

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY**

FINANCIAL AUDIT  
FUND 270 – WATER REVOLVING FUND  
For the Year Ended June 30, 2010

AND  
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 AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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ENVIRONMENTAL PROTECTION AGENCY  
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**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**AGENCY OFFICIALS**

Director	Douglas P. Scott
Acting Deputy Director – Environmental Operations and Administration	Lisa Bonnett
Chief Financial Officer	Lisa Bonnett
Chief Legal Counsel	Robert A. Messina (07/01/08 to 05/12/09)  John Kim (05/19/09 to present)
Purchasing Officer	John Donato (07/01/08 to 10/31/08)  Chris Demeroukas (10/01/09 to present)
Fiscal Services Manager	Willa Barger

***Agency Headquarter offices are located at:***

1021 North Grand Avenue East  
Springfield, Illinois 62794



# ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

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James R. Thompson Center, 100 West Randolph, Suite 11-300, Chicago, IL 60601 • (312) 814-6026

PAT QUINN, GOVERNOR

DOUGLAS P. SCOTT, DIRECTOR

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

February 7, 2011

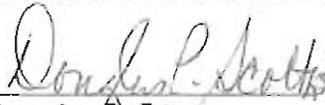
Ladies and Gentlemen:

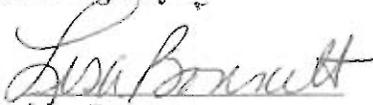
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Environmental Protection Agency. We are responsible for and we have established and maintained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

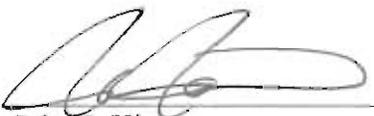
- A. The State of Illinois, Environmental Protection Agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Environmental Protection Agency has obligated, 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 State of Illinois, Environmental Protection 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 State of Illinois, Environmental Protection 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 State of Illinois, Environmental Protection Agency on behalf of the State or held in trust by the State of Illinois, Environmental Protection 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,

**Illinois Environmental Protection Agency**

  
Douglas P. Scott  
Director

  
Lisa Bonnett  
Chief Financial Officer

  
John J. Kim  
Chief Legal Counsel

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
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' REPORTS**

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	10	9
Repeated Findings	4	6
Prior Recommendations Implemented or Not Repeated	5	0

Details of findings are 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>
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FINDING (*GOVERNMENT AUDITING STANDARDS*)

No matters were reported.

FINDINGS (*STATE COMPLIANCE*)

10-1	11	Inadequate Maintenance of Employee Personnel Files	Noncompliance and Significant Deficiency
10-2	13	Failure to Perform Quarterly Inspections on the Release of Radionuclides at Nuclear Power Plants	Noncompliance and Significant Deficiency
10-3	14	Improper Records of State Property	Noncompliance and Significant Deficiency
10-4	16	Inadequate Controls Over Voucher Processing	Noncompliance and Significant Deficiency

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**SCHEDULE OF FINDINGS (Continued)**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
10-5	18	Failure to Update and Maintain Compliance Records for The Community Water Supplies (CWS) Treatment Services	Noncompliance and Significant Deficiency
10-6	20	Failure to Notify the Public in Granting Provisional Variances	Noncompliance and Significant Deficiency
10-7	21	Lack of Industrial Hygiene Examining Board	Noncompliance
10-8	22	Noncompliance with the Annual Lake Michigan Water Quality Reporting Requirements	Noncompliance
10-9	23	Noncompliance with the Environmental Laboratory Certification Assessment Program	Noncompliance
10-10	25	Community Water Supply Testing Council (Council) Does not Have Sufficient Number of Council Members and Did Not Hold Regular Council Meetings	Noncompliance

PRIOR FINDINGS NOT REPEATED

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
A	27	Oversight of Financial Reporting
B	27	Inadequate Controls Over Bank Reconciliation
C	27	Lack of Water Pollution Control and Public Water Supply Committee Meetings
D	28	Failure to Update Administrative Code to Reflect Increase in Fees
E	28	Noncompliance with the Site Remediation Program

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**EXIT CONFERENCE**

The Agency waived having an exit conference in a letter dated January 4, 2011, from the Agency's Fiscal Services Manager, Willa Barger.

Responses to the recommendations were provided by Director Douglas Scott in a letter dated January 25, 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 Agency's (Agency) 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 Agency is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

- 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.

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 Agency'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 Agency's compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two year ended June 30, 2010. However, the results of our procedures disclosed instances of noncompliance with those requirements, 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 findings 10-1 through 10-10.

### **Internal Control**

The management of the Agency 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 Agency'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 Agency'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 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 certain deficiencies in internal control over compliance that we considered to be significant deficiencies as described in the accompanying schedule of findings as items 10-1 through 10-6. 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.

Additionally, the results of our procedures disclosed other matters involving internal control over compliance, 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 items 10-7 through 10-10.

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

The Agency's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the Agency's responses and, accordingly, we express no opinion on the responses.

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

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

February 7, 2011



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the Water Revolving Fund of the State of Illinois, Environmental Protection Agency (Agency), as of and for the year ended June 30, 2010, and have issued our report thereon dated February 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Agency's internal control over financial reporting of the Water Revolving Fund as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

*A deficiency in internal control* 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 misstatements on a timely basis.

*A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting of the Water Revolving Fund that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and Agency management and is not intended to be and should not be used by anyone other than these specified parties.

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

February 7, 2011

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**CURRENT FINDINGS – STATE COMPLIANCE**

10-1 *Inadequate Maintenance of Employee Personnel Files*

The Agency did not adequately maintain employee personnel files. During our review of 60 employee personnel files, we noted the following:

- 24 of 60 (40%) employees tested did not have performance evaluations for the evaluation period tested. The time elapsed from the employee's previous performance reviews ranged from 12 to 64 months.
- 32 of 60 (53%) employee evaluations were performed after the due date. The time elapsed from the due date to the performance review approval date ranged from one to 353 days.

In addition, we also noted that seven (12%) employee files tested had either a missing Federal/Illinois W-4 card or signed withholding authorizations for credit union, college savings, or charities.

The Agency's Employee Handbook (Chapter 3) states that the employees are to be evaluated at least annually. The Illinois Administrative Code (Title 80, Subtitle B, 302.270) requires performance records to include an evaluation of employee performance prepared by each agency with such evaluation performed not less often than annually. In addition, prudent business practices require employee performance evaluations to be performed to communicate to employees the strengths and deficiencies in meeting their job responsibilities.

The State Salary and Annuity Withholdings Act (5 ILCS 365/4) permits an employee to authorize a portion of their salary for payment of premiums for life or health insurance, credit union, contribution to an institution of higher education, charitable contribution, and for payment of optional contributions to a retirement plan. The Comptroller's Statewide Accounting Management System (SAMS) procedure 23.20.30 directs the employee to complete a Payroll Deduction Authorization form for these types of deductions and SAMS procedure 23.20.05 requires that all State agencies must have on file a properly completed Federal/Illinois W-4 for all active employees.

Agency management stated that staff shortages and additional management assignments led to the Agency's inability to evaluate all employees in a timely manner. In addition, missing payroll deduction authorization cards may have been misplaced because of the relocation of the Fiscal Services office.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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

Performance evaluations are a systematic and uniform approach for the development of employees and communication of performance expectations to employees. Performance evaluations should serve as a foundation for salary adjustments, promotions, demotions, discharge, layoff and reinstatement decisions. Failure to maintain adequate employee payroll deduction records may result in inaccurate or unauthorized deductions. (Finding Code Nos. 10-1, 08-3, 06-1, 04-2, 02-1, 00-1, 99-4, 98-5, 96-7, 94-9)

***Recommendation***

We recommend the Agency comply with internal procedures, Administrative Code rules, and prudent business practices by performing annual evaluations for all employees in a timely manner. We also recommend the Agency ensure its personnel files contain all required payroll deduction and withholding documentation and obtain the missing documents from the employees.

***Agency Response***

Accepted. The Agency will continue to strive for timely completed performance evaluations. All required payroll deduction and withholding documentation found to be missing have been re-submitted by employees.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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

10-2 *Failure to Perform Quarterly Inspections on the Release of Radionuclides at Nuclear Power Plants*

The Agency, in cooperation with the Illinois Emergency Management Agency, failed to perform inspections on the release of radionuclides at nuclear power plants.

During our testing, we noted two quarterly inspections were not made for two of the six nuclear power plants in Illinois during fiscal year 2009. In addition, quarterly inspections for the first, second and fourth quarters of fiscal year 2010 for another two of the six nuclear power plants were not made.

The Environmental Protection Act (415 ILCS 5/13.6(d)) (Act) states the Agency and the Illinois Emergency Management Agency shall inspect each nuclear power plant for compliance no less than once each calendar quarter for release of radionuclides. This requirement was an amendment to the Act effective August 13, 2007.

Agency management indicated the exception in fiscal year 2009 was due to time constraints since there was a delay in the development of the framework on how to implement the mandate in 2008 and the proposed procedures were just adopted by the Pollution Control Board on May 1, 2008. During fiscal year 2010, the inspections were not performed due to lack of trained staff.

Failure to perform quarterly inspection on the release of radionuclides at nuclear power plants resulted in noncompliance with the Act. (Finding Code No. 10-2, 08-9)

***Recommendation***

We recommend the Agency ensure compliance with the provisions of the Act by performing the inspections of the release of radionuclides at nuclear power plants on a quarterly basis.

***Agency Response***

Accepted. The Agency has added one additional staff and provided training on inspections of nuclear power plants to all staff performing these inspections. The Agency has also made direct assignments to staff for all upcoming tritium inspections, and the Field Operations Section manager has been directed to monitor the progress on the inspections to ensure that the Agency meets the statutory requirements.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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

10-3 *Improper Records of State Property*

The Agency did not properly maintain records of State property.

In our physical identification of 20 items in the property control records, we noted the following:

- Four (20%) equipment items tested totaling \$22,393 were not found.
- One (5%) equipment item tested amounting to \$9,659 was not tagged with the Agency decal.
- Three (15%) equipment items tested totaling \$6,602 were found to be obsolete to the needs of the Agency and should have been considered transferable property.
- One (5%) equipment item tested amounting to \$10,010 had a serial number different from what was recorded in the property records.

During our tracing to the property control records of 20 equipment items physically identified, we noted the following:

- Three (15%) equipment items tested totaling \$972 were found to be obsolete to the needs of the Agency and should have been considered transferable property. The Agency could not provide the cost of one of the three equipment items.
- Two (10%) equipment items tested were not included in the Agency's property records.
- Two (10%) equipment items tested totaling \$3,639 were located but at a different location than was recorded on the property records.

During our review of 20 equipment deletions, we also noted that two stolen projectors totaling \$5,152 were still recorded in the property records.

The Agency subsequently updated the property control records as a result of the exceptions noted above.

The State Property Control Act (30 ILCS 605/4 and 6.02) requires the Agency to be accountable for the supervision, control and inventory of all property under its jurisdiction. In addition, the Statewide Accounting Management Systems (SAMS) Manual Procedure 29.10.10 requires agencies to maintain detailed property records, which should include tag number and location of item.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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

Agency management indicated the above exceptions were primarily due to oversight.

Failure to maintain accurate records of State property could lead to the misappropriation of assets and inaccurate financial reporting. (Finding Code No. 10-3)

***Recommendation***

We recommend the Agency improve controls over property management and maintain accurate records of State property.

***Agency Response***

Accepted. The Agency has updated inventory records as necessary to reflect status of equipment items noted and implemented improved procedures to track equipment that is moved from one location to another.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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

10-4 *Inadequate Controls Over Voucher Processing*

The Agency did not have adequate controls over voucher processing.

During our review of vouchers, we noted the following:

- Fifteen of 245 (6%) vouchers tested, totaling \$108,193, were approved for payment from one to 24 days late. The Illinois Administrative Code (74 Ill. Admin Code 900.70) requires an agency to review a bill and either approve or deny the bill in whole or in part within 30 days after physical receipt of the bill.
- In two of 25 (8%) travel vouchers tested, the vouchers were submitted six to nine days late. The Agency's Employee Handbook (Chapter 9-3c) states employees must submit travel vouchers within one month after the completion of the travel for which reimbursement is sought.
- In three of 270 (1%) vouchers tested, the vouchers were not properly coded with the correct expenditure detail object codes. SAMS Procedure 11.10.50 states the purpose of assigning a correct detail object code is to report expenditure information at a more refined level within a common object.
- In three of 270 (1%) vouchers tested, overpayments were made by the Agency. Two commodities vouchers were overpaid by \$509 due to payment of overruns (items received in excess of approved purchase order) at regular price. In addition, a purchase of vehicle parts and fittings amounting to \$2,971 was processed and paid twice by the Agency. Payments were issued to both the vendor and the Department of Central Management Services (DCMS). Subsequently, the Agency received a credit memo from DCMS to be applied to subsequent DCMS invoice(s). Good internal control requires a thorough review of all vouchers and comparison to supporting documents to ensure accuracy prior to approving the vouchers for payment.

Agency management indicated that the untimely approval of vouchers, delayed submission of travel vouchers and improper coding of expenditures were due to an oversight by those employees reviewing and processing these vouchers. In relation to overpayments, overruns have been historically paid by the Agency but they now realize that these should not have been paid. The overpayment on the purchase of vehicle parts was due to a misunderstanding between Agency personnel.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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

Inadequate controls over voucher processing may result in inaccurate voucher processing and is noncompliance with Agency procedures and State regulations. (Finding Code No. 10-4)

***Recommendation***

We recommend the Agency strengthen its controls over voucher processing to ensure accuracy and compliance with State and Agency regulations.

***Agency Response***

Accepted. The Agency will continue to strengthen controls over voucher processing by insuring that procedures are reviewed and revised as necessary to ensure compliance with State and Agency regulations.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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

10-5 *Failure to Update and Maintain Compliance Records for the Community Water Supplies (CWS) Treatment Services*

The Agency failed to update and maintain records on changes in CWS treatment services for proper classification.

During our testing of 25 CWS facilities, we noted the following:

- Two (8%) CWS facilities tested were not updated to show the proper level of classification required for that facility.
- Two (8%) CWS facilities tested showed that the Notification of Ownership, Responsible and Operational Personnel forms were not signed by either the owner or official custodian of the CWS facility.
- For eight (32%) CWS facilities tested, no written Agency approval was indicated on the agreement between the CWS facility and the operator.

The Public Water Supply Operations Act (Act) (415 ILCS 45/1) states that in order to safeguard the health and well being of the populace, every community water supply in Illinois shall have on its operational staff at least one natural person certified as competent as a water supply operator under the provisions of this Act subject to a class requirement.

The Act also states that a community water supply may satisfy the requirements of this Section by contracting the services of a properly qualified certified operator of the required class or higher. A written agreement to this effect must be on file with the Agency certifying that such an agreement exists, and delegating responsibility and authority to the contracted party. This written agreement shall be signed by both the certified operator to be contracted and the responsible community water supply owner or official custodian and must be approved in writing by the Agency.

Agency management indicated that the exceptions noted were due to lack of internal procedures for timely updating classifications resulting from treatment process upgrades and the processing of improperly signed Notification of Ownership, Responsible and Operational Personnel forms.

Failure to update and maintain records of the community water supplies treatment services resulted in noncompliance with the Act. (Finding Code No. 10-5)

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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

***Recommendation***

We recommend the Agency ensure compliance with the Act by performing timely update of the proper classification of community water supply facility and maintenance of required documentation.

***Agency Response***

Accepted. The Agency will work to improve internal communications between the drinking water permit section and operator certification section to ensure that treatment upgrades to CWS that impact the level of operators required will result in the proper re-classification of CWS. Agency procedures will be changed to ensure that all Notification of Ownership, Responsible and Operational Personnel forms are properly signed by either the owner or official custodian and approved in writing by the Agency, as appropriate.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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

10-6 *Failure to Notify the Public in Granting Provisional Variances*

The Agency failed to notify the public by issuing a press release for distribution to newspapers of general circulation in relation to granting provisional variances. Provisional variances are orders that only the Agency can issue to give a petitioner very short-term relief from an environmental regulation, usually in emergency situations.

We tested three of the ten (30%) provisional variances granted during the examination period and noted the Agency did not issue press releases for distribution to newspapers of general circulation in the counties where the provisional variances were sought.

The Environmental Protection Act (Act) (415 ILCS 5/37(b)) states that if the Agency grants a provisional variance, the Agency shall give prompt notice of its action to the public by issuing a press release for distribution to newspapers of general circulation in the county.

Agency management indicated the failure to issue press releases was due to requests for issuance not being forwarded to the Public Information Officer.

Publishing the provisional variances granted ensures the public is notified when relief of an environmental regulation in their area has been given by the Agency. (Finding Code No. 10-6)

***Recommendation***

We recommend the Agency comply with the Act by ensuring that press releases are distributed as required.

***Agency Response***

Accepted. The Agency will comply with the recommendation and take steps to ensure all press releases are issued for related provisional variance requests. This compliance will be achieved through implementation of a checklist calling for such a press release when any provisional variance action is taken.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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

10-7 *Lack of Industrial Hygiene Examining Board*

The Agency's Director appointed an Industrial Hygiene Examining Board (Board) as required by the Industrial Hygienists Licensure Act in October 1994. However, the Board has been inactive since then.

The Industrial Hygienists Licensure Act (Act) (225 ILCS 52/35) requires the Director of the Agency to appoint an Industrial Hygiene Examining Board consisting of five persons who shall serve in an advisory capacity to the Director. The Board shall be comprised of four certified or licensed industrial hygienists, one of whom shall serve as the chairperson, and one member of the public who is not regulated under this Act or a similar Act and who clearly represents consumer interests. The Act further states that the Board is charged with the duties and responsibilities of recommending to the Director the adoption of all policies, procedures, and rules which may be required or deemed advisable in order to perform the duties and functions conferred on the Board, the Director, and the Agency to carry out the provisions of this Act.

Agency management stated that a survey of the Licensed Industrial Hygiene (LIH) community was sent in August 2009 requesting willingness to serve on the Board and suggestions regarding how board meetings will be conducted. If responses are not sufficient, the Agency will move at a later date to change the law regarding the LIH Board.

Failure to appoint members and maintain an Industrial Hygiene Examining Board is noncompliance with the Act and could lead to inadequate administration or regulation of the profession. (Finding Code Nos. 10-7, 08-4, 06-2, 04-5)

***Recommendation***

We recommend the Agency comply with the Industrial Hygienists Licensure Act requirements or seek legislative remedy to the statutory requirement.

***Agency Response***

Accepted. The Agency will propose legislation that provides for the Industrial Hygiene Examining Board to meet upon the call of the Director.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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

10-8 *Noncompliance with the Annual Illinois Water Quality Reporting Requirements*

The Agency did not submit the 2009 and 2010 Lake Michigan water quality reports as required by the Rivers, Lakes and Streams Act.

The Rivers, Lakes and Streams Act (Act) (615 ILCS 5/14a) requires the Agency to submit a report on the water quality of Lake Michigan to the Governor and General Assembly on an annual basis.

Agency management stated they believed the Illinois Integrated Water Quality Report (IR) and Section 303(d) List, which incorporates a section regarding Lake Michigan water quality, submitted under federal regulation supported compliance with the annual report required by State statute.

Failure to submit the Lake Michigan water quality report on an annual basis is noncompliance with the Act and could prevent the proper preservation and utilization of Lake Michigan. (Finding Code Nos. 10-8, 08-5, 06-3, 04-6)

***Recommendation***

We recommend the Agency ensure the Lake Michigan water quality report is submitted to the Governor and General Assembly on an annual basis.

***Agency Response***

Accepted. The Agency will submit future Lake Michigan Water Quality Reports to the Governor and General Assembly on an annual basis.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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

10-9 *Noncompliance with the Environmental Laboratory Certification Assessment Program*

The Agency did not comply with the Environmental Laboratory Certification Assessment Program.

The Environmental Protection Act (Act) (415 ILCS 5/17.8) states that with the concurrence with the Environmental Laboratory Certification Committee (Committee), the Agency shall determine the assessment schedules for participation in the environmental laboratory certification program. It also states that on or before August 1 of each year, the Agency shall submit its assessment schedules determination and supporting documentation for the forthcoming year to the Committee. The Act also states that no member of the Committee shall serve more than two consecutive 3-year terms and the Committee shall hold at least two regular meetings each year.

During the examination period, the Agency did not submit the assessment schedules determination for participation in the environmental laboratory certification program and supporting documentation to the Committee.

In addition, the Agency failed to appoint new members of the Committee. The nine existing Committee members have served beyond the two consecutive three-year term limits. In addition, the Committee has not held two regular meetings annually since its last meeting in April 2002.

Agency management stated there was no submission or re-assessment made to the Committee since no changes to the 2002 schedule have been needed. This also resulted in the Committee not meeting in several years. Replacement appointments for expired terms have not been made since there was no need for the Committee to meet.

Failure to submit assessment schedules determination annually, appoint new members of the Committee, and not meeting at least twice annually resulted in noncompliance with the Act and may also result in noncurrent fees and inadequate consideration and evaluation of financial implications of current and future State and Federal requirements for certification of environmental laboratories. (Finding Code No. 10-9)

***Recommendation***

We recommend the Agency ensure it submits the assessment schedules determination, review appointment terms of Committee members, and ensure the Committee meets as required.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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

*Agency Response*

Accepted. The Agency will review the assessment fees. If a change in the assessment is necessary, the Agency will submit its recommendation to the Council.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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

10-10 *Community Water Supply Testing Council (Council) Did not Have a Sufficient Number of Council Members and Did Not Hold Regular Council Meetings*

The Council did not have a sufficient number of council members and did not meet as required.

The Council shall have the duties to consider fee determinations submitted by the Agency, consider appropriate means for long-term financial support of water supply testing, review and evaluate financial implications of current and future federal requirements for monitoring public water supplies and review and evaluate financial audit reports related to testing programs.

During our testing, the Council was not composed of 15 members as required. Since January 2007, the Council was deficient in membership representation creating three vacancies in the following categories:

- One member from the group of community water supplies
- One member from the group of investor-owned utilities
- One member representing municipalities and community water supplies in a Statewide position.

In addition, the Council had not held meetings at least twice annually during the examination period. The last meeting held by the Council was on February 8, 2007.

The Environmental Protection Act (Act) (415 ILCS 17.7(f)) states the Director of the Agency shall establish a Community Water Supply Testing Council consisting of five persons who are elected municipal officials, five persons representing community water supplies, one person representing the engineering profession, one person representing investor-owned utilities, one person representing the Illinois Association of Environmental Laboratories, and two persons representing municipalities and community water supplies on a Statewide basis. The Act further states that the Council shall hold at least two regular meetings each year.

Agency management indicated that during the February 8, 2007 meeting between the Council and the Agency, the community water supply testing program fee structure was agreed to reflect the Agency's actual costs which would be nonnegotiable, thus subsequent face-to-face meetings were not needed. The Agency provided cost analyses performed by a contractor to the Council via email for their review during the examination period.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

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

Failure to maintain the required number of Council membership and to hold the required meetings results in noncompliance with the Act. (Finding Code No. 10-10)

***Recommendation***

We recommend the Agency fill the vacancies in the Council and ensure that the Council holds the required number of meetings in order to comply with the Act.

***Agency Response***

Accepted. The Agency will propose legislation for the Council to meet upon the call of the Director to consider a change in the methodology of establishing fees charged to communities to have their drinking water supplies tested.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**PRIOR FINDINGS NOT REPEATED**

A. *Oversight of Financial Reporting*

During the previous engagement, the Illinois Environmental Protection Agency (Agency) did not identify errors in the Generally Accepted Accounting Principles (GAAP) Reporting Package or the draft financial statements provided to auditors.

It was recommended that the Agency review its current process for the preparation and review of the annual financial statements and allocate the technical resources necessary to ensure a thorough and timely review of the financial statements and disclosures.

Status: Implemented

During the current engagement, our audit testing did not disclose errors in the GAAP Reporting Package or the draft financial statements. (Finding Code Nos. 08-1, 07-1)

B. *Inadequate Controls Over Bank Reconciliation*

During the previous engagement, the Agency did not have adequate controls over its bank reconciliation process. Bank reconciliations were not prepared timely and did not have evidence of review and approval.

It was recommended that the Agency require bank reconciliations be prepared before the end of the following month. It was also recommended that a person independent of the preparer should indicate the review and approval of the bank reconciliations has occurred monthly to ensure accuracy and timeliness of preparation. The Agency should also consider cross-training of staff for back-up in case of vacation and/or absences.

Status: Implemented

During the current engagement, our sample testing disclosed that monthly bank reconciliations were reviewed, approved and prepared on a timely basis. (Finding Code No. 08-2)

C. *Lack of Water Pollution Control and Public Water Supply Committee Meetings*

During the previous engagement, the Agency did not ensure the committees for the clean and drinking water programs met on a periodic basis, or recurring intervals. The Water Pollution Control Program and the Public Water Supply Program committees had not met since 2003.

It was recommended that the Agency ensure the committees for clean and drinking water programs meet periodically or seek legislative remedy to the statutory requirement.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**PRIOR FINDINGS NOT REPEATED (Continued)**

Status: Implemented

During the current engagement, our testing disclosed that the newly convened committees met on April 20, 2010 and had scheduled five more committee meetings in fiscal year 2011. (Finding Code No. 08-6)

**D. *Failure to Update the Administrative Code to Reflect Increase in Fees***

During the previous engagement, the Agency did not update or revise the Illinois Administrative Code (Code) to reflect the increase or establishment of new permit fees, which became effective on July 1, 2003.

It was recommended that the Agency ensure the drafted rules are filed with the Joint Committee on Administrative Rules to reflect current statutes increasing permit fees.

Status: Implemented

During the current engagement, our testing disclosed that the Agency has updated the Illinois Administrative Code under Title 35: Environmental Protection, Chapter II: Environmental Protection Agency, to reflect the increase or establishment of fees. (Finding Code No. 08-7)

**E. *Noncompliance with the Site Remediation Program***

During the previous engagement, the Agency did not comply with the required timeframe to complete and communicate decisions to the remediation applicants on submitted plans and reports for review and approval under the Site Remediation Program.

It was recommended that the Agency ensure the submitted plans and reports are processed within the mandated timeframe to ensure compliance with the Environmental Protection Act. It was also recommended that written waivers or extension of deadlines should be documented and kept by the Agency in cases of appeals filed by remediation applicants.

Status: Implemented

During the current engagement, our testing disclosed that the plans and reports were reviewed and decisions were communicated within the required timeframe. (Finding Code No. 08-8)

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FUND 270 – WATER REVOLVING FUND**

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

The audit of the accompanying individual nonshared proprietary financial statements of the Water Revolving Fund of the State of Illinois, Environmental Protection Agency (Agency) was performed by E.C. Ortiz and Co., LLP.

Based on their audit, the auditors expressed an unqualified opinion on the Agency's individual nonshared proprietary financial statements of the Water Revolving Fund.



## INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the Water Revolving Fund of the State of Illinois, Environmental Protection Agency (Agency), as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the financial statements present only the Water Revolving Fund and do not purport to, and do not, present fairly the financial position of the Agency as of June 30, 2010, and its changes in financial position and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Water Revolving Fund of the Agency, as of June 30, 2010, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 7, 2011 on our consideration of the Agency's internal control over financial reporting of the Water Revolving Fund and on our tests of the Agency's compliance with certain provisions of laws, regulations, contracts and, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Agency has not presented a management's discussion and analysis and budgetary comparison information for the Water Revolving Fund that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, and Agency 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 AGENCY  
FUND 270 - WATER REVOLVING FUND  
INDIVIDUAL NONSHARED PROPRIETARY FUND

STATEMENT OF NET ASSETS

JUNE 30, 2010  
(amounts in \$000's)

	<u>Water Revolving Fund (270 Fund)</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 407,230
Securities lending collateral equity with State Treasurer	146,031
Loans and notes receivable	127,387
Other receivables	13,160
Due from federal government	46,352
Due from component unit	395
Other current assets	102
Restricted assets - accrued interest receivable	1,693
Restricted assets - loans receivable	34,393
Total current assets	<u>776,743</u>
Noncurrent assets	
Loans and notes receivable, net of current portion	1,477,055
Restricted assets - loans receivable, net of current portion	252,349
Capital assets, net of accumulated depreciation	168
Other noncurrent assets	432
Total noncurrent assets	<u>1,730,004</u>
<b>TOTAL ASSETS</b>	<u>2,506,747</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable and accrued liabilities	39
Due to local governments	45,532
Due to other funds	115
Obligations under securities lending of State Treasurer	146,031
Compensated absences	28
Leases payable	4
Total current liabilities	<u>191,749</u>
Noncurrent liabilities	
Long-term obligations	75,505
Compensated absences	1,516
Leases payable	3
Total noncurrent liabilities	<u>77,024</u>
<b>TOTAL LIABILITIES</b>	<u>268,773</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	161
Restricted for:	
Debt service	288,435
Other purposes	1,765,630
Unrestricted	183,748
<b>TOTAL NET ASSETS</b>	<u>\$ 2,237,974</u>

See accompanying notes to financial statements

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FUND 270 - WATER REVOLVING FUND  
INDIVIDUAL NONSHARED PROPRIETARY FUND**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2010**

(amounts in \$000's)

	<b>Water Revolving Fund (270 Fund)</b>
<b>OPERATING REVENUES</b>	
Interest income on loans - unpledged	\$ 41,492
Interest income on loans - pledged	3,448
Total operating revenues	44,940
 <b>OPERATING EXPENSES</b>	
General and administrative	15,922
ARRA principal forgiveness	93,640
Depreciation	51
Total operating expenses	109,613
 <b>OPERATING LOSS</b>	(64,673)
 <b>NONOPERATING REVENUES</b>	
Interest and investment income	2,808
Other nonoperating revenues	193,723
Total nonoperating revenues	196,531
 <b>NONOPERATING EXPENSES</b>	
Interest	3,770
Other nonoperating expenses	61
Total nonoperating expenses	3,831
 <b>INCREASE IN NET ASSETS</b>	128,027
Transfers-in	421
Transfers-out	(5)
<b>CHANGE IN NET ASSETS</b>	128,443
 <b>NET ASSETS, BEGINNING OF YEAR</b>	2,109,531
 <b>NET ASSETS, END OF YEAR</b>	\$ 2,237,974

See accompanying notes to financial statements

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FUND 270 - WATER REVOLVING FUND  
INDIVIDUAL NONSHARED PROPRIETARY FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2010  
(amounts in \$000's)

	<u>Water Revolving Fund (270 Fund)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash payments to employees for services	\$ (13,024)
Other payments	(2,682)
Net cash used in operating activities	<u>(15,706)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Operating grants received	153,337
Interest and principal paid on borrowing	(14,870)
Transfers-in from other funds	421
Transfers-out to other funds	(5)
Net cash provided by noncapital financing activities	<u>138,883</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	(36)
Principal paid on capital lease	(6)
Net cash used in capital and related financing activities	<u>(42)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and investment income	48,566
Loans disbursed to governmental units	(314,844)
Loans repaid by governmental units	134,092
Net cash used in investing activities	<u>(132,186)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(9,051)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>416,281</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 407,230</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (64,673)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	51
ARRA principal forgiveness	93,640
Interest income	(44,940)
Change in assets and liabilities:	
Decrease in accounts payable and accrued liabilities	(48)
Decrease in intergovernmental payables	(1)
Increase in due to other funds	57
Increase in compensated absences	208
Net cash used in operating activities	<u>\$ (15,706)</u>

See accompanying notes to financial statements

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FUND 270 – WATER REVOLVING FUND**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010  
(amounts in \$000's)**

**1. Description of Funds**

The Environmental Protection Agency (Agency) administers the nonshared proprietary fund – Water Revolving Fund. A nonshared fund is a fund in which a single State agency is responsible for administering substantially all financial transactions of the fund.

The Water Revolving Fund held by the State Treasurer consists of the Water Pollution Control Loan Program (“Clean Water Program”) established under authority granted in the Water Quality Act of 1987, which amended the Clean Water Act of 1972 and the Public Water Supply Loan Program (“Drinking Water Program”) established under authority granted in the Federal Safe Drinking Water Act Amendments of 1996.

The Clean Water Program is administered by the Agency pursuant to the Illinois Environmental Protection Act, as supplemented and amended. The Clean Water Program was established as a revolving fund to accept federal capitalization grants, the required 20% State match and any proceeds of revenue bonds for the purpose of making low interest loans to units of local government to finance the construction of wastewater treatment works.

The Drinking Water Program is administered by the Agency pursuant to the Illinois Environmental Protection Act to accept federal capitalization grants, the required 20% State match and any proceeds of revenue bonds for the purpose of making low interest loans to units of local government and certain private community water supplies to finance the construction of public water facilities.

**2. Summary of Significant Accounting Policies**

The financial statements of the individual nonshared proprietary fund administered by the Agency have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate the understanding of data included in the financial statements, summarized below are the more significant accounting policies.

Reporting Entity: As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FUND 270 – WATER REVOLVING FUND**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010  
(amounts in \$000's)**

**2. Summary of Significant Accounting Policies (Continued)**

- (1) Appointment of a voting majority of the component unit's board and either (a) the primary government's ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- (2) Fiscal dependency on the primary government.

Based upon the required criteria, the individual nonshared proprietary fund does not have component units, nor is it a component unit of any other entity. However, because the individual nonshared proprietary fund is not legally separate from the State of Illinois (State), it is included in the financial statements of the State as a proprietary fund. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams Street, Springfield, Illinois, 62704-1871.

The financial statements present only the Water Revolving Fund (270) administered by the Illinois Environmental Protection Agency and do not purport to, and do not, present fairly the financial position of the Illinois Environmental Protection Agency as of June 30, 2010, and the changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation: In government, the basic accounting and reporting entity is a fund. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. A statement of net assets, statement of revenues, expenses, and changes in net assets and statement of cash flows have been presented for the individual nonshared proprietary fund administered by the Agency.

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FUND 270 – WATER REVOLVING FUND**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010  
(amounts in \$000's)**

**2. Summary of Significant Accounting Policies (Continued)**

Basis of Accounting: The individual nonshared proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Agency gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and entitlements. Revenue from grants, entitlements, and similar items is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the individual nonshared proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The State also has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The State has elected not to follow subsequent private-sector guidance as for the individual nonshared proprietary fund administered by the Agency.

Cash and Cash Equivalents: Cash and cash equivalents consist principally of deposits held in the State Treasury. Cash and cash equivalents also include cash in banks for locally-held funds.

Interfund Transactions: The individual nonshared proprietary fund has the following types of interfund transactions with other funds of the State:

*Loans* - amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e. due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds.

*Services provided and used* - sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund statement of net assets.

**STATE OF ILLINOIS  
 ENVIRONMENTAL PROTECTION AGENCY  
 FUND 270 – WATER REVOLVING FUND**

**NOTES TO FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2010  
 (amounts in \$000's)**

**2. Summary of Significant Accounting Policies (Continued)**

*Reimbursements* - repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

*Transfers* - flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. Transfers are reported after nonoperating revenues and expenses.

Restricted Assets - Loans Receivable: Under the bond agreements, the repayments of certain loans to municipalities and water districts are pledged against the bond payments. The repayments of those loans are collected in a separate trust account and are used to make bond payments.

Capital Assets: Capital assets, which include equipment, are reported at cost. Contributed assets are reported at estimated fair value at the time received. Capital assets are depreciated using the straight-line method.

The capitalization threshold and the estimated useful lives are as follows:

<u>Capital Asset Category</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Equipment	\$ 5	3-25

Compensated Absences: The liability for compensated absences reported in the individual nonshared proprietary fund consists of unpaid, accumulated vacation and sick leave balances for Agency employees. The liability has been calculated using the vesting method, in which leave amounts for employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary-related costs (e.g. social security and Medicare tax).

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FUND 270 – WATER REVOLVING FUND

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010  
(amounts in \$000's)

2. **Summary of Significant Accounting Policies (Continued)**

Legislation that became effective January 1, 1998, capped the paid sick leave for all State Employees' Retirement System members at December 31, 1997. Employees continue to accrue 12 sick days per year but will not receive monetary compensation for any additional time earned after December 31, 1997. Sick days earned between 1984 and December 31, 1997, (with a 50% cash value) would only be used after all days with no cash value are depleted. Any sick days earned and unused after December 31, 1997, will be converted to service time for purposes of calculating employee pension benefits.

Net Assets: Equity is displayed in three components as follows:

*Invested in Capital Assets, Net of Related Debt* - this consists of capital assets, net of accumulated depreciation and related debt.

*Restricted* - this consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first, and then unrestricted resources when they are needed.

*Unrestricted* - this consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. **Cash and Cash Equivalents**

The State Treasurer is the custodian of the State's cash and cash equivalents for funds maintained in the State Treasury. The Agency independently manages cash and cash equivalents maintained outside the State Treasury.

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ENVIRONMENTAL PROTECTION AGENCY  
FUND 270 – WATER REVOLVING FUND**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010  
(amounts in \$000's)**

**3. Cash and Cash Equivalents (Continued)**

Deposits in the custody of the State Treasurer (or in transit) at June 30, 2010, were \$395,175. Deposits in the custody of the State Treasurer are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11).

Funds held by the State Treasurer have not been categorized as to credit risk because the Agency does not own individual securities. Details on the nature of these investments are available within the State of Illinois' Comprehensive Annual Financial Report.

Custodial credit risk is the risk that, in the event of a bank failure, the Agency's deposits might not be recovered. The Agency does not have a deposit policy for custodial credit risk. As of June 30, 2010, none of the bank balances of \$12,055 held outside the State Treasury was exposed to custodial credit risk.

**4. Securities Lending Transaction**

Under the authority of the Treasurer's published investment policy that was developed in accordance with the State statute, the State Treasurer lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. The State Treasurer has, through a Securities Lending Agreement, authorized Deutsche Bank Group to lend the State Treasurer's securities to broker-dealers and banks pursuant to a form of loan agreement.

During fiscal year 2010, Deutsche Bank Group lent U.S. agency securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregate market value of the loaned securities. Loans are marked to market daily. If the market value of collateral falls below 100%, the borrower must provide additional collateral to raise the market value to 100%.

The State Treasurer did not impose any restrictions during the fiscal year on the amount of the loans of available, eligible securities. In the event of borrower default, Deutsche Bank Group provides the State Treasurer with counterparty default indemnification. In addition, Deutsche Bank Group is obligated to indemnify the State Treasurer if Deutsche Bank Group loses any securities, collateral or investments of the State Treasurer in Deutsche Bank Group's custody. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or Deutsche Bank Group.

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FUND 270 – WATER REVOLVING FUND**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2010**

**(amounts in \$000's)**

**4. Securities Lending Transaction (Continued)**

During the fiscal year, the State Treasurer and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank Group and marked to market daily at no less than 102%.

Because the loans are terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The State Treasurer had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent.

In accordance with GASB Statement No. 28, paragraph 9, the State Treasurer has allocated the assets and obligations at June 30, 2010, arising from securities lending agreements to the various funds of the State. The securities lending collateral invested in repurchase agreements allocated to the Water Revolving Fund was \$146,031 as of June 30, 2010.

**5. Loans and Notes Receivable**

Loans and notes receivable consist of loans made to local governments for infrastructure programs.

Each loan to a participant for an eligible project from funds in the Clean Water Program or the Drinking Water Program is evidenced by a Loan Agreement. In each Loan Agreement, the Agency agrees to make a loan in an amount up to the maximum amount provided in the Loan Agreement. Funds are disbursed to a participant only to pay eligible project costs that actually have been incurred by the participant, and the amount of a loan is generally equal to the aggregate of such disbursed amounts, although in certain instances such amount may also include capitalized interest. The actual amounts loaned to participants will generally depend upon the actual progress of construction on the related projects.

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FUND 270 – WATER REVOLVING FUND**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2010**

**(amounts in \$000's)**

**5. Loans and Notes Receivable (Continued)**

Each Loan Agreement specifies a date as of which the Project is required to initiate operation (“Operation Initiation Date”). Amortization of each Loan is required to begin no later than one year from the earlier of the Operation Initiation Date or the date identified in the Loan Agreement as the initiation of loan repayment date (“Initiation of Loan Repayment Date”). The final maturity of each loan is not later than 20 years from the earlier of the Operation Initiation Date or the Initiation of Loan Repayment Date. Each Loan Agreement permits prepayment of all or a portion of the balance of the loan, without premium. Most of the Loan Agreements provide for semi-annual principal and interest payments, with the actual dates of repayment varying from Loan Agreement to Loan Agreement, with a few Loan Agreements providing for quarterly or annual principal and interest payments.

**Fixed Loan Rate:** The Agency assigns to each loan a fixed loan rate at the time a loan is made to the participant. For loans financed prior to the inception of the American Recovery and Reinvestment Act (ARRA), the fixed loan rate is comprised of an interest portion and a loan support portion and is computed by using the mean interest rate of the 20-year Tax-Exempt Bonds General Obligation Bond Buyer Index, as published weekly by The Bond Buyer, from July 1 to June 30 of the preceding fiscal year rounded to the nearest 100th of a percent and multiplied by 50 percent. There is no maximum, but the minimum fixed loan rate is 2.5% per annum. Those loans financed with ARRA funds bear an interest rate of 0.0%. The interest rates on the loans currently outstanding are between 0.0% to 3.75%.

**Security for Loans:** Generally, the repayment obligations of each participant will either be (i) secured by the revenues generated by its wastewater or drinking water system or (ii) a general obligation of the participant. The Agency conducts an analysis as part of its loan review process to determine the appropriate security for a loan and upon making such determination, the participant evidences its obligation under the loan agreement and grants the security determined by the Agency by adopting a bond ordinance or resolution or similar authorization in accordance with State law. In certain instances, a participant may issue revenue bonds, general obligation bonds or other obligations, as applicable, to evidence its repayment obligations.

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**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010  
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**5. Loans and Notes Receivable (Continued)**

Estimated minimum repayments of the loans receivable and interest thereon, are as follows:

<u>Year ending June 30</u>	
2011	\$ 161,780
2012	159,897
2013	152,455
2014	143,620
2015	137,226
2016-2020	595,846
2021-2025	385,452
2026-2029	<u>99,665</u>
	<u>\$1,835,941</u>

In addition, outstanding loans of \$953,207 have not been scheduled for repayment.

Restricted Loans Receivable

At June 30, 2010, \$286,742 of loans receivable were pledged as security for the revenue bonds outstanding (see Note 8). The principal and interest received during the fiscal year from these loans is to be used to make the annual debt service payments on the revenue bonds. During the year ended June 30, 2010, the Fund received \$36,678 and \$3,910 of principal and interest, respectively, on these loans. Any excess of the principal and interest received over the debt service payments required and the required debt service reserve accounts is released from restriction at the time of a bond payment.

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**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010  
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**5. Loans and Notes Receivable (Continued)**

Loan Commitments and Concentrations

Per the Department of Central Management Services Procedures and Requirements for Determining Loan Priorities (35 Illinois Administrative Code, Section 366.105: Funding Allocations), loan funds available from State and Federal appropriations during the capitalization period authorized by the Clean Water Act to capitalize the Clean Water portion of the fund will be subject to an equal division between the service area of the Metropolitan Water Reclamation District of Greater Chicago (MWRDGC) and the area which is comprised of the geographical balance of the State of Illinois, to the extent that projects in either area in any fiscal year have qualified to receive loan assistance and are ready to proceed in accordance with the criteria for loan award. The service area of MWRDGC also includes several municipalities that may receive loans directly from the fund. Any imbalance in the division of the total loan funds shall be carried forward from year to year and shall be applied as projects are able to complete a loan application to achieve an accumulatively equal distribution. Currently, 41.7% of loan funds made under the Clean Water Program have been made to MWRDGC and municipalities in its service area.

As of June 30, 2010, the outstanding balance of loans to MWRDGC amounted to \$499,112 which exceeds 5% of total loans receivable of the fund. This represents approximately 27% of total loans receivable.

Principal Forgiveness

As of June 30, 2010, the Federal loan commitments included ARRA federal funds of \$256,781, of which \$129,034 will be forgiven. ARRA principal forgiveness loans are forgiven as disbursed, but must be repaid if the recipient fails to meet ARRA requirements.

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FUND 270 – WATER REVOLVING FUND**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010  
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**6. Interfund Balances and Activity**

Balances Due to/from Other Funds: The following balances at June 30, 2010, represent amounts due to other Agency and State of Illinois funds:

Due to Central Management Services for:	
Facilities management revolving payments	\$ 90
Communications revolving payments	20
Group insurance premium payments	<u>4</u>
	114
Due to Court of Claims	<u>1</u>
Total Due to Other Funds	<u>\$ 115</u>

**7. Capital Assets**

Capital asset activities for the year ended June 30, 2010, were as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Capital assets being depreciated:				
Equipment	\$ 448	\$ 36	\$ 75	\$ 409
Capital lease – equipment	<u>6</u>	<u>10</u>	<u>5</u>	<u>11</u>
	454	46	80	420
Less: accumulated depreciation	<u>220</u>	<u>51</u>	<u>19</u>	<u>252</u>
Total capital assets being depreciated	<u>\$ 234</u>	<u>\$ (5)</u>	<u>\$ 61</u>	<u>\$ 168</u>

**8. Long-Term Obligations**

Changes in Long-Term Obligations: Changes in long-term obligations for the year ended June 30, 2010, were as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Amounts Due Within One Year
Due to Illinois Finance Authority	\$ 86,722	\$ 3,653	\$ 14,870	\$ 75,505	\$ -
Compensated absences	1,336	713	505	1,544	28
Capital leases	<u>3</u>	<u>10</u>	<u>6</u>	<u>7</u>	<u>4</u>
	<u>\$ 88,061</u>	<u>\$ 4,376</u>	<u>\$ 15,381</u>	<u>\$ 77,056</u>	<u>\$ 32</u>

**STATE OF ILLINOIS  
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**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010  
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**8. Long-Term Obligations (Continued)**

Due to Illinois Finance Authority: The Illinois Finance Authority (IFA), a nonmajor component unit of the State of Illinois, issued \$280,000 State of Illinois Revolving Fund Revenue Bonds (Bonds), Series 2002 and 2004. The proceeds (including bond premiums of \$16,400) were deposited in the Water Revolving Fund for the purpose of making loans pursuant to the Clean Water Program and the Drinking Water Program. Prior to the issuance of these revenue bonds, the Agency sold and assigned certain loans outstanding related to the Clean Water Program and the Drinking Water Program to the IFA and pledged the loans to secure payment of the bonds. Of the total outstanding loans at June 30, 2010, \$286,742 have been pledged for repayment of the Bonds. The bond trustee is entitled to receive all principal and interest due on these pledged loans. Any loans funded with the proceeds from the bonds are not pledged to the bond trustee and are not deemed to be pledged loans.

The Bonds are to be repaid from a) payments made pursuant to the pledged loans, b) the income derived from the investment of moneys held in funds and accounts established under the bond indentures and c) moneys held in the debt service fund, the reserve fund and other funds and accounts held by the trustee under the bond indentures and available for payment. The reserve accounts are in the name of the IFA. The reserve accounts are required to contain an amount equal to one-half the amount of the outstanding balance of the bonds. As a result, the Water Revolving Fund has recorded an obligation to repay the remaining one-half of the outstanding balance of the bonds, adjusted for excess amounts held by IFA, and for bond premium. Total principal remaining on the bonds as of June 30, 2010 is \$165,830, payable through 2024. The balance of the unamortized premium on the bonds at June 30, 2010 is \$4,998. The Agency has also committed to paying approximately one-half the interest on the bonds, with interest rates ranging from 3.25% to 5.50%.

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**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010  
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**8. Long-Term Obligations (Continued)**

The amounts required to repay the obligation due to IFA are as follows:

<u>Year Ending June 30</u>	<u>Obligation</u>	<u>Interest</u>
2011	\$ -	\$ 4,215
2012	7,345	3,713
2013	9,278	3,204
2014	8,450	2,730
2015	7,800	2,296
2016-2020	33,027	5,569
2021-2024	4,607	330
	<u>\$ 70,507</u>	<u>\$ 22,057</u>

**9. Net Assets**

Net assets at June 30, 2010, are restricted for:

United States Environmental Protection Agency (U.S. EPA) Capitalization Grants	\$ 1,387,649
U.S. EPA ARRA Capitalization Grants	92,880
	<u>1,480,529</u>
State match	285,101
Subtotal net assets restricted for other purposes	<u>1,765,630</u>
Debt service	288,435
Total restricted net assets	<u>\$ 2,054,065</u>

U.S. EPA Capitalization Grants and State Match: The Water Revolving Fund was created pursuant to the Clean Water Act and Safe Drinking Water Act and established to provide financial assistance in the form of loans. In order to qualify for Federal Capitalization Grants, the state must pay into the Revolving Fund a matching amount equal to at least 20% of the amount of such grants (State Match). These funds are restricted for the purpose of making low interest loans from the Fund.

Debt Service: The amount restricted for debt service consists of loans receivable pledged and related interest receivable pursuant to the sale of revenue bonds in 2002 and 2004 (see Note 8).

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**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2010**

**(amounts in \$000's)**

**10. Capitalization Grants**

The Agency has entered into Capitalization Grant Agreements with the U.S. EPA to administer the Waste Water and Drinking Water Loan Programs, jointly the Water Revolving Fund (270). Pursuant to these Capitalization Grant Agreements, \$1,411,412 for Waste Water and \$478,186 for Drinking Water have been made available to be drawn (pursuant to state matching requirements being met) on the Capital Grant facility at June 30, 2010, with respect to costs in connection with loans made under the Waste Water and Drinking Water Loan Programs.

The remaining Capital Grant Facility as of June 30, 2010, is summarized below:

	<u>Waste Water</u>	<u>Drinking Water</u>	<u>Total</u>
Total Capital Grants	\$ 1,411,412	\$ 478,186	\$ 1,889,598
Less: Cumulative drawdowns	<u>(1,216,887)</u>	<u>(349,731)</u>	<u>(1,566,618)</u>
Capital Grant Facility	<u>\$ 194,525</u>	<u>\$ 128,455</u>	<u>\$ 322,980</u>

Included in the above table are the following amounts awarded under the ARRA:

Total ARRA grants	\$ 177,243	\$ 79,538	\$ 256,781
Less: Cumulative drawdowns	<u>(92,121)</u>	<u>(48,868)</u>	<u>(140,989)</u>
Remaining ARRA amounts to be drawn	<u>\$ 85,122</u>	<u>\$ 30,670</u>	<u>\$ 115,792</u>

**11. General and Administrative Costs**

The Agency is authorized to utilize up to 4% of the total Clean Water Capitalization Grants received for administration of the loan program. In order to allow the maximum amount of grant dollars for loan disbursements, the Agency currently funds administrative costs for the Clean Water Program from sources other than the grant. The Drinking Water Grant Program sets aside and restricts 4% of each grant for the administrative costs of running the program. As of June 30, 2010, the Agency had \$3,870 to fund future administration costs of the Drinking Water Program.

The Agency also charges a loan support fee. This loan support fee is used to defray program expenses and for state match on federal grants. Loan support fees are collected, deposited and held in the Water Revolving Fund. This fee cannot exceed 50% of the fixed loan rate.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FUND 270 – WATER REVOLVING FUND**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010  
(amounts in \$000's)**

**11. General and Administrative Costs (Continued)**

The Agency is also authorized to use a portion of each capitalization for specific set-asides authorized under Federal Statutes.

The Administrative Revenues and Expenses reported in the Water Revolving Fund for the year ended June 30, 2010, are as follows:

Revenues	
Administrative grants	\$ 1,419
Loan Support	<u>21,468</u>
	<u>22,887</u>
Expenses	
Payroll and insurance	13,024
Other general expenses	<u>2,898</u>
	<u>15,922</u>
Excess of revenues over expenses	<u>\$ 6,965</u>

**12. Pension Plan**

Substantially all of the Agency's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois reporting entity. The SERS is a single-employer defined benefit public employee retirement system (PERS) in which State employees participate, except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. The financial position and results of operations of the SERS for fiscal year 2010 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2010. The SERS issues a separate CAFR that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255.

A summary of SERS benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the SERS' CAFR. Also included is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FUND 270 – WATER REVOLVING FUND**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2010**

**(amounts in \$000's)**

**12. Pension Plan (Continued)**

The Agency pays employer retirement contributions in the individual nonshared proprietary funds based upon an actuarially determined percentage of their payrolls. For fiscal year 2010, the employer contribution rate was 28.377%. Effective for pay periods beginning after December 31, 1991, the State opted to pay the employee portion of retirement for most State agencies (including the Agency) with employees covered by the State Employees' and Teachers' Retirement Systems. However, effective with the fiscal year 2004 budget, the State opted to stop paying the portion or a part of the portion of retirement for many State agencies (including the Agency) for certain classes of employees covered by the State Employees' and Teachers' Retirement Systems. The pick-up, when applicable, is subject to sufficient annual appropriations and those employees covered may vary across employee groups and State agencies.

**13. Post-employment Benefits**

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Healthcare and Family Services (DHFS) along with the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes five thousand dollars.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
FUND 270 – WATER REVOLVING FUND**

**NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2010**

**(amounts in \$000's)**

**13. Post-employment Benefits (Continued)**

The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents. A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the DHFS. A copy of the financial statements of the DHFS may be obtained by writing to the DHFS, 201 South Grand Avenue, Springfield, Illinois, 62763-3838.

**14. Contingencies**

The Agency is involved in a number of legal proceedings and claims covering a wide range of matters. The ultimate results of these lawsuits and other proceedings against the Agency cannot be predicted with certainty; however, the Agency does not expect such matters to have a material effect on the financial position of the Agency.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
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 Expenditures of Federal Awards (SEFA) and Notes to SEFA
  - Fiscal Year 2010
  - Fiscal Year 2009
- Schedule of Net Appropriations, Expenditures and Lapsed Balances By Fund
  - Fiscal Year 2010
  - Fiscal Year 2009
- Schedule of Net Appropriations, Expenditures and Lapsed Balances By Division By Fund
  - Fiscal Year 2010
  - Fiscal Year 2009
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances Appropriated and Non-Appropriated Funds
- Comparative Schedule of Expenditures by Type
- 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 Fiscal Year 2010
- Analysis of Accounts Receivable Fiscal Year 2009

- Analysis of Operations:

- Agency Functions and Planning Program
- Average Number of Employees
- 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  
ENVIRONMENTAL PROTECTION AGENCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010  
(in thousands)**

Federal Grantor/ Pass-through Agency Program Title	Federal CFDA Number	Grant I.D. Number	Total Program Expenditures	Sub-Recipient Payments
<b><u>U.S. Environmental Protection Agency</u></b>				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034			
National Air Toxics Monitoring		XA-00E16902	\$ 78	\$ -
National Air Toxics Monitoring (Great Lakes Commission)		MOAIL-9	6	-
103 PM 2.5 Monitoring Grant		PM98577102	859	-
			943	-
National Clean Diesel Funding Assistance Program	66.039			
Air Illinois Green Fleets (AP61)		2A-00E85901	507	-
ARRA Midwest Clean Diesel		2A-00E85901	2,332	-
			2,839	-
State Clean Diesel Grant Program	66.040			
State Clean Diesel		DS00E65701	53	-
ARRA State Clean Diesel		2D00E83401	538	-
			591	-
State Environmental Justice Cooperative Agreement Program				
Illinois/SEJCA - E. St. Louis Lead Paint Outreach	66.312	AJ83436301	36	-
Water Pollution State, Interstate, and Tribal Program Support	66.419			
06 106 Monitoring		100E24007	167	40
Water Quality Management Planning	66.454			
08 604 B		C6995911-08	215	114
09/10 604 B		C6995911-09	47	-
ARRA 604 B		2P00E78101	558	289
			820	403
Nonpoint Source Implementation Grants	66.460			
04 319 (h)		C9995200-04	137	88
05 319 (h)		C9995200-05	2,361	435
05 319 TMDL		C9965770-01	5	-
06 319 (h)		C9995010-06	2,745	2,331
07 319 (h)		C9995010-07	1,390	1,270
08 319 (h)		C9995200-06	1,742	1,380
09 319 (h)		C9995200-09	1,177	1,177
			9,557	6,681
Water Quality Cooperative Agreements	66.463			
05 104B NPDES		CP97511301	21	-
Great Lakes Program	66.469			
Great Lakes NPO		GL00E06801-1	64	-

See accompanying Notes to Schedule of Expenditures of Federal Awards

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010  
(in thousands)**

Federal Grantor/ Pass-through Agency Program Title	Federal CFDA Number	Grant I.D. Number	Total Program Expenditures	Sub-Recipient Payments
State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	66.471			
Water Operator Certification		CT975609-01	\$ 596	\$ 160
Water Protection Grants to the States	66.474			
06 Water Counter Terrorism		WP97520002	297	141
Performance Partnership Grants	66.605			
Performance Partnership Agreement FY09		BG985428-09	5,029	103
Performance Partnership Agreement FY10		BG985428-10	15,047	50
			<u>20,076</u>	<u>153</u>
Environmental Information Exchange Network Grant Program and Related Assistance	66.608			
05 Environmental Information Exchange		OS83258501	27	-
07 Environmental Information Exchange		OS83347401	12	5
			<u>39</u>	<u>5</u>
Environmental Policy and Innovation Grants	66.611			
Environmental Policy & Innovation		PI96548101	17	-
Pollution Prevention Grants Program	66.708			
Metal Working Fluids		NP00E01101	36	-
Superfund State, Political Subdivision, and Indian Tribe Site_Specific Cooperative Agreements	66.802			
SE rockford 9,10,11		V96558501	42	-
09/10 Site Assessment		V00E18102	945	-
Beloit		V96582701	274	-
South East Rockford Groundwater		V965651-01	961	-
Jennison Wright Superfund		V965480-01	2,933	-
SE Rockford Area 7		V965588-01	83	-
Superfund Block Grant III		V965443-01	345	-
LaSalle RA II		78301*9TFA5AFR98	2,678	-
			<u>8,261</u>	<u>-</u>
Leaking Underground Storage Tank Trust Fund	66.805			
09/10 LUST		LS97515709	2,918	-
ARRA LUST		2L00E83901	2,037	-
			<u>4,955</u>	<u>-</u>
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809			
09/10 Core		VC00E18002	336	-
State and Tribal Response Program Grants	66.817			
09 Brownfields 128 (a)		RP965079-04	2	-
10 Brownfields 128 (a)		RP965079-05	1,046	-
			<u>1,048</u>	<u>-</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010  
(in thousands)**

Federal Grantor/ Pass-through Agency Program Title	Federal CFDA Number	Grant I.D. Number	Total Program Expenditures	Sub-Recipient Payments
Brownfields Assessment and Cleanup Cooperative Agreements	66.818			
Brownfields Loan		BF00E471-01	\$ 225	\$ -
Capitalization Grants for Clean Water State Revolving Funds	66.458			
09 Clean Water ARRA Loan		2W00E77501	92,121	92,121
Capitalization Grants for Drinking Water State Revolving Funds	66.468			
06 State Water Revolving Fund		FS985777-06	9,913	9,445
07 State Water Revolving Fund		FS985777-07	3,048	2,103
09 Drinking Water ARRA Loan		2F00E77701	48,868	48,868
			<u>61,829</u>	<u>60,416</u>
<b>Total U.S. Environmental Protection Agency</b>			<u>204,874</u>	<u>160,120</u>
<b>Department of Homeland Security</b>				
Homeland Security Biowatch Program	97.091			
Bio-Watch		2006-ST-091-000025	2,102	-
<b>Total Department of Homeland Security</b>			<u>2,102</u>	<u>-</u>
<b>Department of Defense</b>				
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113			
09/10 DSMOA Cooperative Agreement		W912DY-08-2-0117	1,063	-
<b>Total Department of Defense</b>			<u>1,063</u>	<u>-</u>
<b>Department of Interior</b>				
State Memorandum Agreement	15.xxx			
Crab Orchard		301810J022	(24)	-
<b>Total Department of Interior</b>			<u>(24)</u>	<u>-</u>
<b>Grand Totals</b>			<u>\$ 208,015</u>	<u>\$ 160,120</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 1 – GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the State of Illinois Environmental Protection Agency (Agency). A general description of the reporting entity can be found in Note 1 of the Fund 270 - Water Revolving Fund financial statements and within the State of Illinois Comprehensive Annual Financial Report. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams Street, Springfield, Illinois 62704-1871. Federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, are included in this schedule.

**NOTE 2 - BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards was prepared on a cash basis of accounting.

**NOTE 3 - INDIRECT COSTS**

In accordance with Attachment A to the Office of Management and Budget Circular A-87 "Cost Principles for State and Local Governments", rates have been established by the Agency in allocating indirect costs to federal programs. The Agency's federal cognizant agency, the United States Environmental Protection Agency has approved the following indirect cost rates for fiscal year 2010:

<u>Division</u>	
Land Pollution Control	36.51%
Water Pollution Control	26.44%
Bureau of Air	20.57%
All Other Divisions	11.41%

The purpose of an indirect cost reimbursement rate is to provide funding for allowable program costs that, by definition, are incurred for a common or joint purpose and are not readily assignable to the specific cost objectives benefited without effort disproportionate to the results achieved. The Agency considers indirect cost reimbursements to be federal funds and deposits all indirect cost recoveries into the U.S. Environmental Protection Fund.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4 – NEGATIVE CURRENT YEAR EXPENDITURES**

The fiscal year 2010 expenditures for CFDA Number 15.xxx had negative expenditures for an individual grant as a result of an overdraw of grant funds for an individual grant.

**NOTE 5 - CAPITALIZATION GRANT PAYMENTS**

Payments to municipalities were made from two programs during fiscal year 2010. The Agency paid municipalities in the amount of \$12,961 (in thousands) from the Capitalization Grants for Drinking Water State Revolving Funds (66.468) program and from the American Recovery and Reinvestment Act (ARRA) grant for Drinking Water in the amount of \$48,868 (in thousands). Payments to municipalities in the amount of \$92,121 (in thousands) were also made from ARRA grant for Capitalization Grants for Clean Water State Revolving Funds (66.458) program.

**NOTE 6 - NON-CASH ASSISTANCE**

The Agency did not receive any federal non-cash assistance during the fiscal year ended June 30, 2010.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009  
(in thousands)**

Federal Grantor/ Pass-through Agency Program Title	Federal CFDA Number	Grant I.D. Number	Total Program Expenditures	Sub-Recipient Payments
<b><u>U.S. Environmental Protection Agency</u></b>				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034			
National Air Toxics Monitoring		XA965430-01	\$ 28	\$ -
National Air Toxics Monitoring (Great Lakes Commission)		MOAIL-9	4	-
103 PM 2.5 Monitoring Grant		PM96579602	371	-
			403	-
National Clean Diesel Funding Assistance Program	66.039			
Air Illinois Green Fleets (AP61)		XA00E16902	83	-
Water Pollution State, Interstate, and Tribal Program Support	66.419			
06 106 Monitoring		19756001-0	113	-
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104 (b) (3) of the Clean Water Act	66.436			
Lake Bloomington		X796574801	7	-
Water Quality Management Planning	66.454			
04 604(b)		C6995911-02	134	-
07 604(b)		C6995911-07	244	-
08 604 (b)		C6995911-08	96	-
			474	-
Nonpoint Source Implementation Grants	66.460			
08 319(h)		C9995200-08	96	-
06 319(h)		C9995010-06	1,178	1,067
07 319(h)		C9995010-00	1,439	1,439
01 319(h)		C9995010-01	428	392
03 319 (h)		C9995010-03	556	325
04 319 (h)		C9995200-04	3,133	669
05 319 (h)		C9995200-05	1,288	1,123
			8,118	5,015
Water Quality Cooperative Agreements	66.463			
Fox River Watershed		X7965258-01	294	-
05 104 b 3 NPDES		CP97511301	111	-
			405	-
Great Lakes Program	66.469			
Great Lakes NPO		GL00E06801-1	41	-
Hazardous House Electronics Medicine		GL00E522-01	25	-
			66	-

See accompanying Notes to Schedule of Expenditures of Federal Awards

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009  
(in thousands)**

Federal Grantor/ Pass-through Agency Program Title	Federal CFDA Number	Grant I.D. Number	Total Program Expenditures	Sub-Recipient Payments
State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	66.471			
Water Operator Certification		CT975609-01	\$ 539	\$ -
Water Protection Grants to the States	66.474			
06 Water Counter Terrorism		WP97520002	176	3
Performance Partnership Grants	66.605			
Performance Partnership Agreement FY07		BG985428-07	4,069	118
Performance Partnership Agreement FY08		BG985428-08	15,236	30
			<u>19,305</u>	<u>148</u>
Surveys, Studies, Investigations and Special Purpose Grants	66.606			
02 104 B 3 TMDL		X995520-02	209	-
Environmental Policy and Innovation Grants	66.611			
Environmental Policy & Innovation		PI96548101	51	-
Environmental Information Exchange Network Grant Program and Related Assistance	66.608			
06 Environmental Information Exchange		OS83304401	117	-
Pollution Prevention Grants Program	66.708			
Metal Working Fluids		NP00E01101	60	42
Multi-media Capacity Building Grants for States and Tribes	66.709			
OCEA		EA00E25401	170	-
Superfund State, Political Subdivision, and Indian Tribe Site_Specific Cooperative Agreements	66.802			
SE rockford 9,10,11		V96558501	176	-
09/10 Site Assesment		V00E18102	120	-
Beloit		V96582701	1,313	-
South East Rockford Groundwater		V96565101	200	-
Hegler Zinc Superfund Site		V96595201	(37)	-
Jennison Wright Superfund		V96548001	8,606	-
SE Rockford Area 7		V96558801	131	-
Superfund Block Grant III		V96544301	236	-
			<u>10,745</u>	<u>-</u>
Leaking Underground Storage Tank Trust Fund	66.805			
07/08 LUST		LS97515708	682	-
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809			
07/08 Core		VC00E18001	152	-
09/10 Core		VC00E18002	87	-
			<u>239</u>	<u>-</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009  
(in thousands)**

Federal Grantor/ Pass-through Agency Program Title	Federal CFDA Number	Grant I.D. Number	Total Program Expenditures	Sub-Recipient Payments
State and Tribal Response Program Grants Brownfields 128 (a)	66.817	RP96507902	\$ 1,206.00	\$ -
Brownfields Assessment and Cleanup Cooperative Agreements Brownfields Loan	66.818	BF00E47101	228	-
Capitalization Grants for Clean Water State Revolving Funds 06 State Water Revolving Fund 07 State Water Revolving Fund	66.458	CS170001-06 CS170001-07	24,605 555 <u>25,160</u>	24,605 555 <u>25,160</u>
Capitalization Grants for Drinking Water State Revolving Fund 05 Drinking Water Loan 06 Drinking Water Loan	66.468	FS985777-05 FS985777-06	52 14,720 <u>14,772</u>	- 13,845 <u>13,845</u>
<b>Total U.S. Environmental Protection Agency</b>			<u>83,328</u>	<u>44,213</u>
<b>Department of Homeland Security</b>				
Homeland Security Biowatch Program Bio-Watch	97.091	2006-ST-091-000025	1,477	-
<b>Department of Defense</b>				
State Memorandum of Agreement Program for the Reimbursement of Technical Services 09/10 DSMOA Cooperative Agreement	12.113	W912DY-08-2-0117	784	-
<b>Grand Totals</b>			<u>\$ 85,589</u>	<u>\$ 44,213</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 1 – GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the State of Illinois Environmental Protection Agency (Agency). A general description of the reporting entity can be found in Note 1 of the Fund 270 - Water Revolving Fund financial statements and within the State of Illinois Comprehensive Annual Financial Report. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams Street, Springfield, Illinois 62704-1871. Federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, are included in this schedule.

**NOTE 2 - BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards was prepared on a cash basis of accounting.

**NOTE 3 - INDIRECT COSTS**

In accordance with Attachment A to the Office of Management and Budget Circular A-87 "Cost Principles for State and Local Governments", rates have been established by the Agency in allocating indirect costs to federal programs. The Agency's federal cognizant agency, the United States Environmental Protection Agency has approved the following indirect cost rates for fiscal year 2009:

<u>Division</u>	
Land Pollution Control	36.72%
Water Pollution Control	26.18%
Bureau of Air	29.48%
All Other Divisions	9.60%

The purpose of an indirect cost reimbursement rate is to provide funding for allowable program costs that, by definition, are incurred for a common or joint purpose and are not readily assignable to the specific cost objectives benefited without effort disproportionate to the results achieved. The Agency considers indirect cost reimbursements to be federal funds and deposits all indirect cost recoveries into the U.S. Environmental Protection Fund.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 4 – NEGATIVE CURRENT YEAR EXPENDITURES**

The fiscal year 2009 expenditures for CFDA Number 66.802 had negative expenditures for an individual grant as a result of an overdraw of grant funds for an individual grant.

**NOTE 5 - CAPITALIZATION GRANT PAYMENTS**

Payments to municipalities were made in two programs during fiscal year 2009. \$25,159 (in thousands) was paid to municipalities from the Capitalization Grants for State Revolving Funds (66.458) program and \$13,845 (in thousands) was paid to municipalities from the Capitalization Grants for Drinking Water State Revolving Fund (66.468) program.

**NOTE 6 - NON-CASH ASSISTANCE**

The Agency did not receive any federal non-cash assistance during the fiscal year ended June 30, 2009.

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES BY FUND  
APPROPRIATIONS FOR FISCAL YEAR 2010  
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	Balances Reappropriated July 1	Approximate Balances Lapsed August 31
<u>Public Act 96-0046</u>						
<u>Appropriated Funds</u>						
General Revenue Fund - 001	\$ 145,965	\$ 145,965	\$ -	\$ 145,965	\$ -	\$ -
Industrial Hygiene Regulatory and Enforcement Fund- 049	5,000	-	-	-	-	5,000
U.S. Environmental Protection Fund - 065	83,710,351	46,564,128	4,046,444	50,610,572	-	33,099,779
Underground Storage Tank Fund - 072	59,550,857	50,235,996	5,510,879	55,746,875	-	3,803,982
EPA Special State Projects Trust Fund - 074	1,625,000	1,295,190	49,820	1,345,010	-	279,990
Solid Waste Management Fund - 078	16,728,249	8,924,325	1,567,776	10,492,101	-	6,236,148
Subtitle D Management Fund - 089	3,111,035	2,464,163	3,491	2,467,654	-	643,381
Clean Air Act (CAA) Permit Fund - 091	19,734,983	16,858,390	337,621	17,196,011	-	2,538,972
Capital Development Fund - 141	5,300,000	-	-	-	-	5,300,000
EPA Court Ordered Trust - 154	2,000,000	-	-	-	-	2,000,000
Brownfields Redevelopment Fund - 214	13,813,000	3,144,232	316,868	3,461,100	-	10,351,900
Water Pollution Control Revolving Fund - 270	1,483,513,090	330,077,159	158,519	330,235,678	913,058,026	240,219,386
Pollution Control Board Fund - 277	18,200	75	5	80	-	18,120
Hazardous Waste Occupational Licensing Fund - 282	70,000	62,289	-	62,289	-	7,711
Community Water Supply Laboratory Fund - 288	1,626,000	1,199,094	37,131	1,236,225	-	389,775
Used Tire Management Fund - 294	9,533,834	4,966,710	372,762	5,339,472	-	4,194,362
Environmental Laboratory Certification Fund - 336	678,300	427,255	1,259	428,514	-	249,786
Alternative Fuels Fund - 422	1,225,000	739,091	48,738	787,829	-	437,171
Anti-Pollution Fund - 551	250,572,116	1,524,080	-	1,524,080	124,048,037	124,999,999
Conservation 2000 Fund - 608	2,589,300	870,466	11,482	881,948	-	1,707,352
Electronics Recycling Fund - 675	500,000	283,487	2,661	286,148	-	213,852
Illinois Clean Water Fund - 731	11,572,725	10,732,830	320,342	11,053,172	-	519,553
Alternate Compliance Market Fund - 738	150,000	-	-	-	-	150,000
Oil Spill Response fund - 774	75,000	148	6,674	6,822	-	68,178
Hazardous Waste Fund - 828	25,578,828	9,869,851	207,226	10,077,077	-	15,501,751
Environmental Protection Trust Fund - 845	4,000,000	2,150,000	819,241	2,969,241	-	1,030,759
Environmental Protection Permit and Inspection Fund- 944	11,562,922	7,068,303	33,973	7,102,276	-	4,460,646
Landfill Closure and Post-Closure Fund - 945	400,000	-	-	-	-	400,000
Vehicle Inspection Fund - 963	22,784,176	16,594,386	2,716,446	19,310,832	-	3,473,344
Build Illinois Bond Fund - 971	140,236,328	295,075	-	295,075	93,706,856	46,234,397
<b>Total Appropriated Funds</b>	<b>\$ 2,172,410,259</b>	<b>516,492,688</b>	<b>16,569,358</b>	<b>533,062,046</b>	<b>\$ 1,130,812,919</b>	<b>\$ 508,535,294</b>
<u>Non-appropriated Funds</u>						
EPA Special State Projects Trust Fund - 074		502,729	118,132	620,861		
Pollution Control Board State Trust Fund - 207		722,207	49,293	771,500		
Environmental Protection Trust Fund - 845		752,186	-	752,186		
<b>Total Non-appropriated Funds</b>		<b>1,977,122</b>	<b>167,425</b>	<b>2,144,547</b>		
<b>Grand Total - All Funds</b>		<b>\$ 518,469,810</b>	<b>\$ 16,736,783</b>	<b>\$ 535,206,593</b>		

Note: All data on this schedule has been taken from Agency records and reconciled to records of the Office of the Comptroller.

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES BY FUND  
APPROPRIATIONS FOR FISCAL YEAR 2009  
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 Reappropriated July 1	Balances Lapsed August 31
<u>Public Act 95-0731</u>						
<u>Appropriated Funds</u>						
General Revenue Fund - 001	\$ 1,671,000	\$ 1,578,520	\$ 20,769	\$ 1,599,289	\$ -	\$ 71,711
Industrial Hygiene Regulatory and Enforcement Fund- 049	5,000	-	-	-	-	5,000
U.S. Environmental Protection Fund - 065	63,704,200	40,931,468	2,973,064	43,904,532	-	19,799,668
Underground Storage Tank Fund - 072	58,904,200	52,835,062	2,824,798	55,659,860	-	3,244,340
EPA Special State Projects Trust Fund - 074	1,875,000	488,011	219,076	707,087	-	1,167,913
Solid Waste Management Fund - 078	17,106,000	12,857,231	863,169	13,720,400	-	3,385,600
Subtitle D Management Fund - 089	3,102,300	2,669,814	70,896	2,740,710	-	361,590
Clean Air Act (CAA) Permit Fund - 091	19,289,600	16,614,654	286,197	16,900,851	-	2,388,749
Brownfields Redevelopment Fund - 214	5,517,600	1,886,971	2,299	1,889,270	-	3,628,330
Water Pollution Control Revolving Fund - 270	1,207,068,384	214,144,473	146,580	214,291,053	730,987,290	261,790,041
Pollution Control Board Fund - 277	18,200	525	-	525	-	17,675
Hazardous Waste Occupational Licensing Fund - 282	95,000	7,446	2,962	10,408	-	84,592
Community Water Supply Laboratory Fund - 288	3,003,100	1,267,692	70,488	1,338,180	-	1,664,920
Used Tire Management Fund - 294	8,104,700	5,917,236	236,104	6,153,340	-	1,951,360
Environmental Laboratory Certification Fund - 336	678,300	407,430	1,994	409,424	-	268,876
Alternative Fuels Fund - 422	1,225,000	917,437	49,667	967,104	-	257,896
Anti-Pollution Fund - 551	15,172,116	-	-	-	15,172,116	-
Conservation 2000 Fund - 608	3,258,168	685,666	103,389	789,055	1,975,300	493,813
Illinois Clean Water Fund - 731	9,115,700	7,957,167	481,612	8,438,779	-	676,921
Alternate Compliance Market Fund - 738	150,000	-	-	-	-	150,000
Oil Spill Response fund - 774	150,000	14,342	58,120	72,462	-	77,538
Hazardous Waste Fund - 828	32,197,100	13,873,749	1,319,293	15,193,042	-	17,004,058
Environmental Protection Trust Fund - 845	4,000,000	1,500,000	-	1,500,000	-	2,500,000
Environmental Protection Permit and Inspection Fund- 944	12,723,500	9,090,567	281,856	9,372,423	-	3,351,077
Landfill Closure and Post-Closure Fund - 945	400,000	-	-	-	-	400,000
Vehicle Inspection Fund - 963	26,405,000	16,564,723	2,146,097	18,710,820	-	7,694,180
Build Illinois Bond Fund - 971	93,809,792	3,573,464	-	3,573,464	90,236,328	-
<b>Total Appropriated Funds</b>	<b>\$ 1,588,748,960</b>	<b>405,783,648</b>	<b>12,158,430</b>	<b>417,942,078</b>	<b>\$ 838,371,034</b>	<b>\$ 332,435,848</b>
<u>Non-appropriated Funds</u>						
EPA Special State Projects Trust Fund - 074		826,423	545,067	1,371,490		
Pollution Control Board State Trust Fund - 207		375,946	222,329	598,275		
<b>Total Non-appropriated Funds</b>		<b>1,202,369</b>	<b>767,396</b>	<b>1,969,765</b>		
<b>Grand Total - All Funds</b>		<b>\$ 406,986,017</b>	<b>\$ 12,925,826</b>	<b>\$ 419,911,843</b>		

Note: All data on this schedule has been taken from Agency records and reconciled to records of the Office of the Comptroller.

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES BY DIVISION BY FUND  
APPROPRIATIONS FOR FISCAL YEAR 2010  
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	Balances Reappropriated July 1	Approximate Balances Lapsed August 31
<b><u>Public Act 96-0046</u></b>						
<b><u>Appropriated Funds</u></b>						
<b>General Revenue Fund - 001</b>						
Bureau of Water	\$ 145,965	\$ 145,965	\$ -	\$ 145,965	\$ -	\$ -
Subtotal General Revenue Fund	<u>145,965</u>	<u>145,965</u>	<u>-</u>	<u>145,965</u>	<u>-</u>	<u>-</u>
<b>Industrial Hygiene Fund - 049</b>						
Administration	5,000	-	-	-	-	5,000
Subtotal Industrial Hygiene Fund	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
<b>U.S. Environmental Protection Fund - 065</b>						
Administration	2,739,400	1,417,930	269,900	1,687,830	-	1,051,570
Air Pollution Control	14,191,570	8,145,909	380,083	8,525,992	-	5,665,578
Land Pollution Control	20,094,397	14,744,023	285,959	15,029,982	-	5,064,415
Bureau of Water	26,898,784	18,841,755	1,936,146	20,777,901	-	6,120,883
Federal Stimulus - ARRA	19,786,200	3,414,511	1,174,356	4,588,867	-	15,197,333
Subtotal U.S. Environmental Protection Fund	<u>83,710,351</u>	<u>46,564,128</u>	<u>4,046,444</u>	<u>50,610,572</u>	<u>-</u>	<u>33,099,779</u>
<b>Underground Storage Tank Fund - 072</b>						
Administration	659,500	464,033	177,488	641,521	-	17,979
Land Pollution Control	58,891,357	49,771,963	5,333,391	55,105,354	-	3,786,003
Subtotal Underground Storage Tank Fund	<u>59,550,857</u>	<u>50,235,996</u>	<u>5,510,879</u>	<u>55,746,875</u>	<u>-</u>	<u>3,803,982</u>
<b>EPA Special State Projects Trust Fund - 074</b>						
Administration	250,000	112,495	1,250	113,745	-	136,255
Air Pollution Control	250,000	249,796	-	249,796	-	204
Laboratory Services	75,000	74,933	-	74,933	-	67
Land Pollution Control	250,000	249,507	-	249,507	-	493
Bureau of Water	800,000	608,459	48,570	657,029	-	142,971
Subtotal EPA Special State Projects Trust Fund	<u>1,625,000</u>	<u>1,295,190</u>	<u>49,820</u>	<u>1,345,010</u>	<u>-</u>	<u>279,990</u>

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	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	Balances Reappropriated July 1	Approximate Balances Lapsed August 31
<b>Public Act 96-0046</b>						
<b>Solid Waste Management Fund - 078</b>						
Administration	\$ 731,100	\$ 455,532	\$ 18,738	\$ 474,270	\$ -	\$ 256,830
Land Pollution Control	15,997,149	8,468,793	1,549,038	10,017,831	-	5,979,318
Subtotal Solid Waste Management Fund	16,728,249	8,924,325	1,567,776	10,492,101	-	6,236,148
<b>Subtitle D Management Fund - 089</b>						
Administration	178,300	-	-	-	-	178,300
Land Pollution Control	2,932,735	2,464,163	3,491	2,467,654	-	465,081
Subtotal Subtitle D Management Fund	3,111,035	2,464,163	3,491	2,467,654	-	643,381
<b>Clean Air Act (CAA) Permit Fund - 091</b>						
Administration	1,590,600	1,375,802	189,048	1,564,850	-	25,750
Air Pollution Control	16,820,800	14,410,143	148,567	14,558,710	-	2,262,090
Pollution Control Board	1,323,583	1,072,445	6	1,072,451	-	251,132
Subtotal Clean Air Act (CAA) Permit Fund	19,734,983	16,858,390	337,621	17,196,011	-	2,538,972
<b>Capital Development Fund - 141</b>						
Land Pollution Control	5,300,000	-	-	-	-	5,300,000
Subtotal Capital Development Fund	5,300,000	-	-	-	-	5,300,000
<b>EPA Court Ordered Trust - 154</b>						
Land Pollution Control	2,000,000	-	-	-	-	2,000,000
Subtotal EPA Court Ordered Trust	2,000,000	-	-	-	-	2,000,000

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	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	Balances Reappropriated July 1	Approximate Balances Lapsed August 31
<b>Public Act 96-0046</b>						
<b>Brownfields Redevelopment Fund - 214</b>						
Land Pollution Control	\$ 3,813,000	\$ 1,469,163	\$ 121,760	\$ 1,590,923	\$ -	\$ 2,222,077
Fedeaal Stimulus - ARRA	10,000,000	1,675,069	195,108	1,870,177	-	8,129,823
Subtotal Brownfields Redevelopment Fund	13,813,000	3,144,232	316,868	3,461,100	-	10,351,900
<b>Water Pollution Control Revolving Fund - 270</b>						
Administration	1,297,100	1,202,691	89,806	1,292,497	-	4,603
Bureau of Water	1,211,615,990	187,885,931	68,713	187,954,644	913,058,026	110,603,320
Federal Stimulus - ARRA	270,600,000	140,988,537	-	140,988,537	-	129,611,463
Subtotal Water Pollution Control Revolving Fund	1,483,513,090	330,077,159	158,519	330,235,678	913,058,026	240,219,386
<b>Pollution Control Board Fund - 277</b>						
Pollution Control Board	18,200	75	5	80	-	18,120
Subtotal Pollution Control Board Fund	18,200	75	5	80	-	18,120
<b>Hazardous Waste Occupational Licensing Fund - 282</b>						
Land Pollution Control	70,000	62,380	(91)	62,289	-	7,711
Subtotal Hazardous Waste Occupational Licensing Fund	70,000	62,380	(91)	62,289	-	7,711
<b>Community Water Supply Laboratory Fund - 288</b>						
Laboratory Services	1,626,000	1,199,094	37,131	1,236,225	-	389,775
Subtotal Community Water Supply Laboratory Fund	1,626,000	1,199,094	37,131	1,236,225	-	389,775

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	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	Balances Reappropriated July 1	Approximate Balances Lapsed August 31
<b><u>Public Act 96-0046</u></b>						
<b>Used Tire Management Fund - 294</b>						
Administration	\$ 543,700	\$ 311,706	\$ -	\$ 311,706	\$ -	\$ 231,994
Land Pollution Control	8,971,634	4,637,081	372,185	5,009,266	-	3,962,368
Pollution Control Board	18,500	17,923	577	18,500	-	-
Subtotal Used Tire Management Fund	<u>9,533,834</u>	<u>4,966,710</u>	<u>372,762</u>	<u>5,339,472</u>	<u>-</u>	<u>4,194,362</u>
<b>Environmental Laboratory Certification Fund - 336</b>						
Laboratory Services	678,300	427,255	1,259	428,514	-	249,786
Subtotal Environmental Laboratory Certification Fund	<u>678,300</u>	<u>427,255</u>	<u>1,259</u>	<u>428,514</u>	<u>-</u>	<u>249,786</u>
<b>Alternative Fuels Fund - 422</b>						
Air Pollution Control	1,225,000	739,091	48,738	787,829	-	437,171
Subtotal Alternative Fuels Fund	<u>1,225,000</u>	<u>739,091</u>	<u>48,738</u>	<u>787,829</u>	<u>-</u>	<u>437,171</u>
<b>Anti-Pollution Fund - 551</b>						
Land Pollution Control	75,000,000	-	-	-	-	75,000,000
Bureau of Water	175,572,116	1,524,080	-	1,524,080	124,048,037	49,999,999
Subtotal Anti-Pollution Fund	<u>250,572,116</u>	<u>1,524,080</u>	<u>-</u>	<u>1,524,080</u>	<u>124,048,037</u>	<u>124,999,999</u>
<b>Conservation 2000 Fund - 608</b>						
Bureau of Water	2,589,300	870,466	11,482	881,948	-	1,707,352
Subtotal Conservation 2000 Fund	<u>2,589,300</u>	<u>870,466</u>	<u>11,482</u>	<u>881,948</u>	<u>-</u>	<u>1,707,352</u>

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	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	Balances Reappropriated July 1	Approximate Balances Lapsed August 31
<b>Public Act 96-0046</b>						
<b>Electronics Recycling Fund - 675</b>						
Land Pollution Control	\$ 500,000	\$ 283,487	\$ 2,661	\$ 286,148	\$ -	\$ 213,852
Subtotal Electronics Recycling Fund	500,000	283,487	2,661	286,148	-	213,852
<b>Illinois Clean Water Fund - 731</b>						
Administration	2,597,125	2,334,000	246,189	2,580,189	-	16,936
Laboratory Services	546,300	523,002	23,296	546,298	-	2
Bureau of Water	8,429,300	7,875,828	50,857	7,926,685	-	502,615
Subtotal Illinois Clean Water Fund	11,572,725	10,732,830	320,342	11,053,172	-	519,553
<b>Alternate Compliance Market Fund - 738</b>						
Air Pollution Control	150,000	-	-	-	-	150,000
Subtotal Alternate Compliance Market Fund	150,000	-	-	-	-	150,000
<b>Oil Spill Response Fund - 774</b>						
Administration	75,000	148	6,674	6,822	-	68,178
Subtotal Oil Spill Response Fund	75,000	148	6,674	6,822	-	68,178
<b>Hazardous Waste Fund - 828</b>						
Administration	678,000	214,874	-	214,874	-	463,126
Land Pollution Control	24,310,759	9,169,243	194,787	9,364,030	-	14,946,729
Bureau of Water	590,069	485,734	12,439	498,173	-	91,896
Subtotal Hazardous Waste Fund	25,578,828	9,869,851	207,226	10,077,077	-	15,501,751

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	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	Balances Reappropriated July 1	Approximate Balances Lapsed August 31
<b>Public Act 96-0046</b>						
<b>Environmental Protection Trust Fund - 845</b>						
Administration	\$ 4,000,000	\$ 2,150,000	\$ 819,241	\$ 2,969,241	\$ -	\$ 1,030,759
Subtotal Environmental Protection Trust Fund	4,000,000	2,150,000	819,241	2,969,241	-	1,030,759
<b>Environmental Protection Permit and Inspection Fund - 944</b>						
Administration	643,900	-	-	-	-	643,900
Air Pollution Control	5,365,700	4,083,837	30,112	4,113,949	-	1,251,751
Land Pollution Control	2,973,465	1,885,986	2,435	1,888,421	-	1,085,044
Bureau of Water	1,441,467	164,376	1,426	165,802	-	1,275,665
Pollution Control Board	1,138,390	934,104	-	934,104	-	204,286
Subtotal Environmental Protection Permit and Inspection Fund	11,562,922	7,068,303	33,973	7,102,276	-	4,460,646
<b>Landfill Closure and Post-Closure Fund - 945</b>						
Land Pollution Control	400,000	-	-	-	-	400,000
Subtotal Landfill Closure and Post-Closure Fund	400,000	-	-	-	-	400,000
<b>Vehicle Inspection Fund - 963</b>						
Administration	700,700	364,262	311,069	675,331	-	25,369
Air Pollution Control	22,083,476	16,230,124	2,405,377	18,635,501	-	3,447,975
Subtotal Vehicle Inspection Fund	22,784,176	16,594,386	2,716,446	19,310,832	-	3,473,344
<b>Build Illinois Bond Fund - 971</b>						
Administration	46,234,397	-	-	-	-	46,234,397
Land Pollution Control	18,906,399	129,675	-	129,675	18,776,724	-
Bureau of Water	75,095,532	165,400	-	165,400	74,930,132	-
Subtotal Build Illinois Bond Fund	140,236,328	295,075	-	295,075	93,706,856	46,234,397
Total Appropriated Funds	<u>\$ 2,172,410,259</u>	<u>516,492,779</u>	<u>16,569,267</u>	<u>533,062,046</u>	<u>\$ 1,130,812,919</u>	<u>\$ 508,535,294</u>

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	Expenditures Through June 30	Approximate Lapse Period Expenditures July 1 to August 31	Approximate Total Expenditures 14 Months Ended August 31
<b><u>Public Act 96-0046</u></b>			
<b><u>Non-appropriated Funds</u></b>			
<b>EPA Special State Projects Trust Fund - 074</b>			
Administration	\$ 502,729	\$ 118,132	\$ 620,861
Subtotal EPA Special State Projects Trust Fund	<u>502,729</u>	<u>118,132</u>	<u>620,861</u>
<b>Pollution Control Board State Trust Fund - 207</b>			
Pollution Control Board	<u>722,207</u>	<u>49,293</u>	<u>771,500</u>
Subtotal Pollution Control Board State Trust Fund	<u>722,207</u>	<u>49,293</u>	<u>771,500</u>
<b>Environmental Protection Trust Fund - 845</b>			
Administration	250,759	-	250,759
Land	<u>501,427</u>	<u>-</u>	<u>501,427</u>
Subtotal Environmental Protection Trust Fund	<u>752,186</u>	<u>-</u>	<u>752,186</u>
Total Non-appropriated Funds	<u>1,977,122</u>	<u>167,425</u>	<u>2,144,547</u>
<b>Grand Total - All Funds</b>	<b><u>\$ 518,469,901</u></b>	<b><u>\$ 16,736,692</u></b>	<b><u>\$ 535,206,593</u></b>

Notes: We have not performed any procedures on the expenditures related to Division 70 (Pollution Control Board). The expenditures were tested in a separate examination of the Pollution Control Board. Information was obtained from the Agency records which have been reconciled to those of the State Comptroller. Expenditure amounts are vouchers approved for payment by the Agency 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 Agency and submitted to the State Comptroller for payment after August.

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	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Reappropriated July 1	Balances Lapsed August 31
<b><u>Public Act 95-0731</u></b>						
<b><u>Appropriated Funds</u></b>						
<b>General Revenue Fund - 001</b>						
Administration	\$ 1,234,600	\$ 1,179,571	\$ 2,594	\$ 1,182,165	\$ -	\$ 52,435
Laboratory Services	436,400	398,949	18,175	417,124	-	19,276
Subtotal General Revenue Fund	<u>1,671,000</u>	<u>1,578,520</u>	<u>20,769</u>	<u>1,599,289</u>	<u>-</u>	<u>71,711</u>
<b>Industrial Hygiene Fund - 049</b>						
Administration	5,000	-	-	-	-	5,000
Subtotal Industrial Hygiene Fund	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
<b>U.S. Environmental Protection Fund - 065</b>						
Administration	2,779,400	2,055,471	173,453	2,228,924	-	550,476
Air Pollution Control	13,859,600	5,969,060	859,470	6,828,530	-	7,031,070
Land Pollution Control	20,508,000	15,824,580	397,737	16,222,317	-	4,285,683
Bureau of Water	26,190,600	17,082,357	1,542,404	18,624,761	-	7,565,839
Shared Services	366,600	-	-	-	-	366,600
Subtotal U.S. Environmental Protection Fund	<u>63,704,200</u>	<u>40,931,468</u>	<u>2,973,064</u>	<u>43,904,532</u>	<u>-</u>	<u>19,799,668</u>
<b>Underground Storage Tank Fund - 072</b>						
Administration	454,500	330,300	124,200	454,500	-	-
Land Pollution Control	58,382,700	52,504,762	2,700,598	55,205,360	-	3,177,340
Shared Services	67,000	-	-	-	-	67,000
Subtotal Underground Storage Tank Fund	<u>58,904,200</u>	<u>52,835,062</u>	<u>2,824,798</u>	<u>55,659,860</u>	<u>-</u>	<u>3,244,340</u>

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<b>Public Act 95-0731</b>						
<b>EPA Special State Projects Trust Fund - 074</b>						
Administration	\$ 300,000	\$ 156,875	\$ 2,301	\$ 159,176	\$ -	\$ 140,824
Air Pollution Control	250,000	250,000	-	250,000	-	-
Laboratory Services	75,000	6,001	341	6,342	-	68,658
Land Pollution Control	450,000	9,124	93,583	102,707	-	347,293
Bureau of Water	800,000	66,011	122,851	188,862	-	611,138
Subtotal EPA Special State Projects Trust Fund	<u>1,875,000</u>	<u>488,011</u>	<u>219,076</u>	<u>707,087</u>	<u>-</u>	<u>1,167,913</u>
<b>Solid Waste Management Fund - 078</b>						
Administration	871,100	798,875	72,225	871,100	-	-
Land Pollution Control	16,100,700	12,058,356	790,944	12,849,300	-	3,251,400
Shared Services	134,200	-	-	-	-	134,200
Subtotal Solid Waste Management Fund	<u>17,106,000</u>	<u>12,857,231</u>	<u>863,169</u>	<u>13,720,400</u>	<u>-</u>	<u>3,385,600</u>
<b>Subtitle D Management Fund - 089</b>						
Administration	208,300	151,400	56,900	208,300	-	-
Land Pollution Control	2,861,900	2,518,414	13,996	2,532,410	-	329,490
Shared Services	32,100	-	-	-	-	32,100
Subtotal Subtitle D Management Fund	<u>3,102,300</u>	<u>2,669,814</u>	<u>70,896</u>	<u>2,740,710</u>	<u>-</u>	<u>361,590</u>
<b>Clean Air Act (CAA) Permit Fund - 091</b>						
Administration	1,590,600	1,456,266	134,334	1,590,600	-	-
Air Pollution Control	16,301,800	14,077,121	151,863	14,228,984	-	2,072,816
Pollution Control Board	1,172,400	1,081,267	-	1,081,267	-	91,133
Shared Services	224,800	-	-	-	-	224,800
Subtotal Clean Air Act (CAA) Permit Fund	<u>19,289,600</u>	<u>16,614,654</u>	<u>286,197</u>	<u>16,900,851</u>	<u>-</u>	<u>2,388,749</u>

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<b>Public Act 95-0731</b>						
<b>Brownfields Redevelopment Fund - 214</b>						
Land Pollution Control	\$ 5,517,600	\$ 1,886,971	\$ 2,299	\$ 1,889,270	\$ -	\$ 3,628,330
Subtotal Brownfields Redevelopment Fund	<u>5,517,600</u>	<u>1,886,971</u>	<u>2,299</u>	<u>1,889,270</u>	<u>-</u>	<u>3,628,330</u>
<b>Water Pollution Control Revolving Fund - 270</b>						
Administration	1,297,100	1,288,822	8,278	1,297,100	-	-
Bureau of Water	945,375,384	212,855,651	138,302	212,993,953	730,987,290	1,394,141
Shared Services	195,900	-	-	-	-	195,900
Federal Stimulus Package	260,200,000	-	-	-	-	260,200,000
Subtotal Water Pollution Control Revolving Fund	<u>1,207,068,384</u>	<u>214,144,473</u>	<u>146,580</u>	<u>214,291,053</u>	<u>730,987,290</u>	<u>261,790,041</u>
<b>Pollution Control Board Fund - 277</b>						
Pollution Control Board	18,200	525	-	525	-	17,675
Subtotal Pollution Control Board Fund	<u>18,200</u>	<u>525</u>	<u>-</u>	<u>525</u>	<u>-</u>	<u>17,675</u>
<b>Hazardous Waste Occupational Licensing Fund - 282</b>						
Land Pollution Control	95,000	7,446	2,962	10,408	-	84,592
Subtotal Hazardous Waste Occupational Licensing Fund	<u>95,000</u>	<u>7,446</u>	<u>2,962</u>	<u>10,408</u>	<u>-</u>	<u>84,592</u>
<b>Community Water Supply Laboratory Fund - 288</b>						
Laboratory Services	3,003,100	1,267,692	70,488	1,338,180	-	1,664,920
Subtotal Community Water Supply Laboratory Fund	<u>3,003,100</u>	<u>1,267,692</u>	<u>70,488</u>	<u>1,338,180</u>	<u>-</u>	<u>1,664,920</u>

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<b><u>Public Act 95-0731</u></b>						
<b>Used Tire Management Fund - 294</b>						
Administration	\$ 378,700	\$ 378,700	\$ -	\$ 378,700	\$ -	\$ -
Land Pollution Control	7,649,100	5,521,045	235,275	5,756,320	-	1,892,780
Pollution Control Board	18,500	17,491	829	18,320	-	180
Shared Services	58,400	-	-	-	-	58,400
Subtotal Used Tire Management Fund	<u>8,104,700</u>	<u>5,917,236</u>	<u>236,104</u>	<u>6,153,340</u>	<u>-</u>	<u>1,951,360</u>
<b>Environmental Laboratory Certification Fund - 336</b>						
Laboratory Services	678,300	407,430	1,994	409,424	-	268,876
Subtotal Environmental Laboratory Certification Fund	<u>678,300</u>	<u>407,430</u>	<u>1,994</u>	<u>409,424</u>	<u>-</u>	<u>268,876</u>
<b>Alternative Fuels Fund - 422</b>						
Air Pollution Control	1,225,000	917,437	49,667	967,104	-	257,896
Subtotal Alternative Fuels Fund	<u>1,225,000</u>	<u>917,437</u>	<u>49,667</u>	<u>967,104</u>	<u>-</u>	<u>257,896</u>
<b>Anti-Pollution Fund - 551</b>						
Bureau of Water	15,172,116	-	-	-	15,172,116	-
Subtotal Anti-Pollution Fund	<u>15,172,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,172,116</u>	<u>-</u>
<b>Conservation 2000 Fund - 608</b>						
Bureau of Water	3,258,168	685,666	103,389	789,055	1,975,300	493,813
Subtotal Conservation 2000 Fund	<u>3,258,168</u>	<u>685,666</u>	<u>103,389</u>	<u>789,055</u>	<u>1,975,300</u>	<u>493,813</u>

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES BY DIVISION BY FUND  
APPROPRIATIONS FOR FISCAL YEAR 2009  
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 Reappropriated July 1	Balances Lapsed August 31
<b>Public Act 95-0731</b>						
<b>Illinois Clean Water Fund - 731</b>						
Administration	\$ 1,009,600	\$ 959,034	\$ 50,566	\$ 1,009,600	\$ -	\$ -
Bureau of Water	8,006,900	6,998,133	431,046	7,429,179	-	577,721
Shared Services	99,200	-	-	-	-	99,200
Subtotal Illinois Clean Water Fund	9,115,700	7,957,167	481,612	8,438,779	-	676,921
<b>Alternate Compliance Market Fund - 738</b>						
Air Pollution Control	150,000	-	-	-	-	150,000
Subtotal Alternate Compliance Market Fund	150,000	-	-	-	-	150,000
<b>Oil Spill Response Fund - 774</b>						
Administration	150,000	14,342	58,120	72,462	-	77,538
Subtotal Oil Spill Response Fund	150,000	14,342	58,120	72,462	-	77,538
<b>Hazardous Waste Fund - 828</b>						
Administration	748,000	317,814	403,490	721,304	-	26,696
Land Pollution Control	30,789,200	13,115,248	908,835	14,024,083	-	16,765,117
Bureau of Water	547,700	440,687	6,968	447,655	-	100,045
Shared Services	112,200	-	-	-	-	112,200
Subtotal Hazardous Waste Fund	32,197,100	13,873,749	1,319,293	15,193,042	-	17,004,058
<b>Environmental Protection Trust Fund - 845</b>						
Administration	4,000,000	1,500,000	-	1,500,000	-	2,500,000
Subtotal Environmental Protection Trust Fund	4,000,000	1,500,000	-	1,500,000	-	2,500,000

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SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES BY DIVISION BY FUND  
APPROPRIATIONS FOR FISCAL YEAR 2009  
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 Reappropriated July 1	Balances Lapsed August 31
<b>Public Act 95-0731</b>						
<b>Environmental Protection Permit and Inspection Fund - 944</b>						
Administration	\$ 995,700	\$ 201,822	\$ 227,486	\$ 429,308	\$ -	\$ 566,392
Air Pollution Control	5,088,800	4,400,451	45,320	4,445,771	-	643,029
Land Pollution Control	2,953,200	2,455,082	7,180	2,462,262	-	490,938
Bureau of Water	2,431,400	975,140	1,635	976,775	-	1,454,625
Pollution Control Board	1,102,700	1,058,072	235	1,058,307	-	44,393
Shared Services	151,700	-	-	-	-	151,700
Subtotal Environmental Protection Permit and Inspection Fund	<u>12,723,500</u>	<u>9,090,567</u>	<u>281,856</u>	<u>9,372,423</u>	<u>-</u>	<u>3,351,077</u>
<b>Landfill Closure and Post-Closure Fund - 945</b>						
Land Pollution Control	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
Subtotal Landfill Closure and Post-Closure Fund	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
<b>Vehicle Inspection Fund - 963</b>						
Administration	700,700	700,700	-	700,700	-	-
Air Pollution Control	25,594,900	15,864,023	2,146,097	18,010,120	-	7,584,780
Shared Services	109,400	-	-	-	-	109,400
Subtotal Vehicle Inspection Fund	<u>26,405,000</u>	<u>16,564,723</u>	<u>2,146,097</u>	<u>18,710,820</u>	<u>-</u>	<u>7,694,180</u>
<b>Build Illinois Bond Fund - 971</b>						
Administration	49,275,207	3,040,810	-	3,040,810	46,234,397	-
Land Pollution Control	19,000,000	93,601	-	93,601	18,906,399	-
Bureau of Water	25,534,585	439,053	-	439,053	25,095,532	-
Subtotal Build Illinois Bond Fund	<u>93,809,792</u>	<u>3,573,464</u>	<u>-</u>	<u>3,573,464</u>	<u>90,236,328</u>	<u>-</u>
Total Appropriated Funds	<u>\$ 1,588,748,960</u>	<u>405,783,648</u>	<u>12,158,430</u>	<u>417,942,078</u>	<u>\$ 838,371,034</u>	<u>\$ 332,435,848</u>

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APPROPRIATIONS FOR FISCAL YEAR 2009  
FOURTEEN MONTHS ENDED AUGUST 31, 2009

<u>Public Act 95-0731</u>	Expenditures Through June 30	Approximate Lapse Period Expenditures July 1 to August 31	Approximate Total Expenditures 14 Months Ended August 31
<b><u>Non-appropriated Funds</u></b>			
<b>EPA Special State Projects Trust Fund - 074</b>			
Administration	\$ 826,423	\$ 545,067	\$ 1,371,490
Subtotal EPA Special State Projects Trust Fund	<u>826,423</u>	<u>545,067</u>	<u>1,371,490</u>
<b>Pollution Control Board State Trust Fund - 207</b>			
Pollution Control Board	<u>375,946</u>	<u>222,329</u>	<u>598,275</u>
Subtotal Pollution Control Board State Trust Fund	<u>375,946</u>	<u>222,329</u>	<u>598,275</u>
Total Non-appropriated Funds	<u>1,202,369</u>	<u>767,396</u>	<u>1,969,765</u>
<b>Grand Total - All Funds</b>	<u>\$ 406,986,017</u>	<u>\$ 12,925,826</u>	<u>\$ 419,911,843</u>

Notes: We have not performed any procedures on the expenditures related to Division 70 (Pollution Control Board). The expenditures were tested in a separate examination of the Pollution Control Board. Information was obtained from the Agency records which have been reconciled to those of the State Comptroller. Expenditure amounts are vouchers approved for payment by the Agency and submitted to the State Comptroller for payment to the vendor.

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APPROPRIATED AND NON-APPROPRIATED  
FOR FISCAL YEARS 2010, 2009 AND 2008

	FISCAL YEAR		
	2010 PA 96-0046	2009 PA 95-0731	2008 PA 95-0348
<b>General Revenue Fund - 001</b>			
<u>Appropriations (Net After Transfers)</u>	\$ 145,965	\$ 1,671,000	\$ 1,581,600
<u>Expenditures</u>			
Division - Administration	-	1,182,165	1,277,409
Division - Land Pollution Control	-	417,124	-
Division - Bureau of Water	145,965	-	-
Total Expenditures	<u>145,965</u>	<u>1,599,289</u>	<u>1,277,409</u>
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	-	71,711	304,191
<b>Industrial Hygiene Regulatory and Enforcement Fund - 049</b>			
<u>Appropriations (Net After Transfers)</u>	5,000	5,000	5,000
<u>Expenditures</u>			
Division - Administration	-	-	-
Total Expenditures	-	-	-
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	5,000	5,000	5,000
<b>U.S. Environmental Protection Fund - 065</b>			
<u>Appropriations (Net After Transfers)</u>	83,710,351	63,704,200	56,542,600
<u>Expenditures</u>			
Division - Administration	1,687,830	2,228,924	1,998,631
Division - Air Pollution Control	8,525,992	6,828,530	6,095,423
Division - Land Pollution Control	15,029,982	16,222,317	12,652,492
Division - Bureau of Water	20,777,901	18,624,761	18,478,188
Shared Services	-	-	254,411
Federal Stimulus Package	4,588,867	-	-
Total Expenditures	<u>50,610,572</u>	<u>43,904,532</u>	<u>39,479,145</u>
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	33,099,779	19,799,668	17,063,455

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	FISCAL YEAR		
	2010	2009	2008
	PA 96-0046	PA 95-0731	PA 95-0348
<b>Underground Storage Tank Fund - 072</b>			
<u>Appropriations (Net After Transfers)</u>	\$ 59,550,857	\$ 58,904,200	\$ 68,354,100
<u>Expenditures</u>			
Division - Administration	641,521	454,500	393,971
Division - Land Pollution Control	55,105,354	55,205,360	57,449,523
Shared Services	-	-	52,097
Total Expenditures	<u>55,746,875</u>	<u>55,659,860</u>	<u>57,895,591</u>
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	<u>3,803,982</u>	<u>3,244,340</u>	<u>10,458,509</u>
<b>EPA Special State Projects Trust Fund - 074</b>			
<u>Appropriations (Net After Transfers)</u>	1,625,000	1,875,000	3,200,000
<u>Expenditures</u>			
Division - Administration	113,745	159,176	136,823
Division - Air Pollution Control	249,796	250,000	301,147
Division - Laboratory Services	74,933	6,342	4,486
Division - Land Pollution Control	249,507	102,707	104,625
Division - Bureau of Water	657,029	188,862	280,088
Total Expenditures	<u>1,345,010</u>	<u>707,087</u>	<u>827,169</u>
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	<u>279,990</u>	<u>1,167,913</u>	<u>2,372,831</u>
<b>Solid Waste Management Fund - 078</b>			
<u>Appropriations (Net After Transfers)</u>	16,728,249	17,106,000	15,628,200
<u>Expenditures</u>			
Division - Administration	474,270	871,100	259,734
Division - Land Pollution Control	10,017,831	12,849,300	13,833,573
Shared Services	-	-	107,429
Total Expenditures	<u>10,492,101</u>	<u>13,720,400</u>	<u>14,200,736</u>
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	<u>6,236,148</u>	<u>3,385,600</u>	<u>1,427,464</u>

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	FISCAL YEAR		
	2010 PA 96-0046	2009 PA 95-0731	2008 PA 95-0348
<b>Subtitle D Management Fund - 089</b>			
<u>Appropriations (Net After Transfers)</u>	\$ 3,111,035	\$ 3,102,300	\$ 2,831,400
<u>Expenditures</u>			
Division - Administration	-	208,300	111,200
Division - Land Pollution Control	2,467,654	2,532,410	2,351,292
Shared Services	-	-	26,814
Total Expenditures	<u>2,467,654</u>	<u>2,740,710</u>	<u>2,489,306</u>
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	<u>643,381</u>	<u>361,590</u>	<u>342,094</u>
<b>Clean Air Act (CAA) Permit Fund - 091</b>			
<u>Appropriations (Net After Transfers)</u>	19,734,983	19,289,600	19,910,100
<u>Expenditures</u>			
Division - Administration	1,564,850	1,590,600	2,245,091
Division - Air Pollution Control	14,558,710	14,228,984	14,304,706
Division - Pollution Control Board	1,072,451	1,081,267	1,030,128
Shared Services	-	-	182,549
Total Expenditures	<u>17,196,011</u>	<u>16,900,851</u>	<u>17,762,474</u>
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	<u>2,538,972</u>	<u>2,388,749</u>	<u>2,147,626</u>
<b>Capital Development Fund - 141</b>			
<u>Appropriations (Net After Transfers)</u>	5,300,000	-	-
<u>Expenditures</u>			
Division - Land Pollution Control	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	<u>5,300,000</u>	<u>-</u>	<u>-</u>

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FOR FISCAL YEARS 2010, 2009 AND 2008**

	FISCAL YEAR		
	2010 PA 96-0046	2009 PA 95-0731	2008 PA 95-0348
<b>EPA Court Ordered Trust - 154</b>			
<u>Appropriations (Net After Transfers)</u>	\$ 2,000,000	\$ -	\$ -
<u>Expenditures</u>			
Division - Land Pollution Control	-	-	-
Total Expenditures	-	-	-
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	2,000,000	-	-
 <b>Brownfields Redevelopment Fund - 214</b>			
<u>Appropriations (Net After Transfers)</u>	13,813,000	5,517,600	15,847,200
<u>Expenditures</u>			
Division - Land Pollution Control	1,590,923	1,889,270	2,303,907
Federal Stimulus Package	1,870,177	-	-
Total Expenditures	3,461,100	1,889,270	2,303,907
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	10,351,900	3,628,330	13,543,293
 <b>Water Pollution Control Revolving Fund - 270</b>			
<u>Appropriations (Net After Transfers)</u>	1,483,513,090	1,207,068,384	878,479,911
<u>Expenditures</u>			
Division - Administration	1,292,497	1,297,100	1,228,000
Division - Bureau of Water	187,954,644	212,993,953	176,116,964
Shared Services	-	-	156,253
Federal Stimulus Package	140,988,537	-	-
Total Expenditures	330,235,678	214,291,053	177,501,217
<u>Balances Reappropriated</u>	913,058,026	730,987,290	699,421,584
<u>Lapsed Balances</u>	240,219,386	261,790,041	1,557,110

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FOR FISCAL YEARS 2010, 2009 AND 2008

	FISCAL YEAR		
	2010 PA 96-0046	2009 PA 95-0731	2008 PA 95-0348
<b>Pollution Control Board Fund - 277</b>			
<u>Appropriations (Net After Transfers)</u>	\$ 18,200	\$ 18,200	\$ 18,200
<u>Expenditures</u>			
Division - Pollution Control Board	80	525	8,662
Total Expenditures	80	525	8,662
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	18,120	17,675	9,538
<b>Hazardous Waste Occupational Licensing Fund - 282</b>			
<u>Appropriations (Net After Transfers)</u>	70,000	95,000	95,000
<u>Expenditures</u>			
Division - Land Pollution Control	62,289	10,408	15,871
Total Expenditures	62,289	10,408	15,871
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	7,711	84,592	79,129
<b>Community Water Supply Laboratory Fund - 288</b>			
<u>Appropriations (Net After Transfers)</u>	1,626,000	3,003,100	3,156,700
<u>Expenditures</u>			
Division - Administration	-	-	-
Division - Laboratory Services	1,236,225	1,338,180	1,402,992
Total Expenditures	1,236,225	1,338,180	1,402,992
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	389,775	1,664,920	1,753,708

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FOR FISCAL YEARS 2010, 2009 AND 2008

	FISCAL YEAR		
	2010 PA 96-0046	2009 PA 95-0731	2008 PA 95-0348
<b>Used Tire Management Fund - 294</b>			
<u>Appropriations (Net After Transfers)</u>	\$ 9,533,834	\$ 8,104,700	\$ 7,569,200
<u>Expenditures</u>			
Division - Administration	311,706	378,700	371,800
Division - Land Pollution Control	5,009,266	5,756,320	6,411,447
Division - Pollution Control Board	18,500	18,320	18,500
Shared Services	-	-	53,519
Total Expenditures	<u>5,339,472</u>	<u>6,153,340</u>	<u>6,855,266</u>
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	<u>4,194,362</u>	<u>1,951,360</u>	<u>713,934</u>
<b>Environmental Laboratory Certification Fund - 336</b>			
<u>Appropriations (Net After Transfers)</u>	<u>678,300</u>	<u>678,300</u>	<u>678,300</u>
<u>Expenditures</u>			
Division - Laboratory Services	<u>428,514</u>	<u>409,424</u>	<u>499,320</u>
Total Expenditures	<u>428,514</u>	<u>409,424</u>	<u>499,320</u>
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	<u>249,786</u>	<u>268,876</u>	<u>178,980</u>
<b>Alternative Fuels Fund - 422</b>			
<u>Appropriations (Net After Transfers)</u>	<u>1,225,000</u>	<u>1,225,000</u>	<u>1,725,000</u>
<u>Expenditures</u>			
Division - Air Pollution Control	<u>787,829</u>	<u>967,104</u>	<u>661,144</u>
Total Expenditures	<u>787,829</u>	<u>967,104</u>	<u>661,144</u>
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	<u>437,171</u>	<u>257,896</u>	<u>1,063,856</u>

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	FISCAL YEAR		
	2010 PA 96-0046	2009 PA 95-0731	2008 PA 95-0348
<b>Anti-Pollution Fund - 551</b>			
<u>Appropriations (Net After Transfers)</u>	\$ 250,572,116	\$ 15,172,116	\$ 15,217,187
<u>Expenditures</u>			
Division - Bureau of Water	1,524,080	-	45,071
Total Expenditures	1,524,080	-	45,071
<u>Balances Reappropriated</u>	124,048,037	15,172,116	6,229,716
<u>Lapsed Balances</u>	124,999,999	-	8,942,400
<b>Conservation 2000 Fund - 608</b>			
<u>Appropriations (Net After Transfers)</u>	2,589,300	3,258,168	3,799,078
<u>Expenditures</u>			
Division - Administration	-	-	31,100
Division - Bureau of Water	881,948	789,055	1,092,697
Total Expenditures	881,948	789,055	1,123,797
<u>Balances Reappropriated</u>	-	1,975,300	2,675,268
<u>Lapsed Balances</u>	1,707,352	493,813	13
<b>Electronics Recycling Fund - 675</b>			
<u>Appropriations (Net After Transfers)</u>	500,000	-	-
<u>Expenditures</u>			
Division - Land Pollution Control	286,148	-	-
Total Expenditures	286,148	-	-
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	213,852	-	-

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	FISCAL YEAR		
	2010 PA 96-0046	2009 PA 95-0731	2008 PA 95-0348
<b>Illinois Clean Water Fund - 731</b>			
<u>Appropriations (Net After Transfers)</u>	\$ 11,572,725	\$ 9,115,700	\$ 8,506,100
<u>Expenditures</u>			
Division - Administration	2,580,189	1,009,600	863,589
Division - Laboratory Services	546,298	-	7,038,393
Division - Bureau of Water	7,926,685	7,429,179	87,658
Total Expenditures	<u>11,053,172</u>	<u>8,438,779</u>	<u>7,989,640</u>
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	<u>519,553</u>	<u>676,921</u>	<u>516,460</u>
<b>Alternate Compliance Market Fund - 738</b>			
<u>Appropriations (Net After Transfers)</u>	150,000	150,000	150,000
<u>Expenditures</u>			
Division- Air Pollution Control	-	-	108,043
Total Expenditures	<u>-</u>	<u>-</u>	<u>108,043</u>
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	<u>150,000</u>	<u>150,000</u>	<u>41,957</u>
<b>Oil Spill Response Fund - 774</b>			
<u>Appropriations (Net After Transfers)</u>	75,000	150,000	150,000
<u>Expenditures</u>			
Division- Administration	6,822	72,462	82,335
Total Expenditures	<u>6,822</u>	<u>72,462</u>	<u>82,335</u>
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	<u>68,178</u>	<u>77,538</u>	<u>67,665</u>

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
APPROPRIATED AND NON-APPROPRIATED  
FOR FISCAL YEARS 2010, 2009 AND 2008

	FISCAL YEAR		
	2010 PA 96-0046	2009 PA 95-0731	2008 PA 95-0348
<b>Hazardouse Waste Fund - 828</b>			
<u>Appropriations (Net After Transfers)</u>	\$ 25,578,828	\$ 32,197,100	\$ 29,239,900
<u>Expenditures</u>			
Division - Administration	214,874	721,304	541,055
Division - Land Pollution Control	9,364,030	14,024,083	20,761,400
Division - Bureau of Water	498,173	447,655	450,083
Shared Services	-	-	93,915
Total Expenditures	<u>10,077,077</u>	<u>15,193,042</u>	<u>21,846,453</u>
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	<u>15,501,751</u>	<u>17,004,058</u>	<u>7,393,447</u>
<b>Environmental Protection Trust Fund - 845</b>			
<u>Appropriations (Net After Transfers)</u>	4,000,000	4,000,000	6,000,000
<u>Expenditures</u>			
Division - Administration	2,969,241	1,500,000	5,400,000
Division - Air Pollution Control	-	-	-
Total Expenditures	<u>2,969,241</u>	<u>1,500,000</u>	<u>5,400,000</u>
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	<u>1,030,759</u>	<u>2,500,000</u>	<u>600,000</u>
<b>Environmental Protection Permit and Inspection Fund - 944</b>			
<u>Appropriations (Net After Transfers)</u>	11,562,922	12,723,500	12,114,700
<u>Expenditures</u>			
Division - Administration	-	429,308	661,959
Division - Air Pollution Control	4,113,949	4,445,771	4,455,792
Division - Land Pollution Control	1,888,421	2,462,262	2,489,116
Division -Bureau of Water	165,802	976,775	2,114,980
Division - Pollution Control Board	934,104	1,058,307	1,001,522
Shared Services	-	-	63,525
Total Expenditures	<u>7,102,276</u>	<u>9,372,423</u>	<u>10,786,894</u>
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	<u>4,460,646</u>	<u>3,351,077</u>	<u>1,327,806</u>

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
APPROPRIATED AND NON-APPROPRIATED  
FOR FISCAL YEARS 2010, 2009 AND 2008

	FISCAL YEAR		
	2010 PA 96-0046	2009 PA 95-0731	2008 PA 95-0348
<b>Landfill Closure and Post-Closure Fund - 945</b>			
<u>Appropriations (Net After Transfers)</u>	\$ 400,000	\$ 400,000	\$ 500,000
<u>Expenditures</u>			
Division - Land Pollution Control	-	-	-
Total Expenditures	-	-	-
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	400,000	400,000	500,000
<b>Vehicle Inspection Fund - 963</b>			
<u>Appropriations (Net After Transfers)</u>	22,784,176	26,405,000	28,279,024
<u>Expenditures</u>			
Division - Administration	675,331	700,700	344,358
Division - Air Pollution Control	18,635,501	18,010,120	25,887,524
Shared Services	-	-	82,841
Total Expenditures	19,310,832	18,710,820	26,314,723
<u>Balances Reappropriated</u>	-	-	-
<u>Lapsed Balances</u>	3,473,344	7,694,180	1,964,301
<b>Build Illinois Bond Fund - 971</b>			
<u>Appropriations (Net After Transfers)</u>	140,236,328	93,809,792	98,959,168
<u>Expenditures</u>			
Division - Administration	-	3,040,810	5,010,153
Division - Land Pollution Control	129,675	93,601	-
Division - Bureau of Water	165,400	439,053	139,223
Total Expenditures	295,075	3,573,464	5,149,376
<u>Balances Reappropriated</u>	93,706,856	90,236,328	93,809,792
<u>Lapsed Balances</u>	46,234,397	-	-

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
APPROPRIATED AND NON-APPROPRIATED  
FOR FISCAL YEARS 2010, 2009 AND 2008**

	FISCAL YEAR		
	2010	2009	2008
	PA 96-0046	PA 95-0731	PA 95-0348
Appropriations (Net After Transfers)	\$ 2,172,410,259	\$ 1,588,748,960	\$ 1,278,537,668
Total Expenditures	533,062,046	417,942,078	402,026,541
Balances Reappropriated	1,130,812,919	838,371,034	802,136,360
Lapsed Balances	508,535,294	332,435,848	74,374,767
 <b><u>Non-Appropriated Funds</u></b>			
<b>EPA Special State Projects Trust Fund - 074</b>			
<u>Expenditures</u>			
Division - Administration	620,861	1,371,490	971,667
Total Expenditures	620,861	1,371,490	971,667
 <b>Pollution Control Board State Trust Fund - 207</b>			
<u>Expenditures</u>			
Division - Pollution Control Board (See Note below)	771,500	598,275	314,347
Total Expenditures	771,500	598,275	314,347
 <b>Environmental Protection Trust Fund - 845</b>			
<u>Expenditures</u>			
Division - Administration	250,759	-	-
Division - Land Pollution Control	501,427	-	-
Total Expenditures	752,186	-	-
 <b>Total Expenditures - Non-Appropriated Funds</b>	 <b>2,144,547</b>	 <b>1,969,765</b>	 <b>1,286,014</b>
 <b>Total Expenditures - All Appropriated and Non-Appropriated Funds</b>	 <b>\$ 535,206,593</b>	 <b>\$ 419,911,843</b>	 <b>\$ 403,312,555</b>

Notes: We have not performed any procedures on the expenditures related to Division 70 (Pollution Control Board). The expenditures were tested in a separate examination of the Pollution Control Board. The FY10 expenditures and related lapsed balances do not reflect any interest payments approved for payment by the Agency and submitted to the Comptroller for payment after August.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
COMPARATIVE SCHEDULE OF EXPENDITURES BY TYPE  
FOR FISCAL YEARS 2010, 2009 AND 2008**

	<b>FISCAL YEAR</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>PA 96-0046</b>	<b>PA 95-0731</b>	<b>PA 95-0348</b>
<b><u>Total Expenditures By Fund</u></b>			
General Revenue Fund - 001	\$ 145,965	\$ 1,599,289	\$ 1,277,409
U.S. Environmental Protection Fund - 065	50,610,572	43,904,532	39,479,145
Underground Storage Tank Fund - 072	55,746,875	55,659,860	57,895,591
EPA Special State Projects Trust Fund - 074	1,965,871	2,078,577	1,798,836
Solid Waste Management Fund - 078	10,492,101	13,720,400	14,200,736
Subtitle D Management Fund - 089	2,467,654	2,740,710	2,489,306
Clean Air Act (CAA) Permit Fund - 091	17,196,011	16,900,851	17,762,474
Pollution Control Board State Trust Fund - 207	771,500	598,275	314,347
Brownfields Redevelopment Fund - 214	3,461,100	1,889,270	2,303,907
Water Pollution Control Revolving Fund - 270	330,235,678	214,291,053	177,501,217
Pollution Control Board Fund - 277	80	525	8,662
Hazardous Waste Occupational Licensing Fund - 282	62,289	10,408	15,871
Community Water Supply Laboratory Fund - 288	1,236,225	1,338,180	1,402,992
Used Tire Management Fund - 294	5,339,472	6,153,340	6,855,266
Environmental Laboratory Certification Fund - 336	428,514	409,424	499,320
Alternative Fuels Fund - 422	787,829	967,104	661,144
Anti-Pollution Fund - 551	1,524,080	-	45,071
Conservation 2000 Fund - 608	881,948	789,055	1,123,797
Electronics Recycling Fund - 675	286,148	-	-
Illinois Clean Water Fund - 731	11,053,172	8,438,779	7,989,640
Alternate Compliance Market Fund - 738	-	-	108,043
Oil Spill Response Fund - 774	6,822	72,462	82,335
Hazardous Waste Fund - 828	10,077,077	15,193,042	21,846,453
Environmental Protection Trust Fund - 845	3,721,427	1,500,000	5,400,000
Environmental Protection Permit and Inspection Fund - 944	7,102,276	9,372,423	10,786,894
Vehicle Inspection Fund - 963	19,310,832	18,710,820	26,314,723
Build Illinois Bond Fund - 971	295,075	3,573,464	5,149,376
	<u>\$ 535,206,593</u>	<u>\$ 419,911,843</u>	<u>\$ 403,312,555</u>
Total Expenditures			

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
COMPARATIVE SCHEDULE OF EXPENDITURES BY TYPE  
FOR FISCAL YEARS 2010, 2009 AND 2008**

	<b>FISCAL YEAR</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>PA 96-0046</b>	<b>PA 95-0731</b>	<b>PA 95-0348</b>
<b><u>Personal Services By Fund</u></b>			
General Revenue Fund - 001	\$ -	\$ 1,038,734	\$ 714,648
U.S. Environmental Protection Fund - 065	15,797,593	14,419,788	14,794,791
Underground Storage Tank Fund - 072	3,056,189	3,015,890	2,866,719
Solid Waste Management Fund - 078	4,721,911	5,462,053	5,378,027
Subtitle D Management Fund - 089	1,445,976	1,437,174	1,358,804
Clean Air Act (CAA) Permit Fund - 091	9,408,001	9,638,169	9,627,471
Pollution Control Board State Trust Fund - 207	116,984	-	-
Brownfields Redevelopment Fund - 214	62,030	454,771	520,230
Water Pollution Control Revolving Fund - 270	8,292,592	7,727,532	7,579,867
Hazardous Waste Occupational Licensing Fund - 282	38,263	-	-
Community Water Supply Laboratory Fund - 288	512,871	518,015	535,109
Used Tire Management Fund - 294	2,385,572	2,454,450	2,333,628
Environmental Laboratory Certification Fund - 336	265,175	238,625	291,433
Alternative Fuels Fund - 422	111,376	121,755	136,390
Conservation 2000 Fund - 608	225,015	199,018	-
Electronics Recycling Fund - 675	116,389	-	-
Illinois Clean Water Fund - 731	5,492,027	4,023,215	4,071,120
Hazardous Waste Fund - 828	4,487,115	4,695,487	4,785,310
Environmental Protection Permit and Inspection Fund - 944	4,374,690	5,670,365	6,433,075
Vehicle Inspection Fund - 963	3,084,476	2,933,703	3,245,951
	<hr/>	<hr/>	<hr/>
Total Personal Services	63,994,245	64,048,744	64,672,573

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
COMPARATIVE SCHEDULE OF EXPENDITURES BY TYPE  
FOR FISCAL YEARS 2010, 2009 AND 2008**

	FISCAL YEAR		
	2010 PA 96-0046	2009 PA 95-0731	2008 PA 95-0348
<b><u>Other Payroll Costs By Fund</u></b>			
General Revenue Fund - 001	\$ -	\$ 294,073	\$ 169,562
U.S. Environmental Protection Fund - 065	8,825,899	7,140,016	6,746,683
Underground Storage Tank Fund - 072	1,484,631	1,479,090	1,300,718
EPA Special State Projects Trust Fund - 074	8,387	10,117	8,968
Solid Waste Management Fund - 078	2,644,859	2,693,555	2,451,225
Subtitle D Management Fund - 089	804,202	710,378	626,771
Clean Air Act (CAA) Permit Fund - 091	5,222,203	4,691,717	4,315,025
Pollution Control Board State Trust Fund - 207	58,552	-	-
Brownfields Redevelopment Fund - 214	345,418	224,419	227,816
Water Pollution Control Revolving Fund - 270	4,735,330	3,931,885	3,551,494
Hazardous Waste Occupational Licensing Fund - 282	18,692	-	-
Community Water Supply Laboratory Fund - 288	334,497	302,909	303,185
Used Tire Management Fund - 294	1,367,396	1,251,597	1,083,823
Environmental Laboratory Certification Fund - 336	147,687	113,484	131,939
Alternative Fuels Fund - 422	59,915	56,060	57,280
Conservation 2000 Fund - 608	128,392	102,012	-
Electronics Recycling Fund - 675	60,717	-	-
Illinois Clean Water Fund - 731	3,109,379	2,013,701	1,867,212
Hazardous Waste Fund - 828	2,523,903	2,310,317	2,145,977
Environmental Protection Permit and Inspection Fund - 944	2,424,569	2,784,623	2,936,895
Vehicle Inspection Fund - 963	1,954,310	1,666,351	1,683,273
<b>Total Other Payroll Costs</b>	<b>36,258,938</b>	<b>31,776,304</b>	<b>29,607,846</b>

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
COMPARATIVE SCHEDULE OF EXPENDITURES BY TYPE  
FOR FISCAL YEARS 2010, 2009 AND 2008**

	FISCAL YEAR		
	2010 PA 96-0046	2009 PA 95-0731	2008 PA 95-0348
<b><u>Contractual Services By Fund</u></b>			
General Revenue Fund - 001	\$ -	\$ 10,307	\$ 7,883
U.S. Environmental Protection Fund - 065	12,612,833	14,774,707	10,702,059
Underground Storage Tank Fund - 072	611,177	595,991	552,584
EPA Special State Projects Trust Fund - 074	714,763	1,421,149	793,670
Solid Waste Management Fund - 078	358,756	3,747,676	4,635,459
Subtitle D Management Fund - 089	170,545	396,623	381,517
Clean Air Act (CAA) Permit Fund - 091	1,825,387	1,908,920	2,578,507
Pollution Control Board State Trust Fund - 207	257,545	377,163	160,418
Brownfields Redevelopment Fund - 214	1,888,729	123,269	36,889
Water Pollution Control Revolving Fund - 270	1,575,171	1,474,420	1,381,356
Pollution Control Board Fund - 277	-	300	8,437
Hazardous Waste Occupational Licensing Fund - 282	-	7,066	511
Community Water Supply Laboratory Fund - 288	388,857	469,041	480,690
Used Tire Management Fund - 294	1,426,347	2,138,306	3,063,460
Environmental Laboratory Certification Fund - 336	1,040	47,573	63,528
Alternative Fuels Fund - 422	604	400	-
Conservation 2000 Fund - 608	83,156	64,103	31,100
Electronics Recycling Fund - 675	108,879	-	-
Illinois Clean Water Fund - 731	1,361,896	1,555,744	1,596,366
Alternate Compliance Market Fund - 738	-	-	39
Oil Spill Response Fund - 774	-	58	-
Hazardous Waste Fund - 828	2,950,100	7,864,568	14,725,162
Environmental Protection Trust Fund - 845	658,651	-	-
Environmental Protection Permit and Inspection Fund - 944	147,579	428,730	871,115
Vehicle Inspection Fund - 963	13,774,123	13,643,310	20,804,360
<b>Total Contractual Services</b>	<b>40,916,138</b>	<b>51,049,424</b>	<b>62,875,110</b>

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
COMPARATIVE SCHEDULE OF EXPENDITURES BY TYPE  
FOR FISCAL YEARS 2010, 2009 AND 2008**

	<b>FISCAL YEAR</b>		
	<b>2010 PA 96-0046</b>	<b>2009 PA 95-0731</b>	<b>2008 PA 95-0348</b>
<b><u>All Other Operating Costs By Fund</u></b>			
General Revenue Fund - 001	\$ -	\$ 105,475	\$ 52,516
U.S. Environmental Protection Fund - 065	1,576,084	1,422,864	1,594,716
Underground Storage Tank Fund - 072	472,271	184,804	98,964
EPA Special State Projects Trust Fund - 074	647,014	253,611	470,051
Solid Waste Management Fund - 078	1,345,582	308,814	236,669
Subtitle D Management Fund - 089	46,931	196,535	122,214
Clean Air Act (CAA) Permit Fund - 091	740,420	662,045	1,241,471
Pollution Control Board State Trust Fund - 207	338,419	221,112	153,929
Brownfields Redevelopment Fund - 214	597,968	-	138,071
Water Pollution Control Revolving Fund - 270	714,784	722,922	898,073
Pollution Control Board Fund - 277	80	225	225
Hazardous Waste Occupational Licensing Fund - 282	5,334	3,342	15,360
Community Water Supply Laboratory Fund - 288	-	48,215	84,008
Used Tire Management Fund - 294	160,157	308,987	374,355
Environmental Laboratory Certification Fund - 336	14,612	9,742	12,420
Alternative Fuels Fund - 422	2,859	2,295	13,697
Anti-Pollution Fund - 551	420,527	-	-
Conservation 2000 Fund - 608	161,996	116,597	-
Electronics Recycling Fund - 675	163	-	-
Illinois Clean Water Fund - 731	1,089,870	846,119	454,942
Alternate Compliance Market Fund - 738	-	-	108,004
Oil Spill Response Fund - 774	6,822	72,404	82,335
Hazardous Waste Fund - 828	115,959	322,670	190,004
Environmental Protection Trust Fund - 845	16,535	-	-
Environmental Protection Permit and Inspection Fund - 944	155,438	488,705	545,809
Vehicle Inspection Fund - 963	497,923	467,456	581,139
Build Illinois Bond Fund - 971	165,400	439,053	-
<b>Total Other Operating Costs</b>	<b>9,293,148</b>	<b>7,203,992</b>	<b>7,468,972</b>
<b>TOTAL OPERATING COSTS</b>	<b>150,462,469</b>	<b>154,078,464</b>	<b>164,624,501</b>

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
COMPARATIVE SCHEDULE OF EXPENDITURES BY TYPE  
FOR FISCAL YEARS 2010, 2009 AND 2008

	FISCAL YEAR		
	2010	2009	2008
	PA 96-0046	PA 95-0731	PA 95-0348
<b><u>Grants By Fund</u></b>			
General Revenue Fund - 001	\$ 145,965	\$ 150,700	\$ 332,800
U.S. Environmental Protection Fund - 065	11,798,163	6,147,157	5,640,896
Underground Storage Tank Fund - 072	50,122,607	50,384,085	53,076,606
EPA Special State Projects Trust Fund - 074	595,707	393,700	526,147
Solid Waste Management Fund - 078	1,420,993	1,508,302	1,499,356
Brownfields Redevelopment Fund - 214	566,955	1,086,811	1,380,901
Water Pollution Control Revolving Fund - 270	314,917,801	200,434,294	164,090,427
Alternative Fuels Fund - 422	613,075	786,594	453,777
Anti-Pollution Fund - 551	1,103,553	-	45,071
Conservation 2000 Fund - 608	283,389	307,325	1,092,697
Environmental Protection Trust Fund - 845	3,046,241	1,500,000	5,400,000
Build Illinois Bond Fund - 971	129,675	3,134,411	5,149,376
Total Grants	<u>384,744,124</u>	<u>265,833,379</u>	<u>238,688,054</u>
TOTAL EXPENDITURES	<u>\$ 535,206,593</u>	<u>\$ 419,911,843</u>	<u>\$ 403,312,555</u>

Notes: We have not performed any procedures on the expenditures related to Division 70 (Pollution Control Board).  
The expenditures were tested in a separate examination of the Pollution Control Board.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
SCHEDULE OF STATE OFFICER'S SALARIES  
FOR FISCAL YEARS 2010, 2009 AND 2008**

	<b>FISCAL YEAR</b>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Appropriations - Director	\$ 133,300	\$ 133,300	\$ 128,400
Expenditures - Director	<u>133,273</u>	<u>133,273</u>	<u>128,394</u>
Lapsed Balances - Director	<u>\$ 27</u>	<u>\$ 27</u>	<u>\$ 6</u>

Note: The Director's salary is appropriated to the Office of the State Comptroller.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
SCHEDULE OF CHANGES IN STATE PROPERTY  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

**Year Ended June 30, 2010**

	<u>Equipment</u>
Balance per Agency, Beginning	\$ 26,211,381
Additions	654,958
Deletions	<u>(1,623,558)</u>
Balance per Agency, Ending	<u>\$ 25,242,781</u>

**Year Ended June 30, 2009**

	<u>Equipment</u>
Balance per Agency, Beginning	\$ 26,974,305
Additions	1,980,266
Deletions	<u>(2,743,190)</u>
Balance per Agency, Ending	<u>\$ 26,211,381</u>

Notes: Beginning and ending balances per Agency include the Pollution Control Board. The Schedule of Changes in State Property reflects all Agency property, including amounts falling below the capitalization thresholds set for financial statement reporting purposes.

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

	FISCAL YEAR		
	2010	2009	2008
<b>General Revenue Fund - 001</b>			
Jury Duty	\$ 406	\$ 308	\$ -
Copying Charges	12,895	8,311	4,918
Personal Phone Calls	-	-	226
Miscellaneous	146,334	131	825
Total General Revenue Fund	<u>159,635</u>	<u>8,750</u>	<u>5,969</u>
<b>Industrial Hygiene Regulatory and Enforcement Fund - 049</b>			
License	3,185	3,840	3,870
Total Industrial Hygiene Regulatory and Enforcement Fund	<u>3,185</u>	<u>3,840</u>	<u>3,870</u>
<b>U.S. Environmental Protection Fund - 065</b>			
Federal Grant Proceeds	50,821,456	44,174,213	37,521,970
Jury Duty	79	51	428
Witness Fees	174	95	149
Travel Reimbursement	887	-	334
IDOT Agreement	913,849	402,501	74,943
Federal Grants (Department of Defense)	1,092,112	1,020,127	976,606
Great Lakes Commission	11,275	20,000	26,000
Personal Phone Calls	248	679	82
Miscellaneous	351	775	1,152
Total U.S. Environmental Protection Fund	<u>52,840,431</u>	<u>45,618,441</u>	<u>38,601,664</u>
<b>Underground Storage Tank Fund - 072</b>			
Travel Reimbursement	137	-	-
Jury Duty	32	16	15
Witness Fees	-	35	-
Total Underground Storage Tank Fund	<u>169</u>	<u>51</u>	<u>15</u>
<b>EPA Special State Projects Trust Fund - 074</b>			
Transfer from Environmental Protection Fund	50,000	400,000	1,350,000
P2 Intern Program	-	6,782	-
Governor's Environmental Corps	100,000	112,000	105,000
Great Lakes Com.	-	37,152	669,268
Jury Duty	-	96	4,291
Household Haz. Waste	46,000	187,313	163,000
Lab Cost Recovery	25,664	24,677	25,629
Penalties	540,707	130,000	335,000
Total EPA Special State Projects Trust Fund	<u>762,371</u>	<u>898,020</u>	<u>2,652,188</u>

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

	FISCAL YEAR		
	2010	2009	2008
<b>Solid Waste Management Fund - 078</b>			
Solid Waste Collection Fees	\$ 20,953,299	\$ 22,002,152	\$ 24,706,101
Jury Duty	18	257	50
Witness Fees	-	184	48
Personal Phone Calls	-	-	21
Miscellaneous	-	521	-
Total Solid Waste Management Fund	<u>20,953,317</u>	<u>22,003,114</u>	<u>24,706,220</u>
<b>Subtitle D Management Fund - 089</b>			
Solid Waste Collection Fees	2,306,573	2,414,379	2,867,002
Total Subtitle D Management Fund	<u>2,306,573</u>	<u>2,414,379</u>	<u>2,867,002</u>
<b>Clean Air Act (CAA) Permit Fund - 091</b>			
Fees	13,293,105	14,408,390	15,582,435
Jury Duty	65	57	96
Personal Phone Calls	-	44	10
Witness Fees	80	35	196
Employee Reimbursement	-	536	-
Total Clean Air Act Permit Fund	<u>13,293,250</u>	<u>14,409,062</u>	<u>15,582,737</u>
<b>Pollution Control Board Trust - 207</b>			
Trust Fund Grant	500,000	100,000	750,000
Total Pollution Control Board Trust	<u>500,000</u>	<u>100,000</u>	<u>750,000</u>
<b>Brownfields Redevelopment Fund - 214</b>			
Federal Grant Receipts	2,971,273	1,368,101	1,334,228
Total Brownfields Redevelopment Fund	<u>2,971,273</u>	<u>1,368,101</u>	<u>1,334,228</u>
<b>Water Pollution Control Revolving Fund - 270</b>			
Federal Grant Proceeds	153,757,565	39,878,899	24,078,349
Jury Duty	236	77	34
Witness Fees	-	130	-
Personal Phone Calls	-	-	147
Loan Payments - Principal	100,781,233	87,995,411	71,005,402
Loan Payments - Interest	18,008,888	17,593,375	21,265,748
Loan Payments - Support	21,646,462	18,007,922	11,899,259
Escrow	9,470,000	9,080,000	8,975,000
Fund Interest	36,566	70,297	128,003
Leveraged Loan Repayments	16,167,534	12,496,463	14,641,493
Total Water Pollution Control Revolving Fund	<u>319,868,484</u>	<u>185,122,574</u>	<u>151,993,435</u>

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

	FISCAL YEAR		
	2010	2009	2008
<b>Pollution Control Board Fund - 277</b>			
Opinion Sales	\$ 2,940	\$ 4,371	\$ 6,492
Filing Fees	3,150	3,750	4,650
Subscription Sales	120	320	220
Total Pollution Control Board Fund	<u>6,210</u>	<u>8,441</u>	<u>11,362</u>
<b>Hazardous Waste Occupational Licensing Fund - 282</b>			
Hazardous Waste Laborers Licenses	18,150	19,800	21,950
Total Hazardous Waste Occupational Licensing Fund	<u>18,150</u>	<u>19,800</u>	<u>21,950</u>
<b>Community Water Supply Laboratory Fund - 288</b>			
PWS Laboratory Fees	195,481	1,191,686	1,927,344
Total Community Water Supply Laboratory Fund	<u>195,481</u>	<u>1,191,686</u>	<u>1,927,344</u>
<b>Used Tire Management Fund - 294</b>			
Jury Duty	111	86	-
Miscellaneous	301	-	133
Cost Recovery	2,150	1,200	8,375
Total Used Tire Management Fund	<u>2,562</u>	<u>1,286</u>	<u>8,508</u>
<b>Environmental Laboratory Certification Fund - 336</b>			
Cost Recovery	5,893	2,579	3,945
Jury Duty	-	6	-
Lab Certification Fees	453,600	508,600	507,000
Total Environmental Laboratory Certification Fund	<u>459,493</u>	<u>511,185</u>	<u>510,945</u>
<b>Electronic Recycling - 675</b>			
Electronic Recycling Fee	275,000	229,000	-
Total Electronic Recycling Fund	<u>275,000</u>	<u>229,000</u>	<u>-</u>
<b>Clean Water Fund - 731</b>			
NPDES Fees	15,178,597	19,278,440	20,242,794
Water Quality Certification	222,628	305,039	274,492
Jury Duty	30	-	267
Personal Phone Calls	-	110	-
Miscellaneous	-	-	884
NPDES Interest	33,248	39,153	27,000
Total Clean Water Fund	<u>15,434,503</u>	<u>19,622,742</u>	<u>20,545,437</u>
<b>Alternative Compliance Market Fund - 738</b>			
Fees	1,716	277,700	13,169
Total Alternative Compliance Market Fund	<u>1,716</u>	<u>277,700</u>	<u>13,169</u>
<b>Oil Spill Response Fund - 774</b>			
Penalty	51,034	10,000	-
Total Oil Spill Response Fund	<u>51,034</u>	<u>10,000</u>	<u>-</u>

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

	FISCAL YEAR		
	2010	2009	2008
<b>Hazardous Waste Fund - 828</b>			
Hazardous Waste Financial Assurance	\$ -	\$ 144,908	\$ -
Hazardous Waste Collection Fees	784,306	914,990	1,367,865
Hazardous Waste Cost Recoveries	5,728,603	13,327,535	9,608,680
Penalties and Fines	1,577,743	1,121,366	648,285
Miscellaneous	92,833	-	28,350
Jury Duty	65	46	129
Witness Fees	231	41	40
Court & Hearing Costs	-	9,803	32,516
Penalty Interest on Penalties	-	4,505	-
Total Hazardous Waste Fund	8,183,781	15,523,194	11,685,865
<b>Hazardous Waste Research Fund - 840</b>			
Hazardous Waste Collection Fees	87,145	101,666	151,985
Hazardous Waste Hauler Fees	208,769	220,532	217,609
Total Hazardous Waste Research Fund	295,914	322,198	369,594
<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
Total Environmental Protection Trust Fund	4,722,785	3,569,914	2,012,286
<b>Environmental Protection Permit and Inspection Fund - 944</b>			
Permit & Inspection Fees - APC	2,055,876	2,241,258	2,194,750
Asbestos Fee	479,700	523,650	615,300
Air Construction Fee	2,017,400	2,230,100	2,729,600
Permit & Inspection Fees - LPC	228,000	233,500	240,500
Hazardous Waste Hauler Fees - LPC	36,842	38,918	38,402
Large Generator Fees	392,000	346,000	377,500
Manifest Fees - LPC	26,172	30,170	53,002
PIMW Manifests - LPC	803,260	801,299	840,599
PIMW Haulers - LPC	160,350	103,950	152,792
PIMW Transporters - LPC	1,461,421	1,394,351	1,439,050
Used Tire Storage Fee - LPC	24,200	24,000	22,000
Uniform Hazardous Waste Transport Permit - LPC	66,535	60,640	65,980
Permit & Inspection Fees - Industrial Construction	135,600	146,900	148,100
Permit & Inspection Fees - PWS Oper	26,880	28,890	25,910
Permit & Inspection Fees - PWS Cons	233,330	270,270	524,270
Permit & Inspection Fees - WPC Cons	295,500	404,500	783,380
Penalty	-	9,275	1,750
Jury Duty	32	83	197
Witness Fees	-	49	66
Miscellaneous	-	-	1,235
Total Environmental Protection Permit and Inspection Fund	8,443,098	8,887,803	10,254,383

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
COMPARATIVE SCHEDULE OF CASH RECEIPTS  
FOR FISCAL YEARS 2010, 2009 AND 2008

	FISCAL YEAR		
	2010	2009	2008
<b>Vehicle Inspection Fund - 963</b>			
Jury Duty	\$ 121	\$ 17	\$ 68
Employee Reimbursement	-	-	937
IDOT Agreement	-	-	4,184,452
Vehicle Emissions Inspection Fee	29,720	26,700	26,520
Total Vehicle Inspection Fund	<u>29,841</u>	<u>26,717</u>	<u>4,211,977</u>
<b>Anti-Pollution Bond Fund - 551</b>			
Bond Sale	<u>2,584,554</u>	-	-
<b>Hazardous Waste Fund - 828</b>			
Transfer from Solid Waste Management Fund - 078	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
<b>Vehicle Inspection Fund - 963</b>			
Transfer from DOT	<u>30,000,000</u>	<u>30,000,000</u>	<u>30,000,000</u>
<b>Total Agency Cash Receipts</b>			
Before Interest	<u>486,362,810</u>	<u>354,147,998</u>	<u>322,070,148</u>
<b>Interest Deposited Directly into State Treasury</b>			
Clean Air Act Permit Fund - 091	61,124	281,171	604,388
EPA Court Trust Fund - 154	39	149	265
Brownfields Redevelopment Fund - 214	13,813	61,302	157,714
Water Pollution Control Revolving Fund - 270	2,735,911	10,841,062	18,974,152
Community Water Supply Lab Fund - 288	3,832	25,420	38,122
Environmental Lab Certification Fund - 336	1,921	5,383	7,394
Electronic Recycling Fund - 675	1,757	28	-
Alternative Compliance Market Fund - 738	2,315	7,075	16,334
Clean Water Fund - 731	79,307	515,619	927,666
Total Interest Deposited Directly into State Treasury	<u>2,900,019</u>	<u>11,737,209</u>	<u>20,726,035</u>
<b>Total Agency Receipts After Interest</b>	<u>\$ 489,262,829</u>	<u>\$ 365,885,207</u>	<u>\$ 342,796,183</u>

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
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>GENERAL REVENUE FUND - 001</u>		
Receipts per Agency Records	\$ 159,635	\$ 8,750
Plus deposits in transit, beginning of year	674	84
Less deposits in transit, end of year	35	674
Deposits Recorded by the Comptroller	<u>160,274</u>	<u>8,160</u>
<u>INDUSTRIAL HYGIENE REGULATORY AND ENFORCEMENT FUND - 049</u>		
Receipts per Agency Records	3,185	3,840
Plus deposits in transit, beginning of year	200	-
Less deposits in transit, end of year	-	200
Deposits Recorded by the Comptroller	<u>3,385</u>	<u>3,640</u>
<u>U.S. ENVIRONMENTAL PROTECTION FUND - 065</u>		
Receipts per Agency Records	52,840,431	45,618,441
Plus deposits in transit, beginning of year	47	64
Less deposits in transit, end of year	-	47
Deposits Recorded by the Comptroller	<u>52,840,478</u>	<u>45,618,458</u>
<u>UNDERGROUND STORAGE TANK FUND - 072</u>		
Receipts per Agency Records	169	51
Plus deposits in transit, beginning of year	-	-
Less deposits in transit, end of year	-	-
Deposits Recorded by the Comptroller	<u>169</u>	<u>51</u>
<u>EPA SPECIAL STATE PROJECTS TRUST FUND - 074</u>		
Receipts per Agency Records	762,371	898,020
Adjustment on incorrect credit of grant to Fund 207	-	(300,000)
Plus deposits in transit, beginning of year	-	43,251
Less deposits in transit, end of year	-	-
Deposits Recorded by the Comptroller	<u>762,371</u>	<u>641,271</u>

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
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>SOLID WASTE MANAGEMENT FUND - 078</u>		
Receipts per Agency Records	\$ 20,953,317	\$ 22,003,114
Plus deposits in transit, beginning of year	-	-
Less deposits in transit, end of year	-	-
Deposits Recorded by the Comptroller	<u>20,953,317</u>	<u>22,003,114</u>
<u>SUBTITLE D MANAGEMENT FUND - 089</u>		
Receipts per Agency Records	2,306,573	2,414,379
Plus deposits in transit, beginning of year	-	-
Less deposits in transit, end of year	-	-
Deposits Recorded by the Comptroller	<u>2,306,573</u>	<u>2,414,379</u>
<u>CLEAN AIR ACT (CAA) PERMIT FUND - 091</u>		
Receipts per Agency Records	13,293,250	14,409,062
Year end adjustment to correct cash forward		(800)
Plus deposits in transit, beginning of year	2,587,446	2,472,901
Less deposits in transit, end of year	317,137	2,587,446
Deposits Recorded by the Comptroller	<u>15,563,559</u>	<u>14,293,717</u>
<u>POLLUTION CONTROL BOARD STATE TRUST - 207</u>		
Receipts per Agency Records	500,000	100,000
Adjustment on incorrect credit of grant	-	300,000
Plus deposits in transit, beginning of year	-	-
Less deposits in transit, end of year	-	-
Deposits Recorded by the Comptroller	<u>500,000</u>	<u>400,000</u>
<u>BROWNFIELDS REDEVELOPMENT FUND - 214</u>		
Receipts per Agency Records	2,971,273	1,368,101
Plus deposits in transit, beginning of year	-	-
Less deposits in transit, end of year	-	-
Deposits Recorded by the Comptroller	<u>2,971,273</u>	<u>1,368,101</u>

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
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>WATER REVOLVING FUND - 270</u>		
Receipts per Agency Records	\$ 319,868,484	\$ 185,122,574
Plus deposits in transit, beginning of year	345,006	-
Less deposits in transit, end of year	-	345,006
Deposits Recorded by the Comptroller	<u>320,213,490</u>	<u>184,777,568</u>
<u>POLLUTION CONTROL BOARD - 277</u>		
Receipts per Agency Records	6,210	8,441
Plus deposits in transit, beginning of year	150	365
Less deposits in transit, end of year	170	150
Deposits Recorded by the Comptroller	<u>6,190</u>	<u>8,656</u>
<u>HAZARDOUS WASTE OCCUPATIONAL LICENSING FUND - 282</u>		
Receipts per Agency Records	18,150	19,800
Plus deposits in transit, beginning of year	100	900
Less deposits in transit, end of year	1,650	100
Deposits Recorded by the Comptroller	<u>16,600</u>	<u>20,600</u>
<u>COMMUNITY WATER SUPPLY LABORATORY FUND - 288</u>		
Receipts per Agency Records	195,481	1,191,686
Plus deposits in transit, beginning of year	47,153	1,720
Less deposits in transit, end of year	13,980	47,153
Deposits Recorded by the Comptroller	<u>228,654</u>	<u>1,146,253</u>
<u>USED TIRE MANAGEMENT FUND - 294</u>		
Receipts per Agency Records	2,562	1,286
Plus deposits in transit, beginning of year	-	-
Less deposits in transit, end of year	-	-
Deposits Recorded by the Comptroller	<u>2,562</u>	<u>1,286</u>

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
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 LABORATORY</u>		
<u>CERTIFICATION FUNDS - 336</u>		
Receipts per Agency Records	\$ 459,493	\$ 511,185
Plus deposits in transit, beginning of year	-	9,339
Less deposits in transit, end of year	-	-
Deposits Recorded by the Comptroller	<u>459,493</u>	<u>520,524</u>
 <u>ELECTRONIC RECYCLING - 675</u>		
Receipts per Agency Records	275,000	229,000
Plus deposits in transit, beginning of year	100,000	-
Less deposits in transit, end of year	-	100,000
Deposits Recorded by the Comptroller	<u>375,000</u>	<u>129,000</u>
 <u>CLEAN WATER FUND - 731</u>		
Receipts per Agency Records	15,434,503	19,622,742
Adjustment for deposits to Protest Fund	(75,504)	(148,110)
Adjustment on PY deposits in transit for PY transfers	(500)	-
Plus deposits in transit, beginning of year	4,269,657	3,901,169
Less deposits in transit, end of year	2,501,140	4,269,657
Deposits Recorded by the Comptroller	<u>17,127,016</u>	<u>19,106,144</u>
 <u>ALTERNATIVE COMPLIANCE MARKET - 738</u>		
Receipts per Agency Records	1,716	277,700
Plus deposits in transit, beginning of year	-	-
Less deposits in transit, end of year	-	-
Deposits Recorded by the Comptroller	<u>1,716</u>	<u>277,700</u>
 <u>OIL SPILL RESPONSE FUND - 774</u>		
Receipts per Agency Records	51,034	10,000
Plus deposits in transit, beginning of year	-	-
Less deposits in transit, end of year	-	-
Deposits Recorded by the Comptroller	<u>51,034</u>	<u>10,000</u>

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
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>HAZARDOUS WASTE FUND - 828</u>		
Receipts per Agency Records	\$ 8,183,781	\$ 15,523,194
Plus deposits in transit, beginning of year	129,081	288,698
Less deposits in transit, end of year	98,220	129,081
Deposits Recorded by the Comptroller	<u>8,214,642</u>	<u>15,682,811</u>
<u>HAZARDOUS WASTE RESEARCH FUND - 840</u>		
Receipts per Agency Records	295,914	322,198
Plus deposits in transit, beginning of year	7,540	6,724
Less deposits in transit, end of year	2,593	7,540
Deposits Recorded by the Comptroller	<u>300,861</u>	<u>321,382</u>
<u>ENVIRONMENTAL PROTECTION TRUST FUND - 845</u>		
Receipts per Agency Records	4,722,785	3,569,914
Adjustment for deposits to Protest Fund	-	(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	<u>4,721,686</u>	<u>3,637,122</u>
<u>ENVIRONMENTAL PROTECTION PERMIT AND INSPECTION FUND - 944</u>		
Receipts per Agency Records	8,443,098	8,887,803
Yearend adjustment to correct cash forward	-	(800)
Plus deposits in transit, beginning of year	166,966	222,622
Less deposits in transit, end of year	134,891	166,966
Deposits Recorded by the Comptroller	<u>8,475,173</u>	<u>8,942,659</u>
<u>VEHICLE INSPECTION FUND - 963</u>		
Receipts per Agency Records	29,841	26,717
Plus deposits in transit, beginning of year	500	-
Less deposits in transit, end of year	-	500
Deposits Recorded by the Comptroller	<u>30,341</u>	<u>26,217</u>

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
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>AGENCY TOTALS</u>		
Receipts per Agency Records	\$ 451,778,256	\$ 322,147,998
Protest Adjustments to Agency Funds	(75,504)	(152,610)
Protest Receipts on the Comptroller Reports	75,504	152,610
Yearend adjustment to correct cash forward	-	(1,600)
Adjustment on PY deposits in transit for PY transfers	(500)	-
Plus deposits in transit, beginning of year	7,659,023	7,024,048
Less deposits in transit, end of year	3,075,418	7,659,023
Deposits Recorded by the Comptroller	\$ 456,361,361	\$ 321,511,423
Reconciliation of receipts per Agency records per the Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller to receipts before interest per Agency records on the Comparative Schedule of Cash Receipts:		
Receipts per Agency Records - Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller	\$ 451,778,256	\$ 322,147,998
Plus deposits made to the Comptroller through an auto-transfer, not in the form of a warrant:		
Anti-Pollution Bond Fund - 551	2,584,554	-
Vehicle Inspection Fund - 963 (Transfer from DOT)	30,000,000	30,000,000
Hazardous Waste Fund - 828 (Transfer from Solid Waste Management Fund - 078)	2,000,000	2,000,000
Receipts per Agency Records before interest - Comparative Schedule of Cash Receipts	\$ 486,362,810	\$ 354,147,998

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

A comparative schedule of net appropriations, expenditures and lapsed balances is presented on pages 79 through 89. The following is an explanation of significant fluctuations in expenditures, by fund total, among the years. Funds with appropriated and non-appropriated expenditures were analyzed. We considered fluctuations in excess of \$250,000 and 20% to be significant. Explanations of significant expenditure fluctuations are as follows:

**Fiscal Year 2010**

**Fund 001 – General Revenue Fund**

The expenditures decreased by \$1,453,324 or 91%. The decrease was due to reduction in revenue and cost saving measures. As a cost saving measure in General Revenue funding, the Agency transferred approximately \$1.2 million in expenses related to the Office of Emergency Response to the Illinois Clean Water Fund (Fund 731).

**Fund 074 – EPA Special State Projects Trust Fund**

The appropriated expenditures increased by \$637,923 or 90%. This is utilized to process Clean School Bus grants (grants to reduce diesel emissions on school buses which are based on applications received and funding available). The increase was due to increase in the amounts of grants provided by the Bureau of Water to school district communities and expenses related to contractual laboratories.

The non-appropriated expenditures decreased by \$750,629 or 55%. This is used primarily for the expenditure of grant funds received from the Environmental Protection Trust Fund Commission (EPTF Commission). The decrease in expenditure was due to reduced funding made available by the EPTF Commission.

**Fund 078 – Solid Waste Management Fund**

The expenditures decreased by \$3,228,299 or 24%. The fund is used primarily for the Bureau of Land's household hazardous waste collections. The decrease was due to reduction in revenue and cost saving measures. As a cost saving measure, household hazardous waste collections (hhwc) were greatly reduced. There was approximately \$2.3 million less spent on hhwc as a result of elimination of one day hazardous waste collections. In addition, travel and telecommunication charges were also reduced.

**Fund 214 - Brownfields Redevelopment Fund**

The expenditures increased by \$1,571,830 or 83%. The increase was due to the American Recovery and Reinvestment Act (ARRA) funding that was expended in fiscal year 2010 to support the Brownfields program. The Brownfields program provides municipalities with financial assistance in the form of grants or loans for coordination of activities related to brownfields redevelopment, including identification of brownfields sites, site investigation, determination of remediation objectives, development and implementation of remedial action plans.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Fiscal Year 2010** (Continued)

**Fund 270 – Water Pollution Control Revolving Fund**

The expenditures increased by \$115,944,625 or 54%. The increase was due to ARRA funding that was expended in fiscal year 2010 to fund loans under the clean water and drinking water programs.

**Fund 551 – Anti-Pollution Fund**

The expenditures increased by \$1,524,080 or 100%. The increase was due to a one-time grant reimbursement in fiscal year 2010 for the unsewered community program.

**Fund 675 – Electronics Recycling Fund**

The expenditures increased by \$286,148 or 100%. The fund is used for the collection of registration fees in association with the Electronics Products Recycling and Reuse Act. The initial fees collected in fiscal year 2009 were expended in fiscal year 2010.

**Fund 731 – Illinois Clean Water Fund**

The expenditures increased by \$2,614,393 or 31%. The increase was due to reallocation of expenditures as a result of other funds' decreases in revenue and cost saving measures. In addition to the \$1.2 million in General Revenue expenses moved to this fund, there were approximately \$500,000 of Division of Laboratories expenses transferred to this fund, too.

**Fund 828 – Hazardous Waste Fund**

The expenditures decreased by \$5,115,965 or 34%. The expenditures are largely dependent on the receipt of cost recoveries and collection of fees, thus the decrease was due to the reduction of available revenue. The fund's expenditures are used for administrative and contractual costs associated with the clean-up of hazardous waste sites. The monies expended on clean-ups vary directly in relation to cash available.

**Fund 845 – Environmental Protection Trust Fund**

The appropriated expenditures increased by \$1,469,241 or 98%. This is used for the purpose of funding grants to the 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. The increase in fiscal year 2010 was due to higher level of funding made available to support program expenditures.

The non-appropriated expenditures increased by \$752,186 or 100%. The increase was due to the initial funding of \$250,759 for grant activities and the Bureau of Land expenditures of \$501,427 for court-ordered cleanup of construction or demolition debris at Worthy Park in Harvey, Illinois.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Fiscal Year 2010** (Continued)

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

The expenditures decreased by \$2,270,147 or 24%. The decrease was due to realignment of expenditures with revenue as a result of the Agency's reassessment of cash flows. The Bureau of Administration and the Bureau of Water shifted expenses to Fund 091 – Clean Air Act Permit Fund, Fund 731 – Illinois Clean Water Fund and Fund 270 – Water Pollution Control Revolving Fund. Additionally, the Bureau of Land reduced personal services and related fringe benefit costs to ensure adequate cash flow of revenues with expenditures.

**Fund 971 – Build Illinois Bond Fund**

The expenditures decreased by \$3,278,389 or 92%. These expenditures are predominantly for matching federal grants in the Water Revolving Fund. No match was provided in fiscal year 2010.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

A comparative schedule of net appropriations, expenditures and lapsed balances is presented on pages 79 through 89. The following is an explanation of significant fluctuations in expenditures, by fund total, among the years. Funds with appropriated and non-appropriated expenditures were analyzed. We considered fluctuations in excess of \$250,000 and 20% to be significant. Explanations of significant expenditure fluctuations are as follows

**Fiscal Year 2009**

**Fund 001 – General Revenue Fund**

The expenditures increased by \$321,880 or 25%. The increase was due to a new appropriation in fiscal year 2009 to the Division of Laboratories for the purpose of funding contractual laboratory analysis of samples.

**Fund 074 – EPA Special State Projects Trust Fund**

The non-appropriated expenditures increased by \$399,823 or 41%. The fund was used primarily for the expenditure of grant funds received from the EPTF Commission. The increase was due to higher level of funding made available by the EPTF Commission.

**Fund 270 – Water Pollution Control Revolving Fund**

The expenditures increased by \$36,789,836 or 21%. The increase was due to increased cash flows on outstanding loans to communities for wastewater and drinking water infrastructure projects and also due to the receipt of ARRA funding to fund loans under the clean water and drinking water programs in fiscal year 2009.

**Fund 422 – Alternative Fuels Fund**

The expenditures increased by \$305,960 or 46%. The fund is utilized to process rebates for the use of alternate fuels as part of the Alternate Fuel Rebate Program of the Agency. The increase was due to higher number of rebates applications received and approved by the Agency in fiscal year 2009.

**Fund 608 – Conservation 2000 Fund**

The expenditures decreased by \$334,742 or 30%. The decrease was due to lower amount of reimbursements to local governments for Clean Lakes Restoration in fiscal year 2009.

**Fund 828 – Hazardous Waste Fund**

The expenditures decreased by \$6,653,411 or 30%. The expenditures were largely dependent upon the receipt of cost recoveries and collection of fees. The decrease was due to the reduction of available revenue in fiscal year 2009.

**Fund 845 – Environmental Protection Trust Fund**

The appropriated expenditures decreased by \$3,900,000 or 72%. The decrease was due to lower level of funding available to support program expenditures in fiscal year 2009.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Fiscal Year 2009** (Continued)

**Fund 963 – Vehicle Inspection Fund**

The expenditures decreased by \$7,603,903 or 29%. The decrease was due to cost savings realized after the vehicle emissions test contract was re-bid in the later part of fiscal year 2008. As a result of renegotiation of terms of the new vehicle emissions testing contract and resultant cost reductions, the expenses related to the contract were decreased.

**Fund 971 – Vehicle Inspection Fund**

The expenditures decreased by \$1,575,912 or 31%. Fewer matches were provided in fiscal year 2009 due to the decrease in the amount of grants given to unsewered communities.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

A comparative schedule of cash receipts is presented on pages 98 through 102. The following is an explanation of significant fluctuations in receipts, by fund total, among years. We considered fluctuations in excess of \$250,000 and 20% to be significant. Explanations of significant receipts fluctuations are as follows:

**Fiscal Year 2010**

**Fund 207 – Pollution Control Board Trust Fund**

The receipts increased by \$400,000 or 400%. The increase was due to increased grant funds from the EPTF Commission in fiscal year 2010. The grant funds are used to support case processing and other program activities of the Pollution Control Board.

**Fund 214 – Brownfields Redevelopment Fund**

The receipts increased by \$1,603,172 or 117%. The increase was due to ARRA funding received for Brownfields projects in fiscal year 2010. The Brownfields program provides municipalities with financial assistance in the form of grants or loans for coordination of activities related to brownfields redevelopment, including identification of brownfields sites, site investigation, determination of remediation objectives, development and implementation of remedial action plans.

**Fund 270 - Water Pollution Control Revolving Fund**

The cash receipts increased by \$134,745,910 or 73%. The increase was due to ARRA funding received in fiscal year 2010. ARRA money was used to fund loans under the clean water and drinking water programs.

The receipts pertaining to interest deposited directly into the State Treasury decreased by \$8,105,151 or 75%. The decrease in interest earned was due to the significant decline in interest rates.

**Fund 288 - Community Water Supply Laboratory Fund**

The receipts decreased by \$996,205 or 84%. The decrease was due to delayed mailing of billing notices which pushed most of the actual cash receipts in fiscal year 2011. This fund receives annual testing fees from each community water supply based on sampling projections. The delay in mailing of billing notices was due to shortage of staff.

**Fund 551 – Anti-Pollution Bond Fund**

The receipts increased by \$2,584,554 or 100%. The increase was due to income from bond sales during fiscal year 2010 wherein matching funds were released for fiscal year 2007 wastewater grants.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Fiscal Year 2010** (Continued)

**Fund 731 – Clean Water Fund**

The cash receipts decreased by \$4,188,239 or 21%. The decrease was due to the elimination of the annual Non-Point Discharge Elimination System (NPDES) fee for stormwater construction permits through Public Act 96-245 and also the deteriorating economy over the past several years has reduced the total number of NPDES permit holders.

The receipts pertaining to interest deposited directly into State Treasury decreased by \$436,312 or 85%. The decrease was due to a lower cash balance caused by the \$11.1 million in statutory transfers to the General Revenue Fund pursuant to 30 ILCS 105/8.49 (\$8.6 million) and 30 ILCS 105/8j (\$2.5 million).

**Fund 738 - Alternative Compliance Market Account**

The receipts decreased by \$275,984 or 99%. This is a voluntary program and receipts vary from year to year. The decrease was due to lower level of voluntary trading activity in fiscal year 2010. The purpose of this fund is to receive and record monies obtained from the purchase of allotment trading units by Air permittees pursuant to regulatory provisions 30 ILCS 105/5.437 and 415 ILCS 5/9.8, and any interest income resulting from investments.

**Fund 828 – Hazardous Waste Fund**

The receipts decreased by \$7,339,413 or 47%. Receipts vary every year depending on the cost recovery settlements received from responsible parties for hazardous waste cleanup. The decrease was the result of no payment received for the Lake Calumet Cluster site and that there were fewer recovery settlements in fiscal year 2010.

**Fund 845 - Environmental Protection Trust Fund**

The receipts increased by \$1,152,871 or 32%. The increase was due to increased court-ordered penalties received as a result of an increase in legal enforcement activity in fiscal year 2010.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

A comparative schedule of cash receipts is presented on pages 98 through 102. The following is an explanation of significant fluctuations in receipts, by fund total, among years. We considered fluctuations in excess of \$250,000 and 20% to be significant. Explanations of significant receipts fluctuations are as follows:

**Fiscal Year 2009**

**Fund 074 - EPA Special State Projects Trust Fund**

The receipts decreased by \$1,754,168 or 66%. The decrease was due to decrease in grant funds available from the EPTF Commission and reduced deposits from the Great Lakes Protection Fund (GLPF) which is attributable to poor economy and market conditions over the past two years. The GPLF returns money to participant states based upon their return on investments each year.

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

The receipts pertaining to interest deposited directly into State Treasury decreased by \$323,217 or 53%. Decrease in interest earned was due to lower cash balance in fiscal year 2009.

**Fund 207 - Pollution Control Board Trust**

The receipts decreased by \$650,000 or 87%. The decrease was due to decrease in available grant funds from the EPTF Commission.

**Fund 270 - Water Pollution Control Revolving Fund**

The cash receipts increased by \$33,129,139 or 22%. The increase was due to increase in federal grant proceeds as a result of timing of federal drawdowns and receipt of State match. In addition, there was also an increase in the number of loans scheduled for repayment.

The receipts pertaining to interest deposited directly into State Treasury decreased by \$8,133,090 or 43%. The decrease in interest earned was due to lower cash balance in the Fund 270 account.

**Fund 288 - Community Water Supply Laboratory Fund**

The receipts decreased by \$735,658 or 38%. The decrease was due to several factors such as: (1) the drop in the number of community participants (i.e. drinking water supplies of the State such as the cities, trailer parks, municipalities, etc.) caused by fewer facilities opting into the program, and (2) the amount of fees billed each year is variable based upon testing requirements for that year (some testing is required only once every three years).

**Fund 731 – Clean Water Fund**

The receipts pertaining to interest deposited directly into State Treasury decreased by \$412,047 or 44%. The decrease was due to lower interest rate and lower cash balance caused by the \$5 million in statutory transfer to the General Revenue Fund pursuant to 30 ILCS 105/8.46 Budget Relief.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Fiscal Year 2009** (Continued)

**Fund 738 – Alternative Compliance Market Account**

The receipts increased by \$264,531 or 2009%. Increase was due to higher level of voluntary trading activity in fiscal year 2009. This is a voluntary program and receipts vary from year to year. The purpose of this fund is to receive and record monies obtained from the purchase of allotment trading units by Air permittees pursuant to regulatory provisions 30 ILCS 105/5.437 and 415 ILCS 5/9.8, and any interest income resulting from investments.

**Fund 828 - Hazardous Waste Fund**

The receipts increased by \$3,832,824 or 33%. The increase was due to the final payment from Illinois Department of Transportation for the remediation activities at the Lake Calumet Cluster Site in Chicago.

**Fund 845 – Environmental Protection Trust Fund**

The receipts increased by \$1,557,628 or 77%. The increase was due to increased in court-ordered penalties received.

**Fund 963 - Vehicle Inspection Fund**

The receipts decreased by \$4,185,260 or 99%. The decrease was due to the ending of grant funds from the Illinois Department of Transportation. None received in fiscal year 2009.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

The schedule of net appropriations, expenditures and lapsed balances by fund is presented on pages 63 through 64. Following is an explanation of significant lapse period spending. We considered spending of \$250,000 and 15% or more of total expenditures to be significant. Explanations of significant lapsed period spending are as follows:

**Fiscal Year 2010**

**Fund 078 – Solid Waste Management Fund**

Lapse period expenditures were \$1,567,776 or 15% of total expenditures. Lapse period expenditures pertain to costs associated with Solid Waste delegation and disposal grants processed during the lapse period.

**Fund 845 – Environmental Protection Trust Fund**

Lapse period expenditures were \$819,241 or 28% of total expenditures. Lapse period expenditures pertain to transfer of grant funds to Fund 074 – EPA Special State Projects Trust Fund. During the year, the Comptroller indicated that the Agency would not be allowed to expend grant funds from Fund 845 because it was in conflict with the purpose of the fund. As a result, the balance of funds available was transferred to Fund 074.

**Fiscal Year 2009**

**Fund 074 – EPA Special State Projects Trust Fund**

Non-appropriated lapse period expenditures were \$545,067 or 40% of total non-appropriated expenditures. Lapse period expenditures pertain to open dump tire clean-ups and Chicago Climate Exchange and Communications Revolving Fund telecommunication expenses invoiced but not paid until the lapse period.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
ANALYSIS OF ACCOUNTS RECEIVABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The Agency's net accounts receivable balance was approximately \$1,984,318 (in thousands) at June 30, 2010. The Agency utilizes the Attorney General, a private collection agency, and the Computer Offset System to collect unpaid receivables.

An aging schedule of the Agency's accounts receivable at June 30, 2010 is presented below:

<u>Fund</u>	(Amounts in Thousands)						<u>Total</u>
	<u>Current</u>	<u>Less than 30 Days</u>	<u>31 to 90 Days</u>	<u>91 to 181 Days</u>	<u>181 to 365 Days</u>	<u>Over 365 Days</u>	
General Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 2
Environmental Protection	8,454	-	-	-	-	-	8,454
EPA Special Project Trust	-	-	-	-	-	100	100
Solid Waste Management	2,494	-	-	-	-	-	2,494
Subtitle D	275	-	-	-	-	-	275
Clean Air Act Permit	5,292	84	29	66	30	164	5,665
Brownfields	555	-	-	-	-	-	555
Water Revolving Fund	1,952,784	-	-	-	-	-	1,952,784
Community Water Supply	467	-	-	-	-	-	467
Used Tire Management	16	-	-	66	-	791	873
Laboratory Certification	-	-	-	-	-	1	1
Clean Water Fund	11,787	8	24	25	971	1,737	14,552
Alternative Compliance Market	-	-	-	-	-	44	44
Hazardous Waste	888	205	429	217	205	12,791	14,735
Hazardous Waste Research	28	-	-	-	-	-	28
Trust Fund Commission	408	-	1	1	56	7,709	8,175
Environmental Protection Permit and Inspection	314	25	26	30	47	227	669
<b>Total</b>	<b>\$ 1,983,762</b>	<b>\$ 322</b>	<b>\$ 509</b>	<b>\$ 405</b>	<b>\$ 1,309</b>	<b>\$ 23,566</b>	<b>2,009,873</b>
Accrued interest receivable - all funds							(3,188)
Allowance for uncollectible accounts							(22,367)
<b>Net Receivable</b>							<b>\$ 1,984,318</b>

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
ANALYSIS OF ACCOUNTS RECEIVABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The Agency's net accounts receivable balance was approximately \$1,812,554 (in thousands) at June 30, 2009. The Agency utilizes the Attorney General, a private collection agency, and the Comptroller Offset System to collect unpaid receivables.

An aging schedule of the Agency's accounts receivable at June 30, 2009 is presented below

Fund	(Amounts in Thousands)						Total
	Current	Less than 30 Days	31 to 90 Days	91 to 181 Days	181 to 365 Days	Over 365 Days	
General Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 2
Environmental Protection	8,202	-	-	-	-	-	8,202
EPA Special Project Trust	-	-	-	-	-	98	98
Solid Waste Management	5,077	-	-	-	-	-	5,077
Subtitle D	559	-	-	-	-	-	559
Clean Air Act Permit	4,867	45	44	47	44	140	5,187
Brownfields	67	-	-	-	-	-	67
Water Revolving Fund	1,780,572	-	-	-	-	-	1,780,572
Community Water Supply	125	-	-	-	-	-	125
Used Tire Management	17	-	-	-	10	760	787
Laboratory Certification	-	-	-	-	-	1	1
Clean Water Fund	10,847	5	26	27	952	1,392	13,249
Alternative Compliance Market	-	-	-	-	-	44	44
Hazardous Waste	759	40	446	40	276	12,223	13,784
Hazardous Waste Research	182	-	-	-	-	-	182
Trust Fund Commission	403	1	-	-	-	7,312	7,716
Environmental Protection Permit and Inspection	337	18	23	27	41	180	626
Total	<u>\$ 1,812,014</u>	<u>\$ 109</u>	<u>\$ 539</u>	<u>\$ 141</u>	<u>\$ 1,323</u>	<u>\$ 22,152</u>	1,836,278
Accrued interest receivable - all funds							(2,799)
Allowance for uncollectible accounts							<u>(20,925)</u>
Net Receivable							<u>\$ 1,812,554</u>

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

Functions

The mission of the Illinois Environmental Protection Agency (Agency) is to safeguard environmental quality, consistent with the social and economic needs of the State, so as to protect health, welfare, property and the quality of life.

In support of this mission statement, the following program goals have been developed:

1. Provide leadership to chart a new course for clean air which is responsive to relevant needs in Illinois and complies with priority aspects of the Clean Air Act Amendments.
2. Address outstanding solid and hazardous waste management concerns and participate, as appropriate, in the national deliberations on reauthorization of the hazardous waste program.
3. Utilize creative means to address the priority needs for clean and safe water in Illinois and participate, as appropriate, in the national deliberations on reauthorization of the water programs.
4. Enhance capability to fund environmental cleanup, when necessary, and to provide better service for private party actions.
5. Promote pollution prevention and market-based approaches for continued environmental progress.
6. Develop an environmental planning capability which emphasizes risk-based analysis, good science and sound data, and open communication and informed participation.

The IEPA is organized into three principal bureaus to carry out the Agency's mission. Each bureau is described below:

The **Bureau of Air** monitors air quality throughout the State to determine existing levels of pollution and evaluate historical trends. The Bureau of Air also addresses future needs of the State through an air quality planning program, analyzes alternative control strategies, proposes new or revised quality standards to the Pollution Control Board and conducts the Illinois Vehicle Emissions Testing Program to reduce air pollution from vehicle emissions in those sections of Illinois which do not meet federal air quality standards.

The **Bureau of Water** includes the Division of Public Water Supplies and the Division of Water Pollution Control. The Division of Public Water Supplies regulates operation of public water systems including inspections, water quality monitoring, technical assistance, facility permitting, system operator training, and enforcement programs. The Division of Water Pollution Control is responsible for identifying sources of water pollution and implementing procedures to abate the pollution.

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

The **Bureau of Land** administers the federal hazardous waste program pursuant to the federal Resource Conservation and Recovery Act and the State's solid waste program through permitting, surveillance, compliance and enforcement activities which control the transport, storage, treatment, and disposal of hazardous wastes. The Bureau also administers the Leaking Underground Storage Tank Program.

Laboratory facilities are located in Champaign and Springfield. Regional offices are located in Rockford, Des Plaines, Elgin, Elk Grove, Peoria, Springfield, Champaign, Collinsville and Marion.

Planning

The Agency established a strategic plan that runs for four years and is updated every year going forward. The plan includes the set-up of five priorities. These are 1) to enhance air quality, 2) to reduce contamination of the land through prevention and cleanup, 3) clean and safe water, 4) good information about environmental conditions to educate the public and guide use of resources, and 5) innovative programs that promote economic development and benefit the environment. Each priority was set-up with various initiatives in order to achieve the above program goals. These initiatives were programmed to direct the day to day operations of the Agency's various bureaus (air, land, and water).

In addition, the Agency also has the following Strategic Management Directives wherein the Agency widens its focus of promoting public awareness through social activities:

1. Pursue the State's environmental interests in concert with applicable national environmental programs.
2. Produce sound environmental decisions that are conducive to environmental progress.
3. Strengthen the government framework for environmental protection in Illinois.
4. Foster innovation, systems improvement and human resource development.
5. Stress responsiveness to relevant publics.

American Recovery and Reinvestment Act of 2009 (ARRA)

During fiscal year 2009, the Agency was awarded approximately \$272 million of ARRA funds for the following programs of the different Bureaus:

The **Bureau of Air** received funding for the Illinois Green Fleets Project (\$4.1 million) and the Clean Diesel Grant Program (\$1.7 million). These two programs will provide clean diesel vehicles and engines both on-road vehicles and off-road equipment as part of the Midwest Clean Diesel initiative.

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

The **Bureau of Water** received funding for the State Clean (\$177.2 million) and Drinking Water (\$79.5 million) Programs and the Water Quality Management Planning (\$1.8 million). The State Clean Water grant provides funding to capitalize the State revolving loan fund for the financing of the construction of wastewater treatment facilities and associated infrastructure, nonpoint source projects, estuary projects and program administration. The Drinking Water grant provides funding to capitalize the State revolving loan fund for the financing of the construction of drinking water facilities, green infrastructure, program administration and drinking water related activities. ARRA funds for the Water Quality Management Planning will continue to support the water quality (WQ) management planning activities such as:

- 1) IEPA and the Illinois State Water Survey (ISWS) updates to 1999 IEPA baseline loading report;
- 2) Precision estimates of macroinvertebrate and fish indexes of biological integrity; and
- 3) ISWS continuous dissolved oxygen/temperature and water sample collections.

The **Bureau of Land** received funding for Leaking Underground Storage Tank Trust Fund (\$7.4 million). The ARRA fund is an additional financial assistance source for IEPA's efforts to assess and cleanup petroleum releases from LUST sites in Illinois.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
AVERAGE NUMBER OF EMPLOYEES  
FOR THE TWO YEARS ENDED JUNE 30, 2010**

The following information was prepared from Agency records and represents the average number of employees for the fiscal years ended June 30:

	Average Headcount		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Administrative Services	9	9	26
Bureau of Air	269	270	283
Laboratories	18	17	15*
Bureau of Land	341	372	375*
Bureau of Water	299	301	317*
	<u>936</u>	<u>969</u>	<u>1,016</u>

\*Prior year report headcount associated with Laboratories, Bureau of Land and Bureau of Water have been corrected.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
SERVICE EFFORTS AND ACCOMPLISHMENTS  
FOR THE TWO YEARS ENDED JUNE 30, 2010  
(NOT EXAMINED)**

**Environmental Protection Agency  
(Dollars in Thousands)**

<u>Program</u>	<u>FY 2010</u>		<u>FY 2009</u>	
	<u>Expenditures</u>	<u>Headcount</u>	<u>Expenditures</u>	<u>Headcount</u>
Clean Water	\$ 374,801	328	\$ 251,497	325
Clean Land	106,678	334	117,298	383
Clean Air	51,529	285	49,147	284
Agency Totals	<u>\$ 533,008</u>	<u>947</u>	<u>\$ 417,942</u>	<u>992</u>

The Illinois Environmental Protection Agency (Agency) was created as part of the Environmental Protection Act of 1970. The Agency's mission is to protect, restore, and enhance the quality of air, land and water resources to benefit current and future generations. In fiscal year 2010, the Agency expended \$533 million to fund the activities of the Agency, which included administering State and federal programs to protect and improve air, land and water resources. The Agency employed 947 people in fiscal year 2010, including engineers, biologists, attorneys and other professionals with skills necessary to carry out the functions of the Agency. Activities of the Agency include issuing permits for air, land and water to restrict pollutants into the environment from industrial and commercial sources; regulating pollution control facilities and solid waste disposal sites; testing the quality of water processing procedures for operators of sewage treatment plants and public drinking water supplies and testing gasoline vehicles in Chicago and Metro-East ozone non-attainment areas. The Agency also administers grants and loans to local governments for wastewater and drinking water treatment facilities and for Brownfields redevelopment projects.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
SERVICE EFFORTS AND ACCOMPLISHMENTS  
FOR THE TWO YEARS ENDED JUNE 30, 2010  
(NOT EXAMINED)**

**Clean Air**

**Mission Statement:**

Protect the health, welfare, property and the quality of life of the citizens of Illinois through the elimination or control of harmful pollutants in the air.

**Program Goals - Objectives:**

1. Ensure that all federal and state air quality standards are being achieved.
  - a. Issue permits; conduct inspections, compliance activities, and air monitoring; and track air quality trends.
  - b. Assess the status of air quality through data collection, modeling and analysis.
2. Implement air pollution control strategies to reduce industrial emissions.
  - a. Reduce power plant emissions by establishing requirements necessary to meet federal and state standards.
  - b. Promote clean coal technologies and encourage the development of new clean coal energy plants.
3. Reduce emissions from mobile sources (i.e., transportation) that impact air quality in the state.
  - a. Reduce emissions from diesel school buses.
  - b. Educate school administrators and bus drivers about reducing emissions from diesel school buses.
  - c. Encourage use of pollution control retrofit devices on diesel vehicles.
  - d. Promote clean burning alternate fuels.
4. Implement an improved vehicle emission test program in non-attainment areas.
  - a. Implement, in coordination with the Secretary of State, the license renewal testing and enforcement program.
  - b. Administer an effective and efficient vehicle emissions testing program in the Chicago and Metro-East non-attainment areas.
5. Participate in Midwest Governors Association Air Initiative.
  - a. Continue dialogue with other states on improving air quality in the Midwest by reducing emissions from power plants and other targeted sources.
  - b. Work collectively with other states toward achieving state and regional air quality goals.

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION AGENCY  
SERVICE EFFORTS AND ACCOMPLISHMENTS  
FOR THE TWO YEARS ENDED JUNE 30, 2010  
(NOT EXAMINED)**

Funds: U. S. Environmental Protection Fund, EPA State Projects Trust Fund, Clean Air Act (CAA) Permit Fund, Alternate Fuels Fund, Alternative Compliance Market Account Fund, Environmental Protection Permit and Inspection Fund, Vehicle Inspection Fund

	<u>Fiscal Year 2008 Actual</u>	<u>Fiscal Year 2009 Actual</u>	<u>Fiscal Year 2010 Targeted /Projected</u>	<u>Fiscal Year 2010 Actual</u>	<u>Fiscal Year 2011 Targeted /Projected</u>
<b><u>Input Indicators</u></b>					
• Total expenditures -all source (in thousands)	\$ 57,724	\$ 49,720	\$ 74,410	\$ 52,221	\$ 73,015
• Total expenditures -state appropriated funds (in thousands)	\$ 57,356	\$ 49,147	\$ 73,773	\$ 51,529	\$ 72,341
• Average monthly full-time equivalents	290	284	302	285	309
<b><u>Output Indicators</u></b>					
• Number of permits issued to non-Title V sources	2,381	1,893	2,000	1,039	1,250
• Number of initial vehicle emission tests performed	1,477,646	1,658,466	1,711,300	1,758,708	1,714,900
• Number of pollutant emitting facilities inspected	1,408	1,084	1,157	992	1,005
• Number of permits issued to large pollutant emitting facilities (Title V) for the operation of such facilities	68	57	100	58	70
<b><u>Outcome Indicators</u></b>					
• Customer service rating for vehicle test program (maximum score of 5)	4.7	4.8	4.8	-	-
• Reduce pollution from diesel school buses (in tons)	-	-	5,600	5,800	5,000
• Percent days with "Good" air quality in Chicago	97%	97%	97%	96%	96%
• Percent days with "Good" air quality in St. Louis area	98%	98%	98%	98%	96%
• Percent industrial source emission reductions	50%	52%	54%	62%	56%
• Percent mobile source emission reductions	54.1%	55%	55%	55%	56%
<b><u>Efficiency/Cost-Effectiveness</u></b>					
• Cost of inspecting and permitting each small (non-Title V) pollutant-emitting facility (in dollars)	\$ 1,866	\$ 2,331	\$ 2,272	\$ 3,940	\$ 3,275
• Cost of inspecting and permitting each large (Title V) pollutant-emitting facility (in dollars)	\$ 79,167	\$ 82,334	\$ 85,627	\$ 84,804	\$ 87,348
• Cost per vehicle tested in the Chicagoland and Metro-East areas to ensure compliance with state and federal air quality standards (in dollars)	\$ 16	\$ 6.95	\$ 6.95	\$ 6.95	\$ 6.95

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FOR THE TWO YEARS ENDED JUNE 30, 2010  
(NOT EXAMINED)**

**Clean Land**

**Mission Statement:**

Reduce contamination of the land through prevention and cleanup.

**Program Goals - Objectives:**

1. Ensure that hazardous and nonhazardous wastes are managed in an environmentally sound manner.
  - a. Review and evaluate permit applications for hazardous, non-hazardous and special waste management facilities.
  - b. Complete closure of all inactive waste management units.
  - c. Review permitted groundwater monitoring programs, interpret groundwater standards, and offer assistance concerning impacts on groundwater.
  - d. Perform compliance inspections at waste generating facilities.
2. Encourage the recycling and recovery of waste materials.
  - a. Oversee a cleanup program for used tires.
  - b. Provide financial support to the five permanent household hazardous waste collection facilities.
  - c. Implement Beneficial Use Determination legislation that provides for re-use of waste.
3. Cleanup sites with contaminated land and groundwater.
  - a. Investigate, reduce, eliminate, and manage impacts of contaminated land and contaminated groundwater.
  - b. Provide opportunities for the cleanup and reuse of Brownfields.
  - c. Cleanup abandoned landfills.
  - d. Target sites to be referred to the Attorney General.
  - e. Implement cleanup of Chicago cluster sites.

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Funds: U. S. Environmental Protection Fund, Underground Storage Tank Fund, EPA State Projects Trust Fund, Solid Waste Management Fund, Subtitle D Management Fund, EPA Court Trust Fund, Brownfields Redevelopment Fund, Hazardous Waste Occupational Licensing Fund, Used Tire Management Fund, Anti-Pollution Fund, Electronics Recycling Fund, Hazardous Waste Fund, Environmental Protection Permit and Inspection Fund, Landfill Closure and Post-Closure Fund, Build Illinois Bond Fund

	<u>Fiscal Year 2008 Actual</u>	<u>Fiscal Year 2009 Actual</u>	<u>Fiscal Year 2010 Targeted /Projected</u>	<u>Fiscal Year 2010 Actual</u>	<u>Fiscal Year 2011 Targeted /Projected</u>
<b><u>Input Indicators</u></b>					
• Total expenditures - all sources (in thousands)	\$ 126,578	\$ 118,067	\$ 269,096	\$ 107,484	\$ 237,133
• Total expenditures -state appropriated funds (in thousands)	\$ 126,080	\$ 117,298	\$ 268,251	\$ 106,678	\$ 236,348
• Average monthly full-time equivalents	394	383	402	334	362
<b><u>Output Indicators</u></b>					
• Facility permits issued	854	742	742	530	530
• Facilities inspected	4,959	5,061	4,600	4,246	4,250
• Solid waste administrative citations	29	45	50	18	50
• Superfund constructions completed	3	2	2	-	-
• State cleanup projects completed	3	2	28	6	18
• One-day household hazardous waste collection events	20	16	-	-	-
• LUST (Leaking Underground Storage Tanks) incidents reported	525	441	400	355	350
<b><u>Outcome Indicators</u></b>					
• Waste permits issued as a percent of applications reviewed	99%	97.3%	97.3%	94%	94%
• Waste facilities in corrective action	45%	33%	33%	33%	33%
• Waste diverted from landfills by household hazardous waste collections at permanent facilities (measured in drums)	8,353	2,737	-	4,630	4,700
• Waste diverted from landfills by tire collections (measured in tons)	7,606	3,398	4,000	2,122	-
• Land remediated (measured in acres)	2,777	2,506	2,500	3,544	3,500
<b><u>Efficiency/Cost-Effectiveness</u></b>					
• Cost per facility permitted (in dollars)	\$ 4,863	\$ 7,154	\$ 7,200	\$ 8,800	\$ 9,064

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**Clean Water**

**Mission Statement:**

Illinois rivers, streams and lakes will support all designated uses; every public water supply will provide water that is consistently safe to drink and resource groundwater will be protected.

**Program Goals - Objectives:**

1. Implement programs to sustain beneficial uses of streams, lakes, and groundwater.
  - a. Protect and maintain existing high quality waters.
  - b. Eliminate use impairments in Illinois waters with identified problems.
  - c. Promote nutrient management practices.
  - d. Work toward science-based standards (nutrients, bacteria, dissolved oxygen, sulfate) and more accurate use classifications.
  - e. Address non-continuous but recurring pollutant discharges related to wet weather conditions.
  - f. Develop a permit program for surface-discharging septic systems.
  - g. Continue financial assistance to communities seeking to achieve or maintain Non-Point Discharge Elimination System (NPDES) compliance.
  - h. Increase awareness of groundwater contamination, non-degradation standards, wellhead protection, source water protection through outreach and education.
  - i. Implement a permit program for discharging combined animal feeding.
2. Ensure that public water supply systems provide water that is consistently safe to drink.
  - a. Reduce the population served by community water supplies with violations of drinking water standards to less than 5%.
  - b. Work toward enhancing rules for groundwater protection, source water protection, and wellhead protection areas.
  - c. Target financial assistance to assure compliance with new and existing drinking water standards.
3. Protect and restore Lake Michigan.
  - a. Maintain the percentage of open shoreline miles in good condition.
  - b. Assist with remediation of Waukegan Harbor.
  - c. Continue work at contaminated cluster sites in Lake Calumet area.
4. Reduce mercury in the Illinois environment.
  - a. Implement reduction programs, including capture and disposal of mercury vehicle switches and mercury thermostat recycling program.
  - b. Identify and assess current levels of mercury loading to Illinois water environment and assess trends in fish tissue.
  - c. Seek adoption of and implement mercury reduction requirements from Illinois power plants.

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**Program Goals – Objectives (Continued)**

5. Move from facility planning to watershed protection.
  - a. Develop 25 Total Maximum Daily Loads (TMDLs) for waters that fail to meet the use for which they have been designated.
  - b. Align the Agency's program activities on a watershed basis.
  - c. Pilot a watershed management approach in the Kishwaukee and Green River watersheds.
  - d. Foster local watershed management planning.
6. Assist with statewide water quantity planning.
  - a. Provide technical assistance to the Illinois Department of Natural Resources and regional planning groups.
  - b. Inform stakeholders of the impacts of water quantity on water quality and vice versa.

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Funds: U. S. Environmental Protection Fund, Water Revolving Fund, Anti-Pollution Fund, Partners for Conservation Fund, Illinois Clean Water Fund, Hazardous Waste Fund, Environmental Protection Permit and Inspection Fund, Build Illinois Bond Fund

	<u>Fiscal Year 2008 Actual</u>	<u>Fiscal Year 2009 Actual</u>	<u>Fiscal Year 2010 Targeted /Projected</u>	<u>Fiscal Year 2010 Actual</u>	<u>Fiscal Year 2011 Targeted /Projected</u>
<b><u>Input Indicators</u></b>					
• Total expenditures -all sources (in thousands)	\$ 219,010	\$ 252,125	\$ 1,859,741	\$ 375,523	\$ 2,104,950
• Total expenditures -State appropriated funds (in thousands)	\$ 218,591	\$ 251,497	\$ 1,859,040	\$ 374,801	\$ 1,794,062
• Average monthly full-time equivalents	340	325	346	328	356
<b><u>Output Indicators</u></b>					
• Drinking water permits issued	3,974	3,522	3,000	2,794	2,950
• Wastewater permits issued	3,507	2,450	2,500	2,639	3,000
• Drinking water facilities inspected	710	659	600	636	600
• Wastewater facilities inspected	962	813	800	494	511
• Infrastructure grants	5	5	12	9	13
• Wastewater loans	18	18	54	71	48
• Drinking water loans	20	27	54	69	46
• Non-point source control projects	24	25	21	18	20
• Lake restoration/protection grants	-	3	12	-	-
<b><u>Outcome Indicators</u></b>					
• Groundwater with "Good Quality" rating	74.5%	74.5%	74.5%	67.0%	67.0%
• Illinois streams with "Good Quality" rating	61%	61%	61%	63.2%	63.2%
• Lakes with "Good Quality" rating	69%	69%	69%	91.3%	91.3%
• Major wastewater-discharging facilities in compliance	96.8%	94%	93%	93.7%	93%
• Population served with good quality drinking water from community water supplies	96%	96%	95%	96%	95%
<b><u>Efficiency/Cost-Effectiveness</u></b>					
• Cost per facility permitted (in dollars)	\$ 1,027	\$ 928	\$ 950	\$ 956	\$ 985