



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, 2012**

Release Date: January 2014

Summary of Findings:

Total this audit:	0
Total last audit:	2
Repeated from last audit:	0

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 fourteenth audit conducted under this requirement. This audit covers distributions from the Fund during calendar year 2012. The Village of Robbins was the only entity to receive distributions from the Fund. The audit concluded that:

- In 2012, Robbins received \$371,585.68 in disbursements from the Fund.
- Robbins used these monies for Village payroll and employee insurance expenses. Based on our review of documentation provided by the Village of Robbins, we concluded that Robbins' calendar year 2012 expenditures of MEDF receipts appeared to be consistent with Public Utilities Act requirements.

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 \$305,527.29 was transferred from the General Revenue Fund to the Municipal Economic Development Fund in 2012. Not all of that amount was actually distributed to Robbins during CY12. Due to the State's fiscal condition, some transfers to MEDF, and thus the warrants payable to Robbins, were held by the Comptroller's Office in CY12.

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 that had applied for and received an IEPA permit that meets the statutory criteria. However, that permit has now expired and construction of the incinerator has stopped. (pages 2–3)

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

Robbins received \$371,585.68 from the Fund and earned \$22.14 in interest income in calendar year 2012.

Robbins disbursed \$455,023.93 in Fund receipts during calendar year 2012.

EXPENDITURE OF FUNDS FROM THE MUNICIPAL ECONOMIC DEVELOPMENT FUND

The Village of Robbins is the only entity to receive distributions from the Municipal Economic Development Fund. In calendar year 2012, Robbins’ net cash receipts from the Municipal Economic Development Fund (MEDF) totaled \$371,585.68 and the Village earned \$22.14 in interest income on monies deposited into its MEDF account. Digest Exhibit 1 shows that Robbins disbursed \$455,023.93 in Municipal Economic Development Fund receipts during calendar year 2012. Robbins began the year with a cash balance of \$108,287.73 in its bank account for Municipal Economic Development Funds and ended the year with a balance of \$42,871.62 in the account.

Digest Exhibit 1 ROBBINS’ RECEIPT AND DISBURSEMENT OF MUNICIPAL ECONOMIC DEVELOPMENT FUNDS (Calendar Year 2012)	
Fund Distribution Received 8/12:	\$81,629.18
Fund Distribution Received 11/12:	\$92,536.98
Fund Distribution Received 11/12:	\$102,993.17
Fund Distribution Received 11/12:	94,426.35
Interest Income:	<u>\$22.14</u>
Total CY12 Cash Receipts:	\$371,607.82
Total CY12 Cash Disbursements:	<u>\$455,023.93</u>
(Deficiency) of Cash Receipts Over Cash Disbursements:	(\$83,416.11)
Transfers In:	\$22,500.00
Transfers Out:	(\$4,500)
Cash Balance End of CY11:	\$108,287.73
Cash Balance as of 12/31/12:	<u>\$42,871.62</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 2012 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 2012 expenditures of MEDF receipts appeared to be consistent with Public Utilities Act requirements. Specific disbursements were made for employee payroll and employee insurance expenses. Digest Exhibit 2 summarizes the amount and purpose for Robbins' cash disbursements from the Municipal Economic Development Fund receipts during calendar year 2012.

Digest Exhibit 2 VILLAGE OF ROBBINS' DISBURSEMENT OF MUNICIPAL ECONOMIC DEVELOPMENT FUNDS (Calendar Year 2012)	
Amount	Purpose
\$440,814	Village employee payroll expenses
\$14,210	Village employee insurance expenses
<u>\$455,024</u>	Total Disbursements
Note: Figures rounded to the nearest dollar. Source: Village of Robbins.	

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, 2012. We concluded that the financial statement presents fairly, in all material respects, the cash receipts and cash disbursements made from those receipts for the year ended December 31, 2012. Appendix B to the full report contains the Independent Auditors' Report. (pages 5-7)

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 positioned above a horizontal line. A large, stylized bracket is drawn to the right of the signature, extending upwards and then downwards to encompass the signature and the line below.

WILLIAM G. HOLLAND
Auditor General

WGH:BH

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