

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2010

Performed as Special Assistant Auditors for  
the Auditor General, State of Illinois

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**AGENCY OFFICIALS**

Acting Chairman

Mr. G. Tanner Girard

Staff of Board:

Fiscal Officer

Ms. Kathryn Griffin

Human Resource Manager

Mr. James Lippson

Agency offices are located at:

1021 North Grand Avenue East  
Springfield, Illinois 62702

James R. Thompson Center  
100 West Randolph Street, Suite 11-500  
Chicago, Illinois 60601

2317 East Lincolnway, Suite A  
Sterling, Illinois 61081

2125 South 1<sup>st</sup> Street  
Champaign, Illinois 61820

# ILLINOIS POLLUTION CONTROL BOARD

February 7, 2011


E.C. Ortiz & Co., LLP  
333 South Des Plaines Street, Suite 2-N  
Chicago, Illinois 60661

Ladies and Gentlemen:

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 Illinois Pollution Control Board (Board). 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 Board's compliance with the following assertions during the two-year period ended June 30, 2010. Based on this evaluation, we assert that during the years ended June 30, 2010 and June 30, 2009, the Board has materially complied with the assertions below.

- A. The Board has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Board has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Board on behalf of the State or held in trust by the Board have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,  
Illinois Pollution Control Board

  
G. Tanner Girard, Acting Chairman

  
Kathryn Griffin, Chief Fiscal Officer

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**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 State Compliance, on Internal Control over Compliance, 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>Report</u>	<u>Report</u>
Findings	0	2
Repeated findings	0	0
Prior recommendations implemented or not repeated	2	0

Details of findings are presented in a separately tabbed report section of this report.

**SCHEDULE OF FINDINGS**

FINDING (STATE COMPLIANCE)

No matters were reported.

PRIOR FINDINGS NOT REPEATED

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
A	8	Employee Performance Evaluations not Performed on a Timely Basis
B	8	Failure to Comply with the Provisions of the State Hispanic Employment Plan Program

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**EXIT CONFERENCE**

The Board waived having an exit conference in a letter dated February 7, 2011, from the Board's Fiscal Officer, Kathryn Griffin.



INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON  
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

As Special Assistant Auditors for the Auditor General, we have examined the Illinois Pollution Control Board's (Board) 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, during the two years ended June 30, 2010. The management of the Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Board's compliance based on our examination.

- A. The Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Board on behalf of the State or held in trust by the Board have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our 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 Board'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 Board's compliance with specified requirements.

In our opinion, the Board complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2010.

### **Internal Control**

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Board's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A *deficiency* in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance with the requirements listed in the first paragraph of this report was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

There were no immaterial findings 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 2009 and the 2010 Supplementary Information for State Compliance Purposes, except for Annual Cost Statistics and Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2008 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, Pollution Control Board (governing body), and Board management and is not intended to be and should not be used by anyone other than these specified parties.

*E.C. Artij & Co., LLP*  
February 7, 2011

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**PRIOR FINDINGS NOT REPEATED – STATE COMPLIANCE**

*A. Employee Performance Evaluations not Performed on a Timely Basis*

During the prior engagement, the Board did not conduct employee performance evaluations in a timely manner.

It was recommended the Board comply with its Personnel Manual and the Illinois Administrative Code and perform evaluations timely for all employees.

Status: Implemented

During the current engagement, our test results indicated the Board conducted employee performance evaluations within 60 days from the employees' anniversary dates. (Finding Code No. 08-1)

*B. Failure to Comply with the Provisions of the State Hispanic Employment Plan Program*

During the prior engagement, the Board failed to submit its survey reports on the State Hispanic Employment Plan Program for both calendar years 2006 and 2007.

It was recommended the Board submit the information required by the State Hispanic Employment Plan Program and retain copies of the transmittal and report on file.

Status: Implemented

During the current engagement, our test results indicated the Board timely submitted its survey reports on the State Hispanic Employment Plan Program for both calendar years 2008 and 2009. (Finding Code No. 08-2)

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**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 Net Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of State Officer's Salaries
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts
- Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Receipts
- Analysis of Significant Lapse Period Spending
- Analysis of Accounts Receivable

- Analysis of Operations:

- Agency Functions and Planning Program
- Average Number of Employees
- Annual Cost Statistics (Not Examined)
- Interagency Agreement
- Service Efforts and Accomplishments (Not Examined)

The accountants' 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, except for information on the Annual Cost Statistics and Service Efforts and Accomplishments on which they did not perform any procedures. However, the accountants do not express an opinion on the supplementary information.

STATE OF ILLINOIS  
 POLLUTION CONTROL BOARD  
 SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
 APPROPRIATIONS FOR FISCAL YEAR 2010

Fourteen Months Ended August 31, 2010

	Appropriations (Net After Transfers)	Expenditures Through 6/30/10	Approximate Lapse Period Expenditures 7/01/09-8/31/10	Approximate Total Expenditures	Approximate Balances Lapsed
<b><u>Public Act 96-0046</u></b>					
<b><u>Appropriated Funds</u></b>					
<b>Clean Air Act Permit Fund - 091</b>					
Personal Services	\$ 802,000	\$ 664,778	\$ -	\$ 664,778	\$ 137,222
State Contributions to State Employees' Retirement System	227,583	188,732	-	188,732	38,851
State Contributions to Social Security	61,400	47,723	-	47,723	13,677
Group Insurance	222,600	161,218	-	161,218	61,382
Contractual Services	10,000	9,994	6	10,000	-
Subtotal - Fund 091	<u>1,323,583</u>	<u>1,072,445</u>	<u>6</u>	<u>1,072,451</u>	<u>251,132</u>
<b>Pollution Control Board Fund - 277</b>					
Contractual Services	13,200	-	-	-	13,200
Telecommunications	4,000	-	-	-	4,000
Refunds	1,000	75	5	80	920
Subtotal - Fund 277	<u>18,200</u>	<u>75</u>	<u>5</u>	<u>80</u>	<u>18,120</u>

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
APPROPRIATIONS FOR FISCAL YEAR 2010**

**Fourteen Months Ended August 31, 2010**

<u>Public Act 96-0046</u>	<u>Appropriations (Net After Transfers)</u>	<u>Expenditures Through 6/30/10</u>	<u>Approximate Lapse Period Expenditures 7/01/09-8/31/10</u>	<u>Approximate Total Expenditures</u>	<u>Approximate Balances Lapsed</u>
<b><u>Appropriated Funds</u></b>					
<b>Used Tire Management Fund - 294</b>					
Used for purposes provided in Section 55.6 of the Environmental Protection Act	\$ 18,500	\$ 17,923	\$ 577	\$ 18,500	\$ -
Subtotal - Fund 294	<u>18,500</u>	<u>17,923</u>	<u>577</u>	<u>18,500</u>	<u>-</u>
<b>Environmental Protection Permit and Inspection Fund- 944</b>					
Personal Services	703,000	582,835	-	582,835	120,165
State Contribution to State Employees' Retirement System	199,490	165,679	-	165,679	33,811
State Contributions to Social Security	53,800	42,321	-	42,321	11,479
Group Insurance	159,000	120,693	-	120,693	38,307
Contractual Services	9,900	9,400	-	9,400	500
Travel	5,000	4,976	-	4,976	24
Telecommunications	8,200	8,200	-	8,200	-
Subtotal - Fund 944	<u>1,138,390</u>	<u>934,104</u>	<u>-</u>	<u>934,104</u>	<u>204,286</u>
Total - All Appropriated Funds	<u>\$ 2,498,673</u>	<u>2,024,547</u>	<u>588</u>	<u>2,025,135</u>	<u>\$ 473,538</u>

**STATE OF ILLINOIS  
 POLLUTION CONTROL BOARD  
 SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
 APPROPRIATIONS FOR FISCAL YEAR 2010**

**Fourteen Months Ended August 31, 2010**

	<u>Expenditures Through 6/30/10</u>	<u>Approximate Lapse Period Expenditures 7/01/09-8/31/10</u>	<u>Approximate Total Expenditures</u>
<b><u>Non-Appropriated Funds</u></b>			
<b>Pollution Control Board State Trust Fund - 207</b>			
Case management	\$ 460,686	\$ 49,293	\$ 509,979
Refunds, Not Elsewhere Classified	<u>261,521</u>	<u>-</u>	<u>261,521</u>
Total Non-Appropriated Funds	<u>722,207</u>	<u>49,293</u>	<u>771,500</u>
Grand Total All Funds	<u>\$ 2,746,754</u>	<u>\$ 49,881</u>	<u>\$ 2,796,635</u>

Note: Information was obtained from the Board's records which have been reconciled to those of the State Comptroller. Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor. Approximate lapse period expenditures do not include interest payments approved for payment by the Board and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS  
 POLLUTION CONTROL BOARD  
 SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
 APPROPRIATIONS FOR FISCAL YEAR 2009

Fourteen Months Ended August 31, 2009

<u>Public Act 95-0731</u>	<u>Appropriations (Net After Transfers)</u>	<u>Expenditures Through 6/30/09</u>	<u>Lapse Period Expenditures 7/01/08-8/31/09</u>	<u>Total Expenditures</u>	<u>Balances Lapsed</u>
<b><u>Appropriated Funds</u></b>					
<b>Clean Air Act Permit Fund - 091</b>					
Personal Services	\$ 732,000	\$ 711,299	\$ -	\$ 711,299	\$ 20,701
State Contributions to State Employees' Retirement System	151,800	149,809	-	149,809	1,991
State Contributions to Social Security	56,000	51,478	-	51,478	4,522
Group Insurance	222,600	158,681	-	158,681	63,919
Contractual Services	10,000	10,000	-	10,000	-
Subtotal - Fund 091	<u>1,172,400</u>	<u>1,081,267</u>	<u>-</u>	<u>1,081,267</u>	<u>91,133</u>
<b>Pollution Control Board Fund - 277</b>					
Contractual Services	13,200	300	-	300	12,900
Telecommunications	4,000	-	-	-	4,000
Refunds	1,000	225	-	225	775
Subtotal - Fund 277	<u>18,200</u>	<u>525</u>	<u>-</u>	<u>525</u>	<u>17,675</u>

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
APPROPRIATIONS FOR FISCAL YEAR 2009**

**Fourteen Months Ended August 31, 2009**

<u>Public Act 95-0731</u>	<u>Appropriations (Net After Transfers)</u>	<u>Expenditures Through 6/30/09</u>	<u>Lapse Period Expenditures 7/01/08-8/31/09</u>	<u>Total Expenditures</u>	<u>Balances Lapsed</u>
<b><u>Appropriated Funds</u></b>					
<b>Used Tire Management Fund - 294</b>					
Used for purposes provided in Section 55.6 of the Environmental Protection Act	\$ 18,500	\$ 17,491	\$ 829	\$ 18,320	\$ 180
Subtotal - Fund 294	<u>18,500</u>	<u>17,491</u>	<u>829</u>	<u>18,320</u>	<u>180</u>
<b>Environmental Protection Permit and Inspection Fund - 944</b>					
Personal Services	703,000	699,606	183	699,789	3,211
State Contributions to State Employees' Retirement System	147,900	147,456	38	147,494	406
State Contributions to Social Security	53,800	51,026	14	51,040	2,760
Group Insurance	174,900	136,884	-	136,884	38,016
Contractual Services	9,900	9,900	-	9,900	-
Travel	5,000	5,000	-	5,000	-
Electronic Data Processing	1,000	1,000	-	1,000	-
Telecommunications	7,200	7,200	-	7,200	-
Subtotal - Fund 944	<u>1,102,700</u>	<u>1,058,072</u>	<u>235</u>	<u>1,058,307</u>	<u>44,393</u>
Total - All Appropriated Funds	<u>\$ 2,311,800</u>	<u>2,157,355</u>	<u>1,064</u>	<u>2,158,419</u>	<u>\$ 153,381</u>



**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
APPROPRIATIONS FOR FISCAL YEAR 2009**

**Fourteen Months Ended August 31, 2009**

	<u>Expenditures Through 6/30/09</u>	<u>Lapse Period Expenditures 7/01/08-8/31/09</u>	<u>Total Expenditures</u>
<b><u>Non-Appropriated Funds</u></b>			
<b>Pollution Control Board State Trust Fund - 207</b>			
Case management	\$ 266,151	\$ 222,329	\$ 488,480
Refunds, Not Elsewhere Classified	<u>109,795</u>	<u>-</u>	<u>109,795</u>
Total Non-Appropriated Funds	<u>375,946</u>	<u>222,329</u>	<u>598,275</u>
Grand Total All Funds	<u><u>\$ 2,533,301</u></u>	<u><u>\$ 223,393</u></u>	<u><u>\$ 2,756,694</u></u>

Note: Information was obtained from the Board's records which have been reconciled to those of the State Comptroller.

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES  
AND LAPSED BALANCES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2010, 2009 AND 2008**

	Fiscal Year		
	2010 PA 96-0046	2009 PA 95-0731	2008 PA 95-0348
<b>Clean Air Act Permit Fund - 091</b>			
<b><u>Appropriations (Net of Transfers)</u></b>	<b>\$ 1,323,583</b>	<b>\$ 1,172,400</b>	<b>\$ 1,096,800</b>
<b><u>Expenditures</u></b>			
Personal Services	664,778	711,299	698,334
State Contributions to State Employees' Retirement System	188,732	149,809	115,734
State Contributions to Social Security	47,723	51,478	50,157
Group Insurance	161,218	158,681	155,902
Contractual Services	10,000	10,000	10,000
<b>Total Expenditures - Fund 091</b>	<b>1,072,451</b>	<b>1,081,267</b>	<b>1,030,127</b>
<b>Lapsed Balances - Fund 091</b>	<b>251,132</b>	<b>91,133</b>	<b>66,673</b>
<b>Pollution Control Board Fund - 277</b>			
<b><u>Appropriations (Net of Transfers)</u></b>	<b>18,200</b>	<b>18,200</b>	<b>18,200</b>
<b><u>Expenditures</u></b>			
Contractual Services	-	300	8,437
Refunds	80	225	225
<b>Total Expenditures - Fund 277</b>	<b>80</b>	<b>525</b>	<b>8,662</b>
<b>Lapsed Balances - Fund 277</b>	<b>18,120</b>	<b>17,675</b>	<b>9,538</b>
<b>Used Tire Management Fund - 294</b>			
<b><u>Appropriations (Net of Transfers)</u></b>	<b>18,500</b>	<b>18,500</b>	<b>18,500</b>
<b><u>Expenditures</u></b>			
Used for purposes provided in Section 55.6 of the Environmental Protection Act	18,500	18,320	18,500
<b>Total Expenditures - Fund 294</b>	<b>18,500</b>	<b>18,320</b>	<b>18,500</b>
<b>Lapsed Balances - Fund 294</b>	<b>-</b>	<b>180</b>	<b>-</b>

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES  
AND LAPSED BALANCES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2010, 2009 AND 2008**

	Fiscal Year		
	2010 PA 96-0046	2009 PA 95-0731	2008 PA 95-0348
<b>Environmental Protection Permit and Inspection Fund - 944</b>			
<b><u>Appropriations (Net of Transfers)</u></b>	<b>\$ 1,138,390</b>	<b>\$ 1,102,700</b>	<b>\$ 1,030,200</b>
<b><u>Expenditures</u></b>			
Personal Services	582,835	699,789	676,896
State Contributions to State Employees' Retirement System	165,679	147,494	112,210
State Contributions to Social Security	42,321	51,040	49,213
Group Insurance	120,693	136,884	140,952
Contractual Services	9,400	9,900	9,058
Travel	4,976	5,000	4,993
Electronic Data Processing	-	1,000	1,000
Telecommunications	8,200	7,200	7,200
<b>Total Expenditures - Fund 944</b>	<b>934,104</b>	<b>1,058,307</b>	<b>1,001,522</b>
<b>Lapsed Balances - Fund 944</b>	<b>204,286</b>	<b>44,393</b>	<b>28,678</b>
<b>Total Appropriations - All Funds</b>	<b>2,498,673</b>	<b>2,311,800</b>	<b>2,163,700</b>
<b>Total Expenditures - All Appropriated Funds</b>	<b>2,025,135</b>	<b>2,158,419</b>	<b>2,058,811</b>
<b>Total Lapsed Balanced - All Appropriated Funds</b>	<b>473,538</b>	<b>153,381</b>	<b>104,889</b>
<b><u>Non - Appropriated Funds</u></b>			
<b>Pollution Control Board State Trust Fund - 207</b>			
<b><u>Expenditures</u></b>			
Case management	509,979	488,480	313,547
Refunds, Not Elsewhere Classified	261,521	109,795	-
<b>Total Expenditures - Non-Appropriated Funds</b>	<b>771,500</b>	<b>598,275</b>	<b>313,547</b>
<b>Total Expenditures - All Appropriated and Non-Appropriated Funds</b>	<b>\$ 2,796,635</b>	<b>\$ 2,756,694</b>	<b>\$ 2,372,358</b>

Note: The FY10 expenditures and related lapsed balances do not reflect any interest payments approved for payment by the Board and submitted to the Comptroller for payment after August.

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
SCHEDULE OF STATE OFFICER'S SALARIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2010, 2009 AND 2008**

	Fiscal Year		
	2010	2009	2008
<b>General Revenue Fund - 001</b>			
<b><u>Appropriations:</u></b>			
Chairperson	\$ 121,100	\$ 121,100	\$ 116,700
Board members	468,200	468,200	451,100
Total	589,300	589,300	567,800
<b><u>Expenditures:</u></b>			
Chairperson	116,909	77,254	-
Board members	468,172	468,172	451,032
Total	585,081	545,426	451,032
<b>Total Lapsed Balances</b>	<b>\$ 4,219</b>	<b>\$ 43,874</b>	<b>\$ 116,768</b>

**Note:** The above salaries are paid out of the State Officials payroll at the Comptrollers Office, and are not deducted from the Board's appropriation. The lapsed balances in fiscal year 2009 were the result of vacancies on the Board.

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
SCHEDULE OF CHANGES IN STATE PROPERTY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

	Fiscal Year	
	2010	2009
<b>Equipment, Beginning Balance</b>	\$ 819,172	\$ 913,363
Purchases	18,248	120,099
Deletions	88,745	214,290
<b>Equipment, Ending Balance</b>	<u>\$ 748,675</u>	<u>\$ 819,172</u>

**Equipment Balance By Location**

Springfield Location	\$ 288,603	\$ 278,042
Chicago Location	438,968	503,561
Sterling Location	5,309	5,309
Peoria Location	-	5,309
Champaign Location	15,795	26,951
	<u>\$ 748,675</u>	<u>\$ 819,172</u>

Note: The Board's inventory records were reconciled to the Agency Report of Fixed Assets submitted to the Office of the Comptroller. The Board's fixed assets were comprised solely of equipment.

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
COMPARATIVE SCHEDULE OF CASH RECEIPTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2010, 2009 AND 2008**

	Fiscal Year		
	2010	2009	2008
<b>General Revenue Fund - 001</b>			
Reimbursement for Telephone Calls	\$ 406	\$ 255	\$ 146
Subtotal - Fund 001	406	255	146
<b>Pollution Control Board State Trust Fund - 207</b>			
Case management	500,000	100,000	750,000
Subtotal - Fund 207	500,000	100,000	750,000
<b>Pollution Control Board Fund - 277</b>			
Filing Fees	3,150	3,675	4,650
Photocopying	3,340	4,371	6,492
Subscriptions	120	320	220
Subtotal - Fund 277	6,610	8,366	11,362
<b>Total Receipts - All Funds</b>	<b>\$ 507,016</b>	<b>\$ 108,621</b>	<b>\$ 761,508</b>

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
RECONCILIATION OF CASH RECEIPTS TO DEPOSITS  
REMITTED TO THE STATE COMPTROLLER  
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

<b>General Revenue Fund - 001</b>	<u>2010</u>	<u>2009</u>
Receipts per Board records	\$ 406	\$ 255
Plus: deposits in transit, beginning of year	1	54
Less: deposits in transit, end of year	<u>-</u>	<u>(1)</u>
Deposits recorded by the Comptroller - 001	<u>407</u>	<u>308</u>
 <b>Pollution Control Board State Trust Fund - 207</b>		
Receipts per Board records	500,000	100,000
Plus: deposits in transit, beginning of year	-	-
Less: deposits in transit, end of year	<u>-</u>	<u>-</u>
Deposits recorded by the Comptroller - 207	<u>500,000</u>	<u>100,000</u>
 <b>Pollution Control Board Fund - 277</b>		
Receipts per Board records	6,610	8,366
Plus: deposits in transit, beginning of year	150	440
Less: deposits in transit, end of year	<u>(570)</u>	<u>(150)</u>
Deposits recorded by the Comptroller - 277	<u>\$ 6,190</u>	<u>\$ 8,656</u>

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**

A comparative schedule of net appropriations, expenditures and lapsed balances is presented on pages 16 through 17. The following is an explanation of significant fluctuations between expenditure accounts among the years. We considered fluctuations in excess of \$5,000 and 20% to be significant. Explanations of significant expenditure fluctuations are as follows:

**Fiscal Year 2010**

**Fund 091 – Clean Air Act Permit Fund**

State contributions to State employees' retirement increased by \$38,923 or 26%. The retirement rate increased from 21.049% in FY09 to 28.377% in FY10. The increase between years was a rate change generated by the Governor's Office of Management and Budget (GOMB) and set by the State Retirement System.

**Fund 207 – Pollution Control State Trust Fund**

Refunds, not elsewhere classified, increased by \$151,726 or 138%. When the fund allocation from the Environmental Protection Trust Fund (EPTF) is not expended at the end of two fiscal years, it is refunded to the Environmental Protection Trust Fund Commission (EPTF Commission). The level of refunds varies greatly depending on Board activity, number of cases, and other operational expenditures.

**Fiscal Year 2009**

**Fund 091 – Clean Air Act Permit Fund**

State contributions to State employees' retirement increased by \$34,075 or 29%. The retirement rate increased from 16.561% in FY08 to 21.049% in FY09. The increase between years was a rate change generated by the GOMB and set by the State Retirement System.

**Fund 277 – Pollution Control Board Fund**

Contractual services decreased by \$8,137 or 96%. The decrease of funds utilized from this fund contractual line item in FY09 was a management decision. The revenue from this fund was declining and it was decided by the Board to lapse these funds and have the expenditures covered from the non-appropriated fund.



**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES (Continued)**

**Fund 944 – Environmental Protection Permit and Inspection Fund**

State contributions to State employees' retirement increased by \$35,284 or 31%. The retirement rate increased from 16.561% in FY08 to 21.049% in FY09. The increase between years was a rate change generated by the GOMB and set by the State Retirement System.

**Fund 207 – Pollution Control State Trust Fund**

Case management increased by \$174,933 or 56%. The funding level for this fund increased in FY09. The Board is allowed two years to spend the allocation from the EPTF. The level of funds available varies greatly depending on Board activity, number of cases, and availability of appropriations in other funds.

Refunds, not elsewhere classified, increased by \$109,795 or 100%. When the fund allocation from the EPTF is not expended at the end of two fiscal years, it is refunded to the EPTF Commission. The level of refunds varies greatly depending on Board activity, number of cases, and other operational expenditures.

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**

A comparative schedule of cash receipts is presented on page 20. The following is an explanation of significant fluctuations between revenue accounts among the years. We considered fluctuations in excess of \$5,000 and 20% to be significant. Explanations of significant receipt fluctuations are as follows:

**Fiscal Year 2010**

**Fund 207 – Pollution Control State Trust Fund**

Receipts for case management increased by \$400,000 or 400%. The increase in funding level is due to the available balance of the Environmental Protection Trust Fund (EPTF) for allocation to the four agency participants during the year. The allocation for FY2009 was considerably lower than the previous year.

**Fiscal Year 2009**

**Fund 207 – Pollution Control State Trust Fund**

Receipts for case management decreased by \$650,000 or 87%. The fluctuation in funding level was due to the total funds available in the EPTF fund. When funds are allocated to the agencies, they have two years to spend the funds. Thus, the Board received only \$100,000 in FY 2009 because it has \$750,000 rollover from FY 2008.

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**

The schedule of net appropriations, expenditures and lapsed balances by fund is presented on pages 10 through 15. Following is an explanation of significant lapse period spending. We considered spending of 15% or more of total expenditures to be significant. Explanation of significant lapse period spending is as follows:

**Fiscal Year 2009**

**Fund 207 – Pollution Control State Trust Fund**

Lapse period expenditures on case management were \$222,329 or 37% of total expenditures. Due to the nature of the Board's operations, it is not feasible to determine caseload, hearing costs and advertising. Thus, most purchases are delayed until the fiscal year end to allow funds for the Board's case processing, which is a priority. The lapse period expenditures were mainly for office rental, system upgrade, court reporting, and telecommunication expenditures.

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**ANALYSIS OF ACCOUNTS RECEIVABLE**

**Pollution Control Board Fund - 277**

Accounts receivable are derived from billings for photocopying services. A reserve for uncollectible accounts has not been established. Uncollectible accounts are recognized through the direct write-off method in which a bad debt is expensed only when a specific account is determined to be uncollectible.

	Fiscal Year 2010	Fiscal Year 2009
Accounts Receivable	\$ 397	\$ 799

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**AGENCY FUNCTIONS AND PLANNING PROGRAM**

Functions

The Pollution Control Board (Board) was created July 1, 1970, as a result of Public Act 76-2429. It was established by the authority of the Illinois Environmental Protection Act (Act) (415 ILCS 5/5) to provide a unified state-wide program to restore, protect and enhance the quality of the environment and to assure that adverse effects upon the environment are fully considered and borne by those who cause them.

The Board is a part of the executive branch of the State of Illinois and operates under the authority of and reviews by the Illinois General Assembly. The Board operates under a budget approved by the General Assembly appropriated for the use of the Board. Activities of the Board are subject to the authority of the Office of the Governor, the State's chief executive officer, and other departments of the executive and legislative branches of government as defined by the General Assembly. All funds appropriated to the Board and all other cash received are under the custody and control of the State Treasurer.

The Board's mission is to protect the public health and State environment while permitting the operation of businesses and communities necessary for economic growth. The Board creates and modifies regulations relating to pollution standards, emissions permits, and regulatory enforcement plans. The Board is the court of original jurisdiction in cases alleging violations of environmental standards that are presented by the Environmental Protection Agency, the Office of the Attorney General, or any other person. In addition, cases originating from the regulated community and, in certain cases, other concerned citizens regarding permit appeals and petitions for exceptions and variances are heard by the Board's membership. Further, the Board served as the court of original jurisdiction for review of decisions by units of local government regarding the citing of new regional pollution control facilities.

The Board is directed by five technically qualified bi-partisan members appointed by the Governor with the advice and consent of the Senate. Each member serves a three-year staggered term. Board members are assisted by legal, administrative, and clerical staff. As of June 30, 2010, the Board is composed of the following:

Acting Chairman  
Board Member  
Board Member  
Board Member  
Board Member

G. Tanner Girard  
Thomas E. Johnson  
Andrea S. Moore  
Gary L. Blankenship  
Carrie Zalewski

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**AGENCY FUNCTIONS AND PLANNING PROGRAM (Continued)**

Planning Program

The Illinois Pollution Control Board is a quasi-legislative and quasi-judicial body which does not function as a programmatic agency. The Board's strategic challenge is to provide a public process that fairly and effectively considers environmental cases and regulations, ensuring that the Environmental Protection Act is interpreted, applied, and implemented impartially and consistently. The Board set-up three goals in achieving its objectives: (1) promulgate sensible and sound environmentally protective regulations based on a decision-making process that brings to bear the most current scientific and technological information, and affords maximum public participation; (2) create a stable system of Illinois environmental law by impartially considering and deciding contested cases and promptly issuing well-written, well-reasoned opinions and orders; and (3) reduce pollution by increasing public awareness of the Environmental Protection Act and Board regulations.

**STATE OF ILLINOIS  
 POLLUTION CONTROL BOARD  
 COMPLIANCE EXAMINATION  
 FOR THE TWO YEARS ENDED JUNE 30, 2010**

**AVERAGE NUMBER OF EMPLOYEES**

Below is a comparative schedule of the average number of Board employees for the Fiscal Years ended June 30:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>General Office</b>			
Fiscal Officer	1	1	1
Attorney Assistants	3	2	2
Senior Attorney	2	2	2
Staff Attorney	3	3	3
Secretaries	2	1	1
Other	9	9	9
Environmental Scientist	2	2	2
Personnel Manager	<u>1</u>	<u>1</u>	<u>1</u>
Total	<u><u>23</u></u>	<u><u>21</u></u>	<u><u>21</u></u>

**STATE OF ILLINOIS  
 POLLUTION CONTROL BOARD  
 COMPLIANCE EXAMINATION  
 FOR THE TWO YEARS ENDED JUNE 30, 2010**

**ANNUAL COST STATISTICS (NOT EXAMINED)**

**Cost Per Year Per Case Distribution:**

Comparative costs of case distributions prepared from Board records for the three years ended June 30, 2010. This information was provided by Board personnel and has not been tested.

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total Case Distribution	<u>171</u>	<u>213</u>	<u>170</u>
Expenditures from Appropriated Funds	\$ 2,025,135	\$ 2,158,419	\$ 2,058,811
Expenditures from Non-Appropriated Funds	<u>771,500</u>	<u>598,275</u>	<u>313,547</u>
Total Expenditures	<u>\$ 2,796,635</u>	<u>\$ 2,756,694</u>	<u>\$ 2,372,358</u>
Case Distribution Cost per Year	<u>\$ 16,355</u>	<u>\$ 12,942</u>	<u>\$ 13,955</u>

Expenditures for computing case distribution cost per year represents total expenditures from appropriations and expenditures from the Pollution Control Board State Trust Fund (a non-appropriated fund).



**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**INTERAGENCY AGREEMENT**

The Board entered into an interagency agreement with the Illinois Environmental Protection Agency (Agency). This agreement established the Agency to act as a fiscal conduit through which funding will be made available to the Board. The Board shall, however, continue to operate as an independent board, without the direction or oversight by the Agency. This agreement stated that the Agency would process payments for the Board's employees. However, the Board shall maintain control over matters of employment, procurement and policy.

**STATE OF ILLINOIS  
 POLLUTION CONTROL BOARD  
 COMPLIANCE EXAMINATION  
 FOR THE TWO YEARS ENDED JUNE 30, 2010**

**SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)**

Represented below are cases handled by the Board for the three years ended June 30, 2010. This information was provided by Board personnel and has not been tested.

	Fiscal Years		
	2010	2009	2008
<b><u>Case by Type</u></b>			
Variances (an extension to comply with rules)	-	3	1
Enforcement Cases	32	44	34
Permit Appeals	53	40	40
Administrative Citations	31	56	38
UST (Underground Storage Tanks)	29	22	16
Adjusted Standards	-	4	10
Other (Energy planning, Community right to know, trade secret cases and procedural rules amendments)	26	44	31
Total Case Distribution	<u>171</u>	<u>213</u>	<u>170</u>
<b><u>Regulations Proposed</u></b>	<u>23</u>	<u>19</u>	<u>19</u>

Note: Under certain sections of the Illinois Environmental Protection Act, cases can be filed by various entities, such as the Illinois Environmental Protection Agency, the Attorney General, Counties or Pollution Sources. The Board has no input into the filing of enforcement cases, permit appeals, reviews or citations. As a result, any fluctuations are beyond the control of the Board.