessees as the discount rate for leases.
- The lease term includes the noncancelable period of the lease and periods covered by options to extend if reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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 net 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.

Note 2 - Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net 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 two items that qualify for reporting in this category. They are related to the deferred pension expenses associated with the differences between actual and expected experience and deferred lease revenue previously described.

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.

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. There is no restricted net position at June 30, 2022.

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.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

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, 2022 but were extended to June 30, 2023 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In March 2020, the GASB issued Statement No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services, such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the Commission’s financial statements for the year ending June 30, 2023.

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Commission is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Commission's financial statements for the year ending June 30, 2023.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Commission's financial statements for the year ending June 30, 2025.

Adoption of New Accounting Pronouncement

During the current year, the Commission adopted GASB Statement No. 87, *Leases*. As a result, the Commission's financial statements now include receivables for the present value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease. Lease activity is further described in Note 11. There was no adjustment required for beginning net position.

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, 2022 are as follows:

Carrying amount of deposits	$ 6,775,226
Cash and cash equivalents - Current	$ 5,274,188
Cash and cash equivalents - Restricted for grants and security deposits	1,501,038
	$ 6,775,226
Total deposits and investments	$ 13,550,452

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, 2022, 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 $6,775,226 at June 30, 2022, while the bank balance was $7,546,160 at June 30, 2022. 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, 2022, 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.

	Rent and Related Fees
Accounts receivable	$ 150,803
Allowance for doubtful accounts	(40,000)
Net	$ 110,803

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 $67,827 related to the installment sale of real estate described in Note 6.

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, 2022 was $18,002,100.

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 $2,164,668. The total note receivable as of June 30, 2022 was $138,280.

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, 2022 was as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated:				
Land and land improvements	$ 36,479,049	$ 417,335	$ -	$ 36,896,384
Construction in progress	1,078,927	1,059,024	(2,103,065)	34,886
Subtotal	37,557,976	1,476,359	(2,103,065)	36,931,270
Capital assets being depreciated:				
Site improvements	3,952,003	278,134	-	4,230,137
Buildings and improvements	38,944,161	2,096,857	-	41,041,018
Equipment	89,112	5,929	(12,167)	82,874
Subtotal	42,985,276	2,380,920	(12,167)	45,354,029
Accumulated depreciation:				
Site improvements	1,443,723	200,085	-	1,643,808
Buildings and improvements	19,064,338	1,577,295	-	20,641,633
Equipment	51,701	9,326	(12,167)	48,860
Subtotal	20,559,762	1,786,706	(12,167)	22,334,301
Net capital assets being depreciated	22,425,514	594,214	-	23,019,728
Net capital assets	$ 59,983,490	$ 2,070,573	$ (2,103,065)	$ 59,950,998

Note 6 - Short-term and Long-term Debt

Interest Payable

Interest payable includes interest payable on the Signature Bank mortgage of $22,110 and interest payable on certificates of participation of $67,827.

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 $15,630,000 as of June 30, 2022.

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

	Balance July 1, 2021	Draws	Payments	Balance June 30, 2022	Due within One Year
Certificates of participation	$ 16,805,000	$ -	$ (1,175,000)	$ 15,630,000	$ 1,235,000

Sinking Fund maturities and interest requirements on the certificates of participation payable at June 30, 2022 are as follows (in thousands):

Years Ending June 30	Principal	Interest	Total
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	1,505	541	2,046
2028-2031	8,805	1,434	10,239
Total	$ 15,630	$ 4,838	$ 20,468

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 December 16, 2021, the Commission refinanced two mortgages originally dated September 1, 2016 and June 30, 2017. The fiscal year beginning mortgage balances prior to refinancing were $10,624,457 and $3,739,356, respectively. The refinanced mortgage was $14,202,995, which is collateralized by security interests in certain properties. There was no additional debt taken on to refinance the previous mortgages. This mortgage note has various principal payments until it matures on December 16, 2026 with the final principal payment of $11,779,720 due on the maturity date. The coupon rate on the mortgage note is 4.38 percent, with interest paid monthly.

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

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

	Balance July 1, 2021	Draws	Payments	Balance June 30, 2022	Due within One Year
Mortgages	$ 14,363,813	$ -	$ 384,902	$ 13,978,911	$ 461,572

Future principal and interest requirements on these notes at June 30, 2022 are as follows (in thousands):

Years Ending June 30	Principal	Interest	Total
2023	$ 462	$ 611	$ 1,073
2024	481	592	1,073
2025	504	569	1,073
2026	527	546	1,073
2027	12,005	265	12,270
Total	$ 13,979	$ 2,583	$ 16,562

Debt Service Coverage Ratio

The mortgage loan and security agreement requires 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, 2021. For the fiscal year ended June 30, 2022, using the language definition of debt service coverage found in the loan agreements, the Commission calculated the ratios to exceed the minimum for the mortgage.

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, 2022, 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.

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, 2021, the following members were covered by the benefit terms:

	Illinois Municipal Retirement Fund
Inactive plan members or beneficiaries currently receiving benefits	5
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	12
Total employees covered by the plan	25

Note 9 - Pension Plan (Continued)

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 2021 was 5.04 percent. For the fiscal year ended June 30, 2022, the Commission contributed $59,058 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, 2021. The total pension liability was determined by an actuarial valuation performed as of that date.

	Increase (Decrease)		
Changes in Net Pension Asset	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at December 31, 2020	$ 2,523,227	$ 2,849,923	$ (326,696)
Changes for the year:			
Service cost	119,965	-	119,965
Interest	181,460	-	181,460
Differences between expected and actual experience	(427,277)	-	(427,277)
Contributions - Employer	-	59,058	(59,058)
Contributions - Employee	-	52,729	(52,729)
Net investment income	-	427,506	(427,506)
Benefit payments, including refunds	(160,622)	(160,622)	-
Miscellaneous other charges	-	(3,893)	3,893
Net changes	(286,474)	374,778	(661,252)
Balance at December 31, 2021	$ 2,236,753	$ 3,224,701	$ (987,948)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2021:

- 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.

Note 9 - Pension Plan (Continued)

- For disabled retirees, the Pub-2010, amount-weighted, below-median income, General, Disabled Retiree, 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, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

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, 2021:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	39.00 %	1.90 %
International equity	15.00	3.15
Fixed income	25.00	(0.60)
Real estate	10.00	3.30
Alternative investments	10.00	1.70 - 5.50
Cash or cash equivalents	1.00	(0.90)

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.

Note 9 - Pension Plan (Continued)

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	$ (690,765)	$ (987,948)	$ (1,175,214)

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

For the year ended June 30, 2022, the Commission recognized pension recovery of $106,998. At June 30, 2022, 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	$ 42,668	$ 425,545
Changes of assumptions	24,589	23,801
Net difference between projected and actual earning on pension plan investments	-	291,320
Total deferred amounts to be recognized in pension expense in future periods	67,257	740,666
Pension contributions made subsequent to the measurement date	52,588	-
Total deferred amounts related to pensions	$ 119,845	$ 740,666

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
2022	$ (149,887)
2023	(198,188)
2024	(150,872)
2025	(114,366)
2026	(60,097)
Total	$ (673,410)

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 $4,202,939 has been received, and the Commission has expended $2,947,190. The unexpended grant balance of $1,255,749 is recorded as cash restricted for grants (see Note 3).

Note 11 - Leases

The Commission leases certain assets to various third parties. The assets leased include land and buildings. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease receivable required based on future fair market value and changes to the Consumer Price Index after initial measurement.

During the year ended June 30, 2022, the Commission recognized the following related to its lessor agreements:

Lease revenue	$ 4,375,032
Interest income related to its leases	1,867,336

Future principal and interest payment requirements related to the Commission's lease receivable at June 30, 2022 are as follows:

Years Ending	Principal	Interest	Total
2023	$ 2,088,806	$ 1,838,770	$ 3,927,576
2024	2,125,664	1,738,699	3,864,363
2025	2,137,802	1,638,004	3,775,806
2026	919,066	1,554,585	2,473,651
2027	688,960	1,512,486	2,201,446
2028-2032	1,982,297	7,104,791	9,087,088
2033-2037	465,061	6,777,686	7,242,747
2038-2042	847,271	6,574,979	7,422,250
2043-2047	287,170	6,383,260	6,670,430
2048-2052	542,549	6,263,516	6,806,065
Thereafter	19,646,791	32,929,788	52,576,579
Total	$ 31,731,437	$ 74,316,564	$ 106,048,001

Required Supplemental Information

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

Calendar Years Ended December 31

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	$ 119,965	$ 119,741	$ 119,299	$ 124,472	$ 118,539	$ -	$ 157,246	$ 140,414
Interest on the total pension liability	181,460	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	(427,277)	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	(160,622)	(31,309)	(45,158)	(36,045)	(43,713)	(60,637)	(67,881)	(7,945)
Net Change in Total Pension Liability	(286,474)	276,422	223,062	108,987	224,587	443,372	(510,720)	423,182
Total Pension Liability - Beginning of year	2,523,227	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	**$ 2,236,753**	**$ 2,523,227**	**$ 2,246,805**	**$ 2,023,743**	**$ 1,914,756**	**$ 1,690,169**	**$ 1,246,797**	**$ 1,757,517**
Plan Fiduciary Net Position								
Contributions - Employer	$ 59,058	$ 71,914	$ 74,288	$ 79,832	$ 100,716	$ 121,825	$ 106,338	$ 164,465
Contributions - Employees	52,729	60,038	56,468	56,483	55,473	56,513	48,731	65,435
Net investment income (loss)	427,506	323,126	324,156	(66,005)	262,234	101,434	7,537	78,386
Benefit payments, including refunds	(160,622)	(31,309)	(45,158)	(36,045)	(43,713)	(60,637)	(67,881)	(7,945)
Other (net transfers)	(3,893)	1,666	39,362	(79,870)	(16,767)	(9,221)	(105,321)	(10,664)
Net Change in Plan Fiduciary Net Position	374,778	425,435	449,116	(45,605)	357,943	209,914	(10,596)	289,677
Plan Fiduciary Net Position - Beginning of year	2,849,923	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	**$ 3,224,701**	**$ 2,849,923**	**$ 2,424,488**	**$ 1,975,372**	**$ 2,020,977**	**$ 1,663,034**	**$ 1,453,120**	**$ 1,463,716**
Commission's Net Pension (Asset) Liability - Ending	**$ (987,948)**	**$ (326,696)**	**$ (177,683)**	**$ 48,371**	**$ (106,221)**	**$ 27,135**	**$ (206,323)**	**$ 293,801**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	144.17 %	112.95 %	107.91 %	97.61 %	105.55 %	98.39 %	116.55 %	83.28 %
Covered Payroll	$ 1,171,784	$ 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	(84.31)%	(24.49)%	(14.16)%	3.85 %	(8.62)%	2.38 %	(19.23)%	19.27 %

Required Supplemental Information
Schedule of Employer Contributions

Last Ten Calendar Years

Years Ended December 31

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 59,058	$ 71,913	$ 74,288	$ 79,831	$ 100,717	$ 110,290	$ 105,158	$ 172,462	$ 147,708	$ 119,922
Actual contribution	59,058	71,914	74,288	79,832	100,716	121,825	106,338	164,465	147,708	119,922
Contribution Excess (Deficiency)	**$ -**	**$ 1**	**$ -**	**$ 1**	**$ (1)**	**$ 11,535**	**$ 1,180**	**$ (7,997)**	**$ -**	**$ -**
Covered Payroll	$ 1,171,784	$ 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
Contributions as a Percentage of Covered Payroll	5.04 %	5.39 %	5.92 %	6.36 %	8.17 %	10.70 %	9.91 %	10.79 %	12.63 %	13.43 %

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 12 months prior to the beginning of the calendar year in which contributions are reported.

Methods and assumptions used to determine 2021 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	7.25 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 2014-2016.
Mortality	For active members, IMRF specific mortality rates were 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.

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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 basic financial statements of Illinois Medical District Commission (the "Commission") as of and for the year ended June 30, 2022 and the related notes to the basic financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 25, 2022.

Report on 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 opinions 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 or significant deficiencies may exist that were not identified.

Report on 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

October 25, 2022