

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION  
TRUST FUND COMMISSION**

**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  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**TABLE OF CONTENTS**

	<u>Page(s)</u>
Agency Officials .....	1
Management Assertion Letter.....	2
Compliance Report	
Summary .....	3
Accountants' Report	
Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes.....	4-6
Schedule of Findings	
Current Finding - State Compliance .....	7-9
Supplementary Information for State Compliance Purposes	
Summary .....	10
Fiscal Schedules and Analysis	
Schedule of Net Appropriations, Expenditures and Lapsed Balances	
Fiscal Year 2010 .....	11-12
Fiscal Year 2009 .....	13
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances....	14-15
Comparative Schedule of Cash Receipts .....	16
Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller .....	17
Analysis of Significant Variations in Expenditures.....	18
Analysis of Significant Variations in Receipts .....	19
Analysis of Significant Lapse Period Spending .....	20
Analysis of Accounts Receivable	
Fiscal Year 2010 .....	21
Fiscal Year 2009 .....	22
Analysis of Operations	
Agency Functions and Planning Program .....	23-24





# ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 North Grand Avenue East, P.O. Box 19276, Springfield, Illinois 62794-9276 • (217) 782-2829  
James R. Thompson Center, 100 West Randolph, Suite 11-300, Chicago, IL 60601 • (312) 814-6026

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

**PAT QUINN**, GOVERNOR

**DOUGLAS P. SCOTT**, DIRECTOR

February 7, 2011

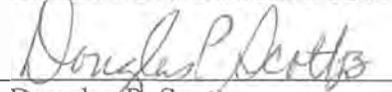
Ladies and Gentlemen:

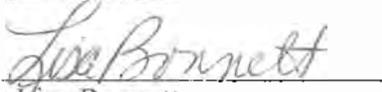
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Illinois Environmental Protection Trust Fund Commission (Commission). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Commission'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 Commission has materially complied with the assertions below.

- A. The Commission 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 Commission 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 Commission 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 Commission 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 Commission on behalf of the State or held in trust by the Commission 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 Environmental Protection Trust Fund Commission

  
Douglas P. Scott  
Member

  
Lisa Bonnett  
Chief Financial Officer

  
John Kim  
Chief Legal Counsel

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
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>Finding</u>	<u>Current</u> <u>Report</u>	<u>Prior</u> <u>Report</u>
	1	0

Detail of the finding is presented in the separately tabbed report section of this report.

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDING (STATE COMPLIANCE)			
10-1	7	Inadequate Controls Over Receivables and Collection	Significant Deficiency and Noncompliance

**EXIT CONFERENCE**

The Commission waived having an exit conference in a letter dated January 26, 2011, from the Agency's Fiscal Services Manager, Willa Barger.

Response to the recommendation was provided by Willa Barger in a letter dated February 7, 2011.



**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 State of Illinois, Environmental Protection Trust Fund Commission's (Commission) 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 Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Commission's compliance based on our examination.

- A. The Commission 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 Commission 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 Commission 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 Commission 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 Commission on behalf of the State or held in trust by the Commission 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 Commission'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 Commission's compliance with specified requirements.

In our opinion, the Commission 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. However, the results of our procedures disclosed instances of noncompliance, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as item 10-1.

### **Internal Control**

The management of the Commission 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 Commission'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 Commission'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 such will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance 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. However, we identified a certain deficiency in internal control over compliance that we considered to be a significant deficiency as described in the accompanying schedule of findings as item 10-1. A *significant deficiency over compliance* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

There were no immaterial findings that have been excluded from this report.

The Commission's response to the finding identified in our examination is described in the accompanying schedule of findings. We did not audit the Commission's response and, accordingly, we express no opinion on the response.

### **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 2010 and 2009 Supplementary Information for State Compliance Purposes. 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, and Commission management, and is not intended to be and should not be used by anyone other than these specified parties.

*E.C. Ortiz & Co., LLP*

February 7, 2011

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**CURRENT FINDING – STATE COMPLIANCE**

10-1 *Inadequate Controls Over Receivables and Collection*

The Commission did not have adequate controls over its accounts receivables and collection.

The Illinois Environmental Protection Agency (Agency) handles all financial activities for the Commission and the Division of Legal Counsel (DLC) of the Agency was responsible for tracking, documenting, and following up on receivables pertaining to penalties, court orders, and administrative citations for violating environmental laws and regulations by following the collection procedures of the Agency. As of June 30, 2010, the receivable balance was approximately \$8.1 million, of which approximately \$7.7 million had been due over one year.

During our review of 40 receivable accounts, we noted the following:

- Seven (18%) receivable accounts tested totaling \$151,357 were not established timely. The time elapsed from the due date to the set-up of receivables ranged from two to 964 days.
- Three (8%) receivable accounts tested totaling \$22,027 had no Memo to Establish the Accounts Receivable on file.
- For 20 (50%) receivable accounts tested totaling \$198,416, demand letters or follow-up notices to the debtor were not sent when payments became past due beyond 30 days.
- For 14 (35%) receivable accounts tested totaling \$170,669, referral letters were not sent to the Comptroller's Offset System when payments became 60-90 days past due.
- For 16 (40%) receivable accounts tested totaling \$111,417, referral letters were not sent to a private collection agency when payments became 91- 180 days past due.
- For 22 (55%) receivable accounts tested totaling \$97,291, requests for write-off were not sent to the Attorney General's Office when payments became past due beyond 365 days.
- Nine (23%) receivable accounts tested had demand or follow-up notices sent from one to 35 days late after becoming past due. Three (8%) receivable accounts tested were referred to private collection agency from 89 to 803 days late. Four (10%) receivable accounts tested were sent to the Attorney General's Office to be certified as uncollectible from 181 to 216 days late.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**CURRENT FINDING – STATE COMPLIANCE (Continued)**

The Illinois State Collection Act of 1986 (Act) (30 ILCS 210/3) declares that it is public policy of the State to aggressively pursue the collection of accounts or claims due and payable to the State of Illinois through reasonable means.

The Uncollected State Claims Act (30 ILCS 205/2) states that when any State agency is unable to collect any claim or account receivable of \$1,000 or more after having undertaken all reasonable and appropriate procedures available to the agency to effectuate collection, the State agency shall request the Attorney General to certify the claim or account receivable to be uncollectible. Claims or accounts receivable of less than \$1,000 may be certified as uncollectible by the agency when the agency determines that further collection efforts are not in the best economic interest of the State.

SAMS Procedure 26.40.20 requires State agencies to use the Comptroller's Offset when it is the best economic interest of the State. State agencies must place all debts over \$1,000 and more than 90 days past due in the Comptroller's Offset System unless one of the three conditions specified in the SAMS was met.

The Illinois Environmental Protection Agency (Agency) has an internal Accounts Receivable Management Guidance (Guidance) which is being followed by the Commission. The Guidance complies with the above mandates and requires the Agency's different bureaus/offices (including the Cash Management Unit), to place past due/delinquent receivables for collection as follows: a) for 5-30 days past due, send follow-up notice; b) for 60-90 days past due, prepare for Comptroller Offset; c) for 91-180+ days past due, prepare for Private Collection, and ; d) for 365 or longer past due, prepare for write-off as uncollectible. The Guidance further requires that documentation must be maintained by Agency bureaus/offices on why the above actions cannot be pursued.

Agency management stated that the exceptions noted were due to staff turnover and staff shortages associated with the management of some Trust Fund related debts and associated accounts receivable.

Inadequate controls over receivables and collection procedures resulted in noncompliance with the Act. In addition, the failure to comply with Commission's collection procedures and the statutory mandates to maximize the collection of receivables may result in loss of State funds. (Finding Code No. 10-1)

***Recommendation***

We recommend the Commission continue its efforts in devoting sufficient resources to follow up on receivables, ensure proper internal reporting, and comply with internal collection procedures to maximize collection of receivables.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**CURRENT FINDING – STATE COMPLIANCE (Continued)**

*Commission Response*

Accepted. The IEPA is currently reorganizing and consolidating the financial functions within the Agency. As part of this effort, the Agency is identifying additional staff resources and improved processes that include improved management, tracking, reporting, and overall control of Trust Fund Commission receivables to maximize collections and to ensure compliance with internal collection procedures.

A debtor's Federal Identification number or Social Security number is necessary to place an account in the Comptroller's Offset and this information has been unavailable to the Agency since the information is not contained in enforcement orders. Consequently, the current Accounts Receivable Collections manager has recently been working with the Department of Revenue and the Office of the Comptroller to obtain the Federal Identification numbers and Social Security numbers of past due debtors so that additional accounts can be placed in the Comptroller's Offset. In the last few months, an additional 21 past due Trust Fund accounts (totaling \$3,246,354) were placed in Offset through information received from the Department of Revenue. The Agency will also be working with the Attorney General's Office to ensure that the Federal Identification or Social Security numbers are available when enforcement orders are initiated.

Previous referrals of past due Trust Fund accounts to the IEPA's private collection agency generally did not result in an increase in collections; consequently, the Agency is establishing a referral process with a new collection agency. Once all collection efforts are exhausted, the IEPA will pursue certification that the debt is uncollectible and the account will be written-off.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
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

- Fiscal Year 2010

- Fiscal Year 2009

- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances

- 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

- Fiscal Year 2010

- Fiscal Year 2009

- Analysis of Operations:

- Agency Functions and Planning Program

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. However, the accountants do not express an opinion on the supplementary information.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
FOURTEEN MONTHS ENDED AUGUST 31, 2010**

	Appropriations (Net of Transfers)	Expenditures Through June 30	Approximate Lapse Period Expenditures July 1 to August 31	Approximate Total Expenditures 14 Months Ended August 31	Approximate Balances Lapsed August 31
<u>Environmental Protection Trust Fund - 845</u>					
Public Act 96-0046					
<u>Appropriated Funds</u>					
Grant to Environmental Protection Agency to support enhanced environmental protection and enforcement activities	\$ 1,900,000	\$ 50,000	\$ 819,241	\$ 869,241	\$ 1,030,759
Grant to Department of Natural Resources for projects relating to natural resources research, protection and educational activities and the development of a state and regional water supply plans	800,000	800,000	-	800,000	-
Grant to Pollution Control Board for funding expenses of case processing and other activities	500,000	500,000	-	500,000	-
Grant to the Attorney General for enhanced environmental enforcement activities	800,000	800,000	-	800,000	-
Total Appropriated Funds	<u>\$ 4,000,000</u>	<u>2,150,000</u>	<u>819,241</u>	<u>2,969,241</u>	<u>\$ 1,030,759</u>

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
FOURTEEN MONTHS ENDED AUGUST 31, 2010**

	<u>Expenditures Through June 30</u>	<u>Approximate Lapse Period Expenditures July 1 to August 31</u>	<u>Approximate Total Expenditures 14 Months Ended August 31</u>
<u>Non-appropriated Funds</u>			
Transfer from Environmental Protection Trust Fund	\$ 250,759	\$ -	\$ 250,759
Grant to other State Agencies	<u>501,427</u>	<u>-</u>	<u>501,427</u>
Total Non-appropriated Funds	<u>752,186</u>	<u>-</u>	<u>752,186</u>
Total All Funds	<u>\$ 2,902,186</u>	<u>\$ 819,241</u>	<u>\$ 3,721,427</u>

Note: Information was obtained from the Commission's records which have been reconciled to those of the State Comptroller. The Environmental Protection Trust Fund Commission (Fund 845) was appropriated to the Illinois Environmental Protection Agency (Agency) and therefore the appropriations and expenditures related to Fund 845 have also been reported in the Agency's appropriation schedules. Expenditure amounts are vouchers approved for payment by the Commission submitted to the State Comptroller for payment to the vendor. Approximate lapse period expenditures do not include interest payments approved for payment by the Commission and submitted to the Comptroller for payment after August.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
FOURTEEN MONTHS ENDED AUGUST 31, 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>Environmental Protection Trust Fund - 845</u>					
Public Act 95-0731					
Grant to Environmental Protection Agency to support enhanced environmental protection and enforcement activities	\$ 1,500,000	\$ 400,000	\$ -	\$ 400,000	\$ 1,100,000
Grant to Department of Natural Resources for projects relating to natural resources research, protection and educational activities	1,300,000	600,000	-	600,000	700,000
Grant to Pollution Control Board for funding expenses of case processing and other activities	200,000	100,000	-	100,000	100,000
Grant to the Attorney General for enhanced environmental enforcement activities	1,000,000	400,000	-	400,000	600,000
Total - Environmental Protection Trust Fund	<u>\$ 4,000,000</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>\$ 2,500,000</u>

Note: Information was obtained from the Commission's records which have been reconciled to those of the State Comptroller. The Environmental Protection Trust Fund Commission (Fund 845) was appropriated to the Illinois Environmental Protection Agency (Agency) and therefore the appropriations and expenditures related to Fund 845 have also been reported in the Agency's appropriation schedules.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
FOR FISCAL YEARS 2010, 2009 AND 2008**

	FISCAL YEAR		
	2010	2009	2008
	<u>PA 96-0046</u>	<u>PA 95-0731</u>	<u>PA 95-0348</u>
<u>APPROPRIATIONS (Net After Transfers)</u>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 6,000,000</u>
<u>EXPENDITURES</u>			
Grant to Environmental Protection Agency to support enhanced environmental protection and enforcement activities	869,241	400,000	1,350,000
Grant to Department of Natural Resources for projects relating to natural resources research, protection and educational activities	800,000	600,000	2,300,000
Grant to Pollution Control Board for funding expenses of case processing and other activities	500,000	100,000	750,000
Grant to the Attorney General for enhanced enforcement activities	<u>800,000</u>	<u>400,000</u>	<u>1,000,000</u>
Total Appropriated Expenditures	<u>2,969,241</u>	<u>1,500,000</u>	<u>5,400,000</u>
<u>LAPSED BALANCES</u>	<u>1,030,759</u>	<u>2,500,000</u>	<u>600,000</u>

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
FOR FISCAL YEARS 2010, 2009 AND 2008**

	FISCAL YEAR		
	2010	2009	2008
	PA 96-0046	PA 95-0731	PA 95-0348
<u>NON-APPROPRIATED EXPENDITURES</u>			
<u>EXPENDITURES</u>			
Transfer from Environmental Protection Trust Fund	\$ 250,759	\$ -	\$ -
Grant to other State Agencies	501,427	-	-
Total Non-appropriated Expenditures	752,186	-	-
Grand Total Expenditures	\$ 3,721,427	\$ 1,500,000	\$ 5,400,000

Note: Information was obtained from the Commission's records which have been reconciled to those of the State Comptroller. The Environmental Protection Trust Fund Commission (Fund 845) was appropriated to the Illinois Environmental Protection Agency (Agency) and therefore the appropriations and expenditures related to Fund 845 have also been reported in the Agency's appropriation schedules. Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor. The FY10 expenditures and related lapsed balances do not reflect any interest payments approved for payment by the Commission and submitted to the Comptroller for payment after August.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
COMPARATIVE SCHEDULE OF CASH RECEIPTS  
FOR FISCAL YEARS 2010, 2009 AND 2008**

	FISCAL YEAR		
	2010	2009	2008
<b>Environmental Protection Trust Fund - 845</b>			
Penalty Payments	\$ 4,721,132	\$ 3,548,738	\$ 1,994,965
Interest on Past Due Penalties	1,653	21,176	17,321
<b>Total Environmental Protection Trust Fund</b>	<b><u>\$ 4,722,785</u></b>	<b><u>\$ 3,569,914</u></b>	<b><u>\$ 2,012,286</u></b>

**Note:**

The Environmental Protection Trust Fund (Fund 845) was appropriated to the Illinois Environmental Protection Agency (Agency) and therefore the receipts for Fund 845 have also been reported in the Agency's receipts schedules.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS  
REMITTED TO THE STATE COMPTROLLER  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

	FISCAL YEAR	
	2010	2009
<u>ENVIRONMENTAL PROTECTION TRUST</u>		
<u>FUND - 845</u>		
Receipts per Agency Records	\$ 4,722,785	\$ 3,569,914
Adjustment for deposit to Protest Fund (Fund 401)	-	(4,500)
Plus deposits in transit, beginning of year	4,503	76,211
Less deposits in transit, end of year	5,602	4,503
Deposits Recorded by the Comptroller	\$ 4,721,686	\$ 3,637,122

**Note:**

The Environmental Protection Trust Fund (Fund 845) was appropriated to the Illinois Environmental Protection Agency (Agency) and therefore the receipts for Fund 845 have also been reported in the Agency's receipts schedules.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
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 13 to 14. The following is an explanation of significant fluctuations between expenditures among the years. We considered the fluctuations in excess of \$250,000 and 20% to be significant. Explanations of significant fluctuations are as follows:

**Fiscal Year 2010**

*Appropriated Expenditures*

The expenditures increased by \$1,469,241 or 98%. This fund is used by the Commission for the purpose of funding grants to the Illinois Environmental Protection Agency (Agency), the Pollution Control Board, the Attorney General, and the Illinois Department of Natural Resources for the enhancement of environmental protection, enforcement and case processing activities. There was an increase in program expenditures due to the higher level of funding made available in FY10.

*Non-Appropriated Expenditures*

The expenditures increased by \$752,186 or 100%. The increase was due to \$250,759 first year funding provided fund for grant activities and the Agency's Bureau of Land expenditures of \$501,427 for court-ordered clean up of construction or demolition debris at Worthy Park in Harvey, Illinois.

**Fiscal Year 2009**

*Appropriated Expenditures*

The expenditures decreased by \$3,900,000 or 72%. In FY09, due to budget uncertainties and balance of the fund, grant amounts to the four agencies were reduced thus the decrease in funding made available for enhanced environmental protection, enforcement and case processing.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
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 15. The following is an explanation of significant fluctuations between receipts among the years. We considered the fluctuations in excess of \$250,000 and 20% to be significant. Explanations of significant fluctuations are as follows:

**Fiscal Year 2010**

The receipts for the Environmental Protection Trust Fund Commission increased by \$1,152,871 or 32%. The receipts are based on referrals and penalties assessed by the Attorney General's Office. The receipts vary each year depending upon the number and amount of penalties ordered by the courts.

**Fiscal Year 2009**

The receipts for the Environmental Protection Trust Fund Commission increased by \$1,557,628 or 77%. The receipts are based on referrals and penalties assessed by the Attorney General's Office. The receipts vary each year depending upon the number and amount of penalties ordered by the courts.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
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 is presented on pages 10 to 12. Following is an explanation of significant lapse period spending. We considered spending of 20% or more of total expenditures to be significant. Explanation of significant lapse period spending is as follows:

**Fiscal Year 2010**

Lapse period expenditures were \$819,241 or 28% of the total expenditures. This expenditure represented a transfer of grant funds to Fund 074.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
ANALYSIS OF ACCOUNTS RECEIVABLE  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

The Commission's net accounts receivable balance was approximately \$409 (in thousands) at June 30, 2010. The Commission utilizes the Attorney General, a private collection agency, and the Comptroller Offset System to collect unpaid receivables.

An aging schedule of the Commission's accounts receivable at June 30, 2010 is presented below (in thousands):

<u>Fund</u>	<u>Current</u>	<u>Less than 30 Days</u>	<u>31 to 90 Days</u>	<u>91 to 180 Days</u>	<u>181 to 365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
Trust Fund Commission	<u>\$ 408</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 56</u>	<u>\$ 7,709</u>	<u>\$ 8,175</u>
Allowance for uncollectible accounts							<u>(7,766)</u>
Net Accounts Receivable							<u>\$ 409</u>

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
ANALYSIS OF ACCOUNTS RECEIVABLE  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

The Commission's net accounts receivable balance was approximately \$404 (in thousands) at June 30, 2009. The Commission utilizes the Attorney General, a private collection agency, and the Comptroller Offset System to collect unpaid receivables.

An aging schedule of the Commission's accounts receivable at June 30, 2009 is presented below (in thousands):

<u>Fund</u>	<u>Current</u>	<u>Less than 30 Days</u>	<u>31 to 90 Days</u>	<u>91 to 180 Days</u>	<u>181 to 365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
Trust Fund Commission	<u>\$ 403</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,312</u>	<u>\$ 7,716</u>
Allowance for uncollectible accounts							<u>(7,312)</u>
Net Accounts Receivable							<u>\$ 404</u>

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
AGENCY FUNCTIONS AND PLANNING PROGRAM  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**Commission Functions**

The State of Illinois, Environmental Protection Trust Fund Commission (Commission) was created by Public Act 81-951 on September 22, 1979 (effective January 1, 1980). The Commission is statutorily authorized to accept, receive, and administer on behalf of the State any grants, gifts, loans, or other funds made available to the Commission from any source for the purpose of environmental protection and related enforcement programs.

The Commission has the authority to approve grants from the Environmental Protection Trust Fund to the Environmental Protection Agency (Agency), the Department of Natural Resources (DNR), the Pollution Control Board (PCB), and the Office of the Attorney General in order to carry out its environmental protection and related enforcement program purposes.

The following are types of grants approved by the Commission:

1. Grants to the Agency for the enhancement of environmental protection and enforcement activities.
2. Grants to the DNR for projects relating to natural resources, research, protection, and education activities.
3. Grants to the PCB for the purpose of case processing and other activities.
4. Grants to the Office of the Attorney General for enhancement of environmental enforcement activities.

The Commission has no employees and owns no property. Its members serve without compensation. The financial activities of the Commission are handled by the Agency. The Agency absorbs all administrative costs of the Commission.

The Commission consists of four members, designated by statute, or their designated representative as follows:

Director of Environmental Protection Agency	Member: Douglas P. Scott Designee: William D. Ingersoll
Director of Department of Natural Resources	Member: Marc Miller Designee: Todd Rettig
Acting Chairman of the Pollution Control Board	Member: G. Tanner Girard Designee: Kathy L. Griffin
Attorney General	Member: Lisa Madigan Designee: Thomas E. Davis

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
AGENCY FUNCTIONS AND PLANNING PROGRAM  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**Planning Program**

The Commission developed a written, formal Program Plan, which discusses and defines:

- a) Powers of the Commission,
- b) Commission membership,
- c) Commission chair,
- d) Receipt of funds,
- e) Commission goals, and
- f) Program plan.

The Commission's planning process is closely tied to the budget process. Each fall, the Commission members are notified by the Chairperson/Designee of the projected monies available. The member agencies provide project proposals which describe the project and the requested funding. The Commission uses these documents as the program plan for the fiscal year. A meeting is held in December to discuss and vote on the proposed projects and budget. Another meeting in June to pass the formal resolutions releasing the money for approved projects. The meeting agenda prepared for each meeting provides annual planning information, such as revenues and project information.

The proposed project descriptions include deadlines for completion of the projects with an informal agreement among Commission members that no project should exceed five years. The Commission requires annual project status reports to ensure grant monies are spent in accordance with awards.