



McDonough District Hospital

525 East Grant Street | Macomb, IL 61455

(309) 833-4101 | www.mdh.org

03/30/2017

RECEIVED

APR 03 2017

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

To: State Of Illinois
Health Facilities and Services Review Board
523 West Jefferson
Springfield, IL, 62761

Re: Progress Report Project #13-063

The project was deemed substantially complete by owner, architect, and contractor on 10/11/2016. IDPH granted permanent occupancy on 11/29/2016.

The final schedule of values from the contract is attached.

The following summary represents our audited cost associated with the project.

Category	CON Permit Application	Final Project Costs
Preplanning Costs	\$30,000	\$66,824
Site Survey & Soil Investigation	\$8,400	\$0
Site Preparation	\$1,268,227	\$2,099,283
New & Modernization	\$12,245,170	\$22,099,599
Construction and Contingencies	\$11,458,528 <u>\$2,497,192</u> \$26,200,890	
Architect & Engineering fees	\$2,115,675	\$2,082,721
Consulting and other fees	\$1,301,580	\$652,775
Equipment not in contract	\$1,125,000	\$1,848,937
Bond Issuance Expense	\$3,455,006	\$448,183
Interest Expense	\$4,267,473	\$1,646,865
Total	\$39,772,251	\$30,945,187

More Than Hospital Care. . . A Hospital Caring.



McDonough District Hospital

525 East Grant Street | Macomb, IL 61455

The project is mostly funded by a bond issuance through:

(309) 833-4101 | www.mdh.org

Citizen's Bank, a Division of Morton Community Bank
127 South Side Square
Macomb, IL, 61455

Sincerely,

David Cady CHFM

David Cady CHFM
Leader/ Plant Engineering
McDonough District Hospital

More Than Hospital Care. . . A Hospital Caring.

**McDonough County Hospital District
d/b/a McDonough District Hospital**

**Schedule of Project Cost and Sources of Funds
for Project No. 13-063**

**Period from December 17, 2013 (date of Certificate
of Need permit approval) to February 28, 2017**

Independent Auditor's Report

To the Board of Directors
McDonough County Hospital District
d/b/a McDonough District Hospital

Report on the Schedule of Project Cost and Sources of Funds

We have audited the accompanying Schedule of Project Cost and Sources of Funds for Project No. 13-063 (Schedule) of McDonough County Hospital District d/b/a McDonough District Hospital (Hospital) for the period from December 17, 2013 (date of certificate of need permit approval) to February 28, 2017, and the related notes to the Schedule.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with the terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and Title 77 Illinois Administrative Code Part 1130.770, "Project Completion, Final Realized Cost Overruns," as described in Note 2; this includes determining the basis of accounting is an acceptable basis for the preparation of the Schedule in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, 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 Schedule 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 Schedule.

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 Schedule referred to above presents fairly, in all material respects, the project cost and sources of funds for Project No. 13-063 of McDonough County Hospital District d/b/a McDonough District Hospital for the period from December 17, 2013 (date of certificate of need permit approval) to February 28, 2017, in accordance with terms of the basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 to the Schedule, which describes the basis of accounting. The Schedule is prepared for the purpose of complying with the terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and Title 77 Illinois Administrative Code Part 1130.770 "Project Completion, Final Realized Cost Overruns," which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

RSM VS LLP

Springfield, Illinois
March 29, 2017

**McDonough County Hospital District
d/b/a McDonough District Hospital**

Schedule of Project Cost and Sources of Funds for Project No. 13-063

Period from December 17, 2013 (date of certificate of need permit approval) to February 28, 2017

Description of Costs	Approved Permit Amount	Actual	Variance
Preplanning costs	\$ 30,000	\$ 66,824	\$ (36,824)
Site survey and soil investigation	8,400	-	8,400
Site preparation	1,268,227	2,099,283	(831,056)
New & modernization construction and contingencies	26,200,890	22,099,599	4,101,291
Architectural and engineering fees	2,115,675	2,082,721	32,954
Consulting and other fees	1,301,580	652,775	648,805
Equipment not in contract	1,125,000	1,848,937	(723,937)
Bond issuance expense	3,455,006	448,183	3,006,823
Interest expense	4,267,473	1,646,865	2,620,608
Total project costs	\$ 39,772,251	\$ 30,945,187	\$ 8,827,064
Hospital cash	\$ 4,267,473	\$ 3,460,447*	\$ 807,026
Bond issue	35,504,778	27,484,740	8,020,038
Total sources of funds	\$ 39,772,251	\$ 30,945,187	\$ 807,026

* \$1,813,582 expected to be reimbursed to Hospital from draw on bond proceeds.

See notes to schedule of project cost and sources of funds for Project No.13-063.

**McDonough County Hospital District
d/b/a McDonough District Hospital**

Notes to Schedule of Project Cost and Sources of Funds for Project No. 13-063

Note 1. Description of Project

Project No. 13-063 consists of the construction of a three-story addition to the Hospital, ambulance garage, parking lot, helipad and renovations of existing space. The three-story addition includes relocation and expansion of the emergency department, physical therapy and wound care.

Note 2. Basis of Presentation

The Schedule of Project Cost and Sources of Funds for Project No. 13-063 (Schedule) was prepared for the purpose of complying with the terms of the Illinois Health Facilities Planning Act 20 ILCS 3960 and Title 77 Illinois Administrative Code Part 1130.770 "Project Completion, Final Realized Cost Overruns," which is a basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, the Schedule is not intended to be a complete presentation of the Hospital's sources and uses of funds in conformity with accounting principles generally accepted in the United States of America.

The Schedule is presented on the accrual basis of accounting. The amounts presented in the Schedule relate only to Project No. 13-063.

Note 3. Subsequent Events

Management of the Hospital has evaluated subsequent events through March 29, 2017, which is the date the Schedule was available to be issued, for possible measurement and/or disclosure effects on the Schedule.