

**STATE OF ILLINOIS**  
**UPPER ILLINOIS RIVER VALLEY DEVELOPMENT AUTHORITY**  
**SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2009

STATE OF ILLINOIS  
UPPER ILLINOIS RIVER VALLEY DEVELOPMENT AUTHORITY  
SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2009

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STATE OF ILLINOIS  
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SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2009

**AGENCY OFFICIALS**

Executive Director

Mr. Andrew Hamilton

Authority offices are located at:

633 LaSalle St., Suite 401  
Ottawa, IL 61350

2925 Meadowbrook Road, Suite A  
Springfield, IL 62711



The Upper Illinois  
River Valley Development  
Authority

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## MANAGEMENT ASSERTION LETTER

April 14, 2010

Honorable William G. Holland  
Auditor General  
State of Illinois  
lles Park Plaza  
740 East Ash  
Springfield, IL 62703-3154

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Authority. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Authority's compliance with the following assertions during the two-year period ended June 30, 2009. Based on this evaluation, we assert that during the years ended June 30, 2009 and June 30, 2008, the Agency has materially complied with the assertions below.

- A. The Authority has expended public funds of the State in accordance with the purposes for which such funds have been appropriated.
- B. The Authority has submitted its annual certifications of debt service requirements to the Governor of Illinois as required by law.

Yours very truly,

Upper Illinois River Valley Development Authority

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Andrew Hamilton, Executive Director

STATE OF ILLINOIS  
UPPER ILLINOIS RIVER VALLEY DEVELOPMENT AUTHORITY  
SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2009

**COMPLIANCE REPORT**

**SUMMARY**

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

**ACCOUNTANTS' REPORT**

The Independent Accountants' Report on Special Limited State Compliance Testing and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

**SUMMARY OF FINDINGS**

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

There were no findings noted in our testing.

**EXIT CONFERENCE**

The Authority waived an exit conference in correspondence dated March 30, 2010.

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740 EAST ASH • 62703-3154  
PHONE: 217/782-6046  
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CHICAGO OFFICE:  
MICHAEL A. BILANDIC BLDG. • SUITE S-900  
160 NORTH LASALLE 60601-3103  
PHONE: 312/814-4000  
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANTS' REPORT ON SPECIAL LIMITED  
STATE COMPLIANCE TESTING AND ON SUPPLEMENTARY  
INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have examined the Upper Illinois River Valley Development Authority's (Authority) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General for the appropriations made by the Illinois General Assembly to the Authority from the General Revenue Fund (001) during the two years ended June 30, 2009. The management of the Authority is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

- A. The Authority has expended public funds of the State in accordance with the purposes for which such funds have been appropriated.
- B. The Authority has submitted its annual certifications of debt service requirements to the State Comptroller and State Treasurer as required by law.

We conducted our special limited scope compliance examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Authority's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

Our special limited scope compliance examination was restricted to appropriations made by the Illinois General Assembly to the Authority from the General Revenue Fund and related expenditures.

In our opinion, the Authority complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2009.

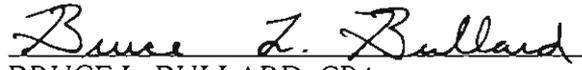
There were no immaterial findings relating to instances of noncompliance that have been excluded from this report.

**Supplementary Information for State Compliance Purposes**

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2008 and the 2009 Supplementary Information for State Compliance Purposes. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2007 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, Authority management and the Authority's governing board and is not intended to be and should not be used by anyone other than these specified parties.

  
BRUCE L. BULLARD, CPA  
Director of Financial and Compliance Audits

April 14, 2010

STATE OF ILLINOIS  
UPPER ILLINOIS RIVER VALLEY DEVELOPMENT AUTHORITY  
SPECIAL LIMITED SCOPE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2009

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY**

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

Schedule of Appropriations, Expenditures and Lapsed Balances  
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances  
Analysis of Significant Variations in Expenditures

- Report Comments

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, to the 2008 and 2009 Supplementary Information for State Compliance Purposes. However, the auditors do not express an opinion on the supplementary information.

The auditors have not applied procedures to the 2007 Supplementary Information for State Compliance Purposes, and accordingly, do not express an opinion thereon.

STATE OF ILLINOIS  
UPPER ILLINOIS RIVER VALLEY DEVELOPMENT AUTHORITY  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2009

P.A. 95-0733 FISCAL YEAR 2009	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
General Revenue Fund - 001					
For replenishment of a draw on the Debt					
Service Reserve Fund backing bonds issued					
on behalf of Waste Recovery - Illinois					
and related trustee and legal expense					
	\$ 292,500	\$ 283,884	\$ 0	\$ 283,884	\$ 8,616
Total Fiscal Year 2009	<u>\$ 292,500</u>	<u>\$ 283,884</u>	<u>\$ 0</u>	<u>\$ 283,884</u>	<u>\$ 8,616</u>

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS  
UPPER ILLINOIS RIVER VALLEY DEVELOPMENT AUTHORITY  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2008

P.A. 95-0348 FISCAL YEAR 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
General Revenue Fund - 001					
For replenishment of a draw on the Debt					
∞	Service Reserve Fund backing bonds issued on behalf of Waste Recovery - Illinois and related trustee and legal expenses				
	\$ 307,200	\$ 294,491	\$ 0	\$ 294,491	\$ 12,709
	<u>\$ 307,200</u>	<u>\$ 294,491</u>	<u>\$ 0</u>	<u>\$ 294,491</u>	<u>\$ 12,709</u>

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS  
UPPER ILLINOIS RIVER VALLEY DEVELOPMENT AUTHORITY  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2009	2008	2007
General Revenue Fund - 001	P.A. 95-0733	P.A. 95-0348	P.A. 94-798
Appropriations (Net of Transfers)	\$ 292,500	\$ 307,200	\$ 300,905
<u>Expenditures</u>			
For replenishment of a draw on the Debt Service Reserve Fund backing bonds issued on behalf of Waste Recovery - Illinois and related trustee and legal expenses	\$ 283,884	\$ 294,491	\$ 274,698
Total Expenditures	\$ 283,884	\$ 294,491	\$ 274,698
Lapsed Balances	\$ 8,616	\$ 12,709	\$ 26,207

STATE OF ILLINOIS  
UPPER ILLINOIS RIVER VALLEY DEVELOPMENT AUTHORITY  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2009

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2009 AND 2008**

We noted no significant variations in expenditures between Fiscal Years 2009 and 2008.

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2008 AND 2007**

We noted no significant variations in expenditures between Fiscal Years 2008 and 2007.

STATE OF ILLINOIS  
UPPER ILLINOIS RIVER VALLEY DEVELOPMENT AUTHORITY  
**REPORT COMMENTS**

For the Two Years Ended June 30, 2009

The Upper Illinois River Valley Development Authority (Authority) was created by an act of the Illinois legislature and signed into law by Public Act 86-1024 on January 1, 1990. The Authority is a general development agency for the counties of Bureau, Grundy, Kane, Kendall, LaSalle, Marshall, McHenry, and Putnam and is one of ten regional developmental authorities within the State of Illinois.

The Authority has the ability to issue up to \$250,000,000 bonds on behalf of manufacturing firms to encourage the creation of jobs. With the Governor's approval, the Authority can issue Moral Obligation Bonds that are backed by the State of Illinois.

On August 1, 1998, the Authority issued \$2,930,000 of Solid Waste Disposal Refunding Revenue Bonds on behalf of Waste Recovery Illinois. On January 29, 2003, New Heights Recovery, LLC, which superseded Waste Recovery-Illinois, notified the Authority that it had insufficient funds to make the current and future principal and interest payments on the bonds. Due to bankruptcy proceedings, New Heights Recovery, LLC has not been able to make its bond payments since in FY04.

The Upper Illinois River Valley Development Authority Act (70 ILCS 530) states that if the Authority determines that its monies will not be sufficient for the payment of the principal and interest on its bonds, the Authority shall certify to the Governor the amount required in order to make such principal and interest payments. Additionally, in the event that payments are withdrawn from a debt service reserve fund for an Authority bond issue, the Authority shall certify to the Governor the amount required to restore the reserve fund to the required level. The Governor will then submit the amounts to the General Assembly in order for the Authority to be appropriated monies for such purposes. As a result, in FY08 and FY09, the General Assembly made appropriations to the Authority in order to replenish draws on the debt service reserve fund backing bonds issued on behalf of Waste Recovery-Illinois and for related trustee and legal expenses.

During the examination period, the Authority paid all State appropriations to the Debt Service Reserve Fund. The trustee then transferred funds from the Debt Service Reserve Fund to meet debt service requirements and to pay trustee fees.