

**STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL**

COMPLIANCE EXAMINATION

For the Year Ended June 30, 2009

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2009

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STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2009

COUNCIL MEMBERS

John Polak, Chairman	(Term Expired May 1, 2008)
David Gibson	(Term Expired May 1, 2007)
John Bredenkamp	(Term Expired May 1, 2006)
Young B. Kim	(Term Expired May 1, 2007)
Paul Kwak	(Term Expired May 1, 2007)
Jerome Lewicki	(Term Expired May 1, 2006)
Charles Kwon	(Term Expired May 1, 2007)

ADMINISTRATOR

Williams & Company Consulting, Inc.

Council administrator offices are located at:

814 Pierce Street
Sioux City, Iowa 51101

1000 Tower Lane, Suite 140
Bensenville, Illinois 60106

April 13, 2010

Honorable William G. Holland
Auditor General
Iles Park Plaza
740 East Ash Street
Springfield, Illinois 62703-3154
Attention: Lisa Warden, Audit Manager

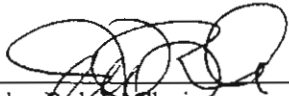
Dear Mr. Holland:

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 Drycleaner Environmental Response Trust Fund Council of Illinois (Agency). 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 Agency's compliance with the following assertions during the one-year period ended June 30, 2009. Based on this evaluation, we assert that during the year ended June 30, 2009, the Agency has materially complied with the assertions below.

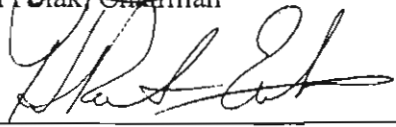
- A. The agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The agency has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The agency 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 agency 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 agency on behalf of the State or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Drycleaner Environmental Response Trust Fund Council of Illinois



John Polak, Chairman



H. Patrick Eriksen, Third Party Administrator

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE
 TRUST FUND COUNCIL
 COMPLIANCE EXAMINATION
 For the Year 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 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 Report</u>	<u>Prior Report</u>
Findings	1	3
Repeated findings	1	2
Prior recommendations implemented or not repeated	2	1

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
09-1	9	Expired Council member appointments	Noncompliance
PRIOR FINDINGS NOT REPEATED			
A	10	Failure to enforce statutory timeframes for payment requests	
B	10	Inadequate control over accounts receivable	

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2009

EXIT CONFERENCE

The Council waived a formal exit conference in correspondence dated April 7, 2010 from Dorcee Lauen, Third Party Administrator representative. Responses to recommendations were provided by H. Patrick Eriksen in correspondence dated April 13, 2010.



OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

**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

We have examined the Drycleaner Environmental Response Trust Fund Council's 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 year ended June 30, 2009. The management of the Drycleaner Environmental Response Trust Fund Council is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Drycleaner Environmental Response Trust Fund Council's compliance based on our examination.

- A. The Drycleaner Environmental Response Trust Fund Council 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 Drycleaner Environmental Response Trust Fund Council 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 Drycleaner Environmental Response Trust Fund Council 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 Drycleaner Environmental Response Trust Fund Council 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 Drycleaner Environmental Response Trust Fund Council on behalf of the State or held in trust by the Drycleaner Environmental Response Trust Fund Council 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 Drycleaner Environmental Response Trust Fund Council'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 Drycleaner Environmental Response Trust Fund Council's compliance with specified requirements.

In our opinion, the Drycleaner Environmental Response Trust Fund Council complied, in all material respects, with the requirements listed in the first paragraph of this report during the year ended June 30, 2009. However, the results of our procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which is described in the accompanying schedule of findings as finding 09-1.

Internal Control

The management of the Drycleaner Environmental Response Trust Fund Council 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 Drycleaner Environmental Response Trust Fund Council's internal control over compliance with the requirements listed in the first paragraph of this report in order to determine 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 the Drycleaner Environmental Response Trust Fund Council's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Drycleaner Environmental Response Trust Fund Council's internal control over compliance.

A *deficiency* in an entity's internal control over compliance exists when the design or operation of a control 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* 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.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

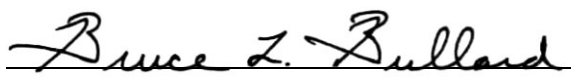
The Drycleaner Environmental Response Trust Fund Council's response to the finding identified in our examination is described in the accompanying schedule of findings. We did not examine the Drycleaner Environmental Response Trust Fund Council's responses and, accordingly, we express no opinion on them.

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 Supplementary Information for State Compliance Purposes, except for information on the 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, agency management, and Council members 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 13, 2010

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2009

Current findings

09-1. **FINDING** (Expired Council member appointments)

The Drycleaner Environmental Response Trust Fund Council (Council) member appointments or reappointments had not been made as required by statute.

During FY09, the appointed terms had expired for seven of seven (100%) of the Council members. The appointed terms expired on May 1, 2008 for one Council member, on May 1, 2007 for four Council members, and on May 1, 2006 for two Council members.

The Drycleaner Environmental Response Trust Fund Act (Act) requires the Council be comprised of seven voting members appointed by the Governor to terms of three years (415 ILCS 135/15). Under Executive Order 10 (2009), effective April 9, 2009, Board and Commission members interested may apply online for appointment or reappointment.

Council administration stated that several Council members applied for reappointment in early FY09 and one member applied for reappointment online in November 2009. Further, Council administration stated they had last communicated with the Governor's Office in September 2009 inquiring into the status of appointments, but had not yet received any reappointments or new appointments from the Governor.

Although Council members are allowed to continue to serve past their terms until new appointments are made, lack of current appointments or reappointments fails to satisfy Act provisions for re-evaluation of Council membership every three years. (Finding Code No. 09-1, 08-2, 07-3)

RECOMMENDATION

We recommend the Council direct all interested persons, including current Council members, to apply online for appointment or reappointment. Further, we recommend the Council continue to work with the Governor's Office to obtain current Council member appointments as soon as possible.

COUNCIL RESPONSE

As noted in the report, council members have applied for reappointment directly and online. The council has and will continue to follow up with the Governor's Office to secure current appointments and reappointments in the case of expired terms. Beyond making these contacts, the appointments are outside the Council's control.

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2009

Prior Findings Not Repeated

A **FINDING** (Failure to enforce statutory timeframes for payment requests)

During the prior examination period, the Drycleaner Environmental Response Trust Fund Council (Council) did not require owners and operators of drycleaning facilities to submit invoices and bills within 30 days of completion of remediation work as required by the Drycleaner Environmental Response Trust Fund Act (Act) (415 ILCS 135/40(f)(6)).

During the current examination period, the General Assembly enacted Public Act 096-0774, which amended section 40 of the Act to no longer require invoices or bills relating to remediation work be submitted within 30 days after the work has been performed. Section 40 now requires that all invoices and bills relating to remediation work be submitted with appropriate documentation as deemed necessary by the Council. The effective date for Public Act 096-0774 is January 1, 2010. (Finding Code No. 08-1, 07-1, 06-1)

B **FINDING** (Inadequate control over accounts receivable)

During the prior examination period, the Drycleaner Environmental Response Trust Fund Council (Council) did not maintain adequate control over the collection and write-off of overdue accounts receivable.

During the current examination period, the Council began to submit eligible past due receivables to the Comptrollers' Offset system, referred eligible uncollectible receivables to the Attorney General for write-off, and adopted written policies and procedures regarding the collection and write-off of overdue and uncollectible accounts receivable. (Finding Code No. 08-3)

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
For the Year 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
 - Reconciliation Schedule of Cash Receipts to Deposits Remitted to the
State Comptroller
 - Analysis of Significant Variations in Expenditures
 - Analysis of Accounts Receivable

- Analysis of Operations:

- Council Functions and Planning Program
 - 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 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
 DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND COUNCIL
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
<u>APPROPRIATED FUNDS</u>					
DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND - 0548					
For Use In Accordance with the Drycleaner Environmental Response Trust Fund Act					
	\$ 6,860,000	\$ 3,214,455	\$ 442,224	\$ 3,656,679	\$ 3,203,321
GRAND TOTAL - ALL FUNDS	<u>\$ 6,860,000</u>	<u>\$ 3,214,455</u>	<u>\$ 442,224</u>	<u>\$ 3,656,679</u>	<u>\$ 3,203,321</u>

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

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE
 TRUST FUND COUNCIL
 COMPLIANCE EXAMINATION
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
 EXPENDITURES AND LAPSED BALANCES**
 For the Fiscal Years Ended June 30

	Fiscal Year	
	2009	2008
DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND - 0548	P.A. 95-0733	P.A. 95-348
Appropriations (Net of Transfers)	\$ 6,860,000	\$ 6,860,000
<u>Expenditures</u>		
For Use in Accordance with the Drycleaner Environmental Response Trust Fund Act	3,656,679	3,565,620
Total Expenditures	\$ 3,656,679	\$ 3,565,620
Lapsed Balances	\$ 3,203,321	\$ 3,294,380

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE
 TRUST FUND COUNCIL
 COMPLIANCE EXAMINATION
**RECONCILIATION SCHEDULE OF CASH RECEIPTS
 TO DEPOSITS REMITTED TO THE STATE COMPTROLLER**
 For the Fiscal Years Ended June 30

DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND - 0548	Fiscal Year	
	2009	2008
Receipts per agency records	\$ 918,394	\$ 1,034,122
Plus: deposits in transit, beginning of year	164,939	205,845
Less: deposits in transit, end of year	150,512	164,939
Deposits Recorded by the Comptroller	<u>\$ 932,821</u>	<u>\$ 1,075,028</u>

The following information was obtained from agency and Comptroller records and includes that portion of the receipts reported by the Illinois Department of Revenue and the Office of the Treasurer. License fees and solvent taxes collected are reported net of a 4% collection fee charged by the Department of Revenue.

Reconciliation of Fund Receipts	Fiscal Year	
	2009	2008
Insurance premiums collected	\$ 883,400	\$ 1,024,100
Late payment fees and miscellaneous	49,421	50,928
Total deposits recorded by the Comptroller deposited by the Drycleaner Council	<u>\$ 932,821</u>	<u>\$ 1,075,028</u>
License fees collected	\$ 2,233,509	\$ 2,405,450
Solvent taxes collected	719,435	850,972
Total deposits recorded by the Comptroller deposited by the Department of Revenue	<u>\$ 2,952,944</u>	<u>\$ 3,256,422</u>
Interest income recorded by the Comptroller and deposited by the State Treasurer	<u>\$ 128,977</u>	<u>\$ 245,086</u>
Total Deposits to the Drycleaner Environmental Response Trust Fund (Fund 0548)	<u><u>\$ 4,014,742</u></u>	<u><u>\$ 4,576,536</u></u>

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE
 TRUST FUND COUNCIL
 COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
 For the Year Ended June 30, 2009

The Council expended its lump sum appropriations as follows:

<u>DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND – 0548</u>	<u>FISCAL YEAR</u>	
	<u>2009</u>	<u>2008</u>
Contractual Services	\$ 800,966	\$ 771,694
Travel	2,841	4,267
Awards and Grants (Claims Payments)	2,832,222	2,754,704
Refunds	<u>20,650</u>	<u>34,955</u>
Total Expenditures	<u>\$ 3,656,679</u>	<u>\$ 3,565,620</u>

A comparative schedule of significant variations in expenditures (fluctuations of 20% or more) for the fiscal year ended June 30, 2009 are shown below:

<u>EXPENDITURE ITEM</u>	<u>FISCAL YEAR ENDED JUNE 30,</u>		<u>INCREASE (DECREASE)</u>	
	<u>2009</u>	<u>2008</u>	<u>AMOUNT</u>	<u>%</u>
Travel	\$ 2,841	\$ 4,267	(\$ 1,426)	33%
Refunds	\$ 20,650	\$ 34,955	(\$ 14,305)	41%

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

Drycleaner Environmental Response Trust Fund - 0548

Travel

The decrease in travel expenditures in FY09 was due to the Council holding only eight Council meetings in FY09. In FY08, the Council held nine meetings, which required more travel reimbursements.

Refunds

The decrease in refund expenditures in FY09 was due to fewer excess license fees received, and fewer insurance premiums refunded due to fewer incomplete insurance applications.

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE
 TRUST FUND COUNCIL
 COMPLIANCE EXAMINATION
ANALYSIS OF ACCOUNTS RECEIVABLE
 June 30, 2009 and 2008
 (Expressed in Thousands)

	Fiscal Year	
<u>DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND – 0548</u>	2009	2008
Current	\$ 169	\$ 0
31-90 days	0	0
91-180 days	0	2
Over 180 days	26	16
GROSS RECEIVABLES	195	\$ 18
Less estimated uncollectibles	(175)	(16)
NET RECEIVABLES	\$ 20	\$ 2

ANALYSIS OF ACCOUNTS RECEIVABLE

License fee and late payment fee receivables

Pursuant to statutory authority, the Council assesses a late payment fee of \$5 per day for all license fees received subsequent to the due date. In addition, the Council requires drycleaners to pay for licenses for years in which they were operating without a license. For some drycleaners, the late fees are significant and payment would represent a financial hardship to the facility. To provide a financially viable alternative to such facilities, the Council may enter into a longer term payment arrangement with the drycleaner requiring payment of the total receivable balance. In other instances, the Council may refer outstanding receivables to the Attorney General's Office for collection efforts, which may result in a legal judgment against the drycleaner for a determined amount. The Attorney General's Office and the Council may also enter into an installment agreement with the drycleaner to satisfy the balance owed as determined through legal judgment.

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
ANALYSIS OF ACCOUNTS RECEIVABLE
June 30, 2009 and 2008
(Expressed in Thousands)

License fee and late payment fee receivables (continued)

Gross receivables increased from \$18,000 in FY08 to \$195,000 in FY09, primarily due to an increase in license renewal fees and associated late fees owed the Council. Drycleaners that have not been able to generate enough revenue to be profitable in the current economy have not been able to pay annual license renewal fees ranging from \$1,500 to \$5,000, based on annual solvent usage. In addition, those drycleaners have not been able to pay the associated late renewal fee of \$5 per day. The Council has pursued payment of these overdue fees through the Illinois Attorney General's Office legal judgment. The Council has estimated \$175,000 of the \$195,000 gross receivables to be uncollectible because the Council has determined the drycleaners owing these balances are discontinuing or have discontinued their operations.

Collection procedures

The Council notifies the drycleaner when a receivable subject to an installment agreement becomes approximately 30 to 60 days past due. During this process, the Council attempts to determine the likelihood of collection. Generally, uncollectible receivables over 90 days past due and greater than \$1,000 are referred to the Department of Revenue Collection Bureau and the Comptroller's Offset system. At June 30, 2009 and 2008, the total unpaid license and late fees approximated \$195,000 and \$18,000 respectively.

The Council establishes an allowance for doubtful accounts for those receivables deemed not collectible. An allowance for doubtful accounts of \$175,000 at June 30, 2009 was reported. The allowance account includes receivables amounting to \$171,000 that have been referred to the Attorney General's Office for collection efforts and \$4,000 owed by a drycleaner that is in bankruptcy.

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
ANALYSIS OF OPERATIONS
For the Year Ended June 30, 2009

COUNCIL FUNCTIONS AND PLANNING PROGRAM

The Drycleaner Environmental Response Trust Fund Council (Council) was created August 19, 1997 by the Drycleaner Environmental Response Trust Fund Act (Act) (415 ILCS 135/1 et. seq.). The Council was established to provide financial resources for drycleaning facilities to pay for the cleanup of drycleaning solvent contamination. The Council administers a mandatory license program, a remediation program, and a voluntary insurance program for all retail drycleaning facilities in Illinois.

Beginning January 1998, all active drycleaning facilities in Illinois were required to obtain a license from the Council, to be renewed annually. All drycleaning facilities are required to pay annual license fees and a tax based on the quantity of drycleaning solvent purchases. The Department of Revenue collects all license fees and taxes, and deposits the receipts into the Drycleaner Environmental Response Trust Fund (Fund), less a 4% processing fee as set by statute.

Pursuant to the Act, the Council has established a program to reimburse drycleaner facilities for costs of remedial action in the event of solvent releases that were discovered after July 1, 1997 and prior to July 1, 2006. In addition, the Council has established a program to offer insurance to drycleaner facilities to insure against solvent release cleanup costs subsequent to June 30, 2006.

While the Council is ultimately responsible for administering the Fund, it has contracted with Williams & Company Consulting, Inc. (administrator) to provide third party administrative services. The administrator is responsible for all administrative and fiscal duties, under the oversight of the Council. These services include accounting and record keeping, as well as receipt and processing of applications for licensure, insurance coverage, and remedial claims.

The Act requires the Council to be composed of seven members appointed by the Governor to three year terms. Four members are to own or operate a drycleaning facility, one member is to represent wholesale distributors of drycleaning solvents, one member is to represent drycleaning equipment manufacturers and the vendor community, and one member is to have experience in financial markets or the insurance industry. The seven individuals serving on the Council at June 30, 2009, and their respective appointment expiration date were as follows:

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
ANALYSIS OF OPERATIONS
For the Year Ended June 30, 2009

John Polak, Chairman	May 1, 2008
David Gibson	May 1, 2007
Young B. Kim	May 1, 2007
Paul Kwak	May 1, 2007
Charles Kwon	May 1, 2007
John Bredenkamp	May 1, 2006
Jerome Lewicki	May 1, 2006

Council members may continue to serve until a replacement has been appointed, according to the Attorney General's office.

PLANNING

The Council's planning activities include program reviews performed on an on-going basis by the administrator. These reviews are discussed at regular Council meetings and annual strategic planning sessions. The annual session addresses the licensure, remedial action, and insurance programs, which are the three major components of the Council's responsibilities. A significant component of the planning session is the discussion of financial projections prepared by the administrator. The projections are prepared using multiple variations of assumptions of the revenues to be collected (solvent taxes and licensure fees), estimated administrative costs, and projected claims. Also discussed is how such assumptions could be impacted by existing and proposed legislation.

During FY09, the Council's Fund financial projections for the period of July 1, 2009 through the Fund's revised sunset date of January 1, 2020 indicated the Fund would have program deficits of approximately \$13,230,000, based on program assumptions as of July 1, 2009. At the Council's August 29, 2009 meeting, the Council stated they will continue to monitor the Fund's solvency, and indefinitely deferred any action in adjusting license fees or solvent tax due to the current economic recession and the legislative sweep of \$2 million from the Fund in October 2008. As of June 30, 2009, the Fund balance was \$4,036,801.

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE
 TRUST FUND COUNCIL
 COMPLIANCE EXAMINATION
SERVICE EFFORTS AND ACCOMPLISHMENTS
 For the Year Ended June 30, 2009
 (Not Examined)

The Council has identified the following key financial and performance data that are significant to the operations, functions, and responsibilities of the Council:

	<u>Fiscal Year 2008 Actual</u>	<u>Fiscal Year 2009 Target</u>	<u>Fiscal Year 2009 Actual</u>
Input Indicators			
Budgeted appropriation/expenditures	\$3,565,620	\$6,860,000	\$3,656,679
License applications received	1,217	1,250	1,135
Insurance applications received	685	650	613
Eligible remedial and insurance claims filed	699	699	699
Output Indicators			
Licenses in force	1,197	1,250	1,128
Insurance policies in force	674	650	611
Eligible remedial and insurance claims closed	254	300	326
Open remedial claims	444	n/a	372
Remedial claims with payments made	673	n/a	673
Open insurance claims	1	n/a	1
Insurance claims with payments made	1	n/a	1
Efficiency/Cost Effectiveness Indicators			
Cost per license application	\$84	\$85	\$85
Cost per insurance application	\$100	\$102	\$102
Cost per eligible claim filed	\$312	\$350	\$343

Note: n/a denotes that no FY09 targets were established by the Council for this output indicator.