



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

**VILLAGE OF ROBBINS' USE OF
MUNICIPAL ECONOMIC DEVELOPMENT FUND MONIES**

**FINANCIAL, COMPLIANCE, & PROGRAM AUDIT
For the Year Ended: December 31, 2009**

Release Date: December 2010

Summary of Findings:

Total this audit:	1
Total last audit:	1
Repeated from last audit:	1

SYNOPSIS

The Public Utilities Act (220 ILCS 5/8-403.1) requires the Auditor General to conduct an annual financial, compliance, and program audit of distributions received by any municipality from the Municipal Economic Development Fund (MEDF). Qualified solid waste energy facilities are required to pay into the Fund \$0.0006 per kilowatt hour of electricity the facilities sold to electric utilities.

Each audit is to be for distributions from the Fund for the immediately preceding year. This is the eleventh audit conducted under this requirement. This audit covers distributions from the Fund during calendar year 2009. The Village of Robbins was the only entity to receive distributions from the Fund. The audit concluded that:

- In 2009, Robbins received \$380,568.28 in quarterly disbursements from the Fund.
- Robbins used these monies for specific disbursements such as Village payroll, employee insurance expenses, and general Village expenses. Based on our review of documentation provided by the Village of Robbins, we concluded that Robbins' calendar year 2009 expenditures of MEDF receipts appeared to be consistent with Public Utilities Act requirements.
- Robbins officials have not yet calculated and transferred the interest earned on a \$1.6 million Department of Commerce and Economic Opportunity grant deposited into the Village's MEDF fund in April 2007. The Public Utilities Act requires that MEDF monies be held in a "separate account."

MUNICIPAL ECONOMIC DEVELOPMENT FUND

The Public Utilities Act was amended in January 1999 to create the Municipal Economic Development Fund. The Municipal Economic Development Fund is a trust fund created to receive and maintain payments from qualified solid waste energy facilities that sell electricity to electric utilities. Each qualified facility must make payments of \$0.0006 per kilowatt hour of electricity it produces and sells to the electric utilities. The facilities make payments to the Department of Revenue, which deposits the payments into the Fund. The Department may assess penalties and interest if the facilities do not submit the payments.

Amendments added by Public Act 94-836 require that the Treasurer compare the monthly amount received to the amount received for the corresponding month in 2002. If the amount received in 2002 is greater, the difference is to be transferred from the General Revenue Fund to the MEDF. A total of \$340,381.73 was transferred in 2009.

The State Treasurer is required to make quarterly distributions from the Fund to each eligible municipality. Prior to August 2009, an eligible city, village, or incorporated town had to have within its boundaries an incinerator that:

(1) uses, or on the effective date of Public Act 90-813 [January 29, 1999], used municipal waste as its primary fuel to generate electricity;

(2) was determined by the Illinois Commerce Commission (ICC) to qualify as a qualified solid waste energy facility prior to the effective date of Public Act 89-448 [March 14, 1996]; and

(3) commenced operation prior to January 1, 1998.

According to information from the ICC and the Illinois Environmental Protection Agency, Robbins had the only operating incinerator in the State that met these criteria and was entitled to receive disbursements from the Municipal Economic Development Fund.

Public Act 96-449, effective August 14, 2009, changed the requirements for a municipality that is eligible to receive funds. An eligible municipality now must be located in Cook County and must have “approved construction of an incinerator within its boundaries that will burn recovered wood processed for fuel to generate electricity.” An official at IEPA confirmed that the plant in Robbins is the only place in Cook County with a permit to burn clean wood recovered from construction and demolition debris on a permanent basis. (pages 2–3)

EXPENDITURE OF FUNDS FROM THE MUNICIPAL ECONOMIC DEVELOPMENT FUND

Robbins was the only entity to receive distributions from the Municipal Economic Development Fund.

Robbins received \$380,568 from the Fund and earned \$56 in interest income in calendar year 2009.

Robbins disbursed \$380,646 in Fund receipts during calendar year 2009.

The Village of Robbins is the only entity to receive distributions from the Municipal Economic Development Fund. In calendar year 2009, Robbins' net cash receipts from the Municipal Economic Development Fund (MEDF) totaled \$380,568.28 and the Village earned \$56.12 in interest income on monies deposited into its MEDF account. Digest Exhibit 1 shows that Robbins disbursed \$380,645.94 in Municipal Economic Development Fund receipts during calendar year 2009. Robbins began the year with a cash balance of \$78.53 in its bank account for Municipal Economic Development Funds and ended the year with a balance of \$56.99 in the account.

Digest Exhibit 1 ROBBINS' RECEIPT AND DISBURSEMENT OF MUNICIPAL ECONOMIC DEVELOPMENT FUNDS (Calendar Year 2009)	
Fund Distribution Received 01/09:	\$89,508.32
Fund Distribution Received 04/09:	\$38,179.88
Fund Distribution Received 07/09:	\$1,339.96
Fund Distribution Received 10/09:	\$251,540.12
Interest Income:	<u>\$56.12</u>
Total CY09 Cash Receipts:	\$380,624.40
Total CY09 Cash Disbursements:	<u>\$380,645.94</u>
(Deficiency) of Cash Receipts Over Cash Disbursements:	\$(21.54)
Cash Balance End of CY08:	\$78.53
Cash Balance as of 12/31/09:	<u>\$56.99</u>
Source: Village of Robbins.	

The Public Utilities Act establishes requirements regarding the allowable uses of Municipal Economic Development Funds (220 ILCS 5/8-403.1(j)). The Act states that MEDF distributions may be used only to:

- promote and enhance industrial, commercial, residential, service, transportation, and recreational activities and facilities within its boundaries, thereby enhancing the employment opportunities, public health and general welfare, and economic development within the community, including

administrative expenditures exclusively to further these activities.

We concluded that Robbins' calendar year 2009 expenditures of MEDF receipts appeared to comply with statutory guidelines.

The Act also lists specific purposes for which the MEDF distributions cannot be used. Based on our review of documentation provided by the Village of Robbins, we concluded that Robbins' calendar year 2009 expenditures of MEDF receipts appeared to be consistent with Public Utilities Act requirements. Specific disbursements were made for employee payroll; employee insurance expenses; purchase and repair of Village vehicles; and other general Village expenses. Digest Exhibit 2 summarizes the amount and purpose for Robbins' cash disbursements from the Municipal Economic Development Fund receipts during calendar year 2009.

Digest Exhibit 2 VILLAGE OF ROBBINS' DISBURSEMENT OF MUNICIPAL ECONOMIC DEVELOPMENT FUNDS (Calendar Year 2009)	
Amount	Purpose
\$293,967	Village employee payroll expenses
\$51,124	Village employee insurance and retirement expenses
\$20,000	Waste removal/hauling
\$12,591	General Village expenses
\$2,777	Purchase, repair, and maintenance of Village vehicles
\$186	Repairs to Village property
<u>\$380,646</u>	Total Disbursements
Note: Figures rounded to nearest dollar. Totals may not add due to rounding. Source: Village of Robbins.	

In April 2007, Robbins officials deposited \$1.6 million in grant funds it received from the Department of Commerce and Economic Opportunity into its MEDF account, resulting in a commingling of the funds for approximately one month. The Public Utilities Act requires that MEDF monies be held in a "separate account." When the grant monies were removed from the Village's MEDF account, Village officials did not properly allocate and transfer the amount of interest earned on the grant monies out of the MEDF account. As of August 2010, Village officials still had not calculated the interest earned on the grant funds and transferred it to the proper account.

We recommended that Robbins officials calculate the interest earned on the grant funds and transfer it to the proper account.

We recommended that Village officials calculate the amount of interest earned by the grant funds and transfer that amount to the proper fund. Village officials responded that the grant was deposited into the MEDF account in error and that the interest earned will be calculated and transferred to the correct account.

We audited the Village of Robbins Statements of Cash Receipts from the Municipal Economic Development Fund and Cash Disbursements from those Cash Receipts for the year ended December 31, 2009. We concluded that the financial statements were fairly presented in all material respects. Appendix B to the full report contains the Independent Auditor's Reports. (pages 4-7)

AGENCY RESPONSE

The Village of Robbins concurred with the conclusions in the audit. The full text of the Village's response is included as Appendix C of the report.

A handwritten signature in blue ink, appearing to read "William G. Holland", is written over a horizontal line. The signature is stylized and cursive.

WILLIAM G. HOLLAND
Auditor General

WGH:BH

This audit was conducted by the staff of the Office of the Auditor General.