

## **REPORT DIGEST**

**FINANCIAL, COMPLIANCE,  
AND PROGRAM AUDIT  
OF THE**

**VILLAGE OF ROBBINS'  
USE OF  
MUNICIPAL  
ECONOMIC  
DEVELOPMENT FUNDS**

Released: July 2007



State of Illinois  
Office of the Auditor General

**WILLIAM G. HOLLAND**  
AUDITOR GENERAL

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## **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. 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 eighth audit conducted under this requirement. This audit covers distributions from the Fund during calendar year 2006.

The Village of Robbins was the only entity to receive distributions from the Fund. The audit concluded that:

- In 2006, Robbins received a total of \$239,748 in quarterly disbursements from the Fund. The Village earned \$45 in interest for total cash receipts of \$239,793 in 2006.
- Robbins disbursed \$239,000 from Fund receipts. Specific disbursements in 2006 were for Village payroll and associated insurance expenses, municipal water expenses, and general Village expenses. We identified no questionable expenditures in calendar year 2006.



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## REPORT CONCLUSIONS

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The Village of Robbins is the only entity to receive distributions from the Municipal Economic Development Fund. In calendar year 2006, Robbins' net cash receipts from the Municipal Economic Development Fund (MEDF) totaled \$239,748 and the Village earned \$45 in interest income. Robbins' cash disbursements from MEDF receipts totaled \$239,000 in calendar year 2006. Robbins began the year with a cash balance of \$171 in its bank account for Municipal Economic Development Funds and ended the year with a balance of \$964 in the account.

The Public Utilities Act establishes requirements for 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.*

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 2006 expenditures of MEDF receipts appeared to be consistent with Public Utilities Act requirements. Specific disbursements were made for employee payroll, employee health insurance, municipal water, and other general Village expenses.

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## THE MUNICIPAL ECONOMIC DEVELOPMENT FUND

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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 \$48,760 was transferred in 2006.

The State Treasurer is required to make quarterly distributions from the Fund to each city, village, or incorporated town that has 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. (pages 1-3)

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### **EXPENDITURE OF DISTRIBUTIONS FROM THE MUNICIPAL ECONOMIC DEVELOPMENT FUND**

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The State Treasurer made quarterly Municipal Economic Development Fund payments to Robbins in calendar year 2006 totaling \$242,195. However, the Comptroller offset \$2,447 for bills owed by Robbins to the State, so the total amount actually received by Robbins for deposit was \$239,748. Robbins earned \$45 in interest income on the funds received, making total receipts \$239,793 for calendar year 2006. Digest Exhibit 1 shows that Robbins disbursed \$239,000 in Municipal Economic Development Fund receipts during calendar year 2006.

Specific disbursements were made for: employee payroll expenses; employee health insurance expenses; payment of a Village water bill to the City of Chicago; and other general Village expenses.

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

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**Robbins received \$239,748 from the Fund and earned \$45 in interest income in calendar year 2006.**

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**Robbins disbursed \$239,000 in Fund receipts during calendar year 2006.**

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Digest Exhibit 2 summarizes the amount and purpose for Robbins' cash disbursements from the Municipal Economic Development Fund receipts during calendar year 2006.

We audited the Statements of Cash Receipts to the Village of Robbins from the Municipal Economic Development Fund and Cash Disbursements made by the Village of Robbins from those cash receipts for the year ended December 31, 2006. We concluded that the financial statements were fairly presented in all material respects. Appendix B to the full report contains the Independent Auditor's Report.

Digest Exhibit 1 <b>ROBBINS' RECEIPT AND DISBURSEMENT OF MUNICIPAL ECONOMIC DEVELOPMENT FUNDS</b> (Calendar Year 2006)	
Fund Distribution Received 01/06:	\$72,911
Fund Distribution Received 04/06:	\$43,083
Fund Distribution Received 07/06:	\$84,754
Fund Distribution Received 10/06:	\$41,447
Interest Income:	\$45
Amount Offset by Comptroller	<u>\$(2,447)</u>
Total CY06 Cash Receipts:	\$239,793
Total CY06 Cash Disbursements:	<u>\$239,000</u>
Excess of Cash Receipts Over Cash Disbursements:	\$793
Cash Balance End of CY05:	\$171
Cash Balance as of 12/31/06:	<u><u>\$964</u></u>
Note: Figures rounded to nearest dollar. Totals may not add due to rounding. Source: Village of Robbins.	

Digest Exhibit 2 <b>VILLAGE OF ROBBINS' DISBURSEMENT OF MUNICIPAL ECONOMIC DEVELOPMENT FUNDS</b> (Calendar Year 2006)	
Amount	Purpose
\$134,000	Village employee payroll expenses
\$53,944	Village employee health insurance expenses
\$36,636	Water bill to City of Chicago
\$14,420	General Village expenses – fleet fuel, compliance inspections
<u>\$239,000</u>	Total Disbursements
Note: Figures rounded to nearest dollar. Source: Village of Robbins.	

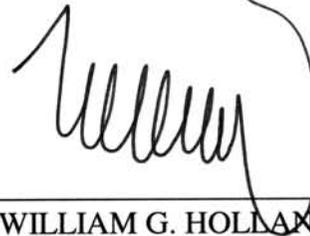
Based on our review of documentation provided by the Village of Robbins, we concluded that Robbins' calendar year 2006 expenditures of Fund receipts appeared to comply with Public Utilities Act guidelines. (pages 3-6)

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**AGENCY RESPONSE**

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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.



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WILLIAM G. HOLLAND  
Auditor General

WGH/BH  
July 2007