

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

For the Two Years Ended June 30, 2012

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

**STATE OF ILLINOIS
POLLUTION CONTROL BOARD
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2012**

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**STATE OF ILLINOIS
POLLUTION CONTROL BOARD
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2012**

AGENCY OFFICIALS

Chairman (10/28/11 to present)	Mr. Thomas Holbrook
Acting Chairman (12/1/05 to 10/27/11)	Dr. G. Tanner Girard
Executive Director (10/28/11 to 5/31/12)	Dr. G. Tanner Girard
Fiscal Officer	Ms. Kathryn Griffin

Agency offices are located at:

1021 North Grand Avenue East
Springfield, Illinois 62702

2009 Mall Street
Collinsville, Illinois 62234

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

2125 South 1st Street
Champaign, Illinois 61820



ILLINOIS POLLUTION CONTROL BOARD

January 30, 2013

GOVERNOR

Pat Quinn



CHAIRMAN

Thomas Holbrook



MEMBERS

Jennifer Burke

Deanna Glosser

Jerome O'Leary

Carrie Zalewski



SPRINGFIELD OFFICE

1021 N. Grand Ave. East
P.O. Box 19274
Springfield, IL
62794-9274

Main: 217-524-8500
FAX: 217-524-8508



CHICAGO OFFICE

James R. Thompson Center
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Suite 11-500
Chicago, IL
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FAX: 312-814-3669
TDD: 312-814-6032



WEB SITE

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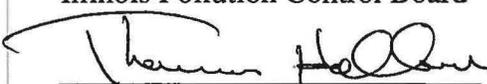
E.C. Ortiz & Co., LLP
333 South Desplaines, Suite 2-N
Chicago, Illinois 60661

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Illinois Pollution Control Board. 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 Illinois Pollution Control Board's compliance with the following assertions during the two-year period ended June 30, 2012. Based on this evaluation, we assert that during the years ended June 30, 2012 and June 30, 2011, the Illinois Pollution Control Board has materially complied with the assertions below.

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

Yours very truly,
Illinois Pollution Control Board


Thomas Holbrook
Chairman


Kathryn Griffin
Fiscal Officer

**STATE OF ILLINOIS
 POLLUTION CONTROL BOARD
 COMPLIANCE EXAMINATION
 FOR THE TWO YEARS ENDED JUNE 30, 2012**

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
Findings	1	-
Repeated findings	-	-
Prior recommendations implemented or not repeated	-	-

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDING (STATE COMPLIANCE)			
12-1	7	Failure to Comply with the Identity Protection Act	Significant Deficiency and Noncompliance

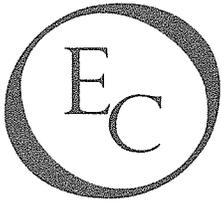
PRIOR FINDINGS NOT REPEATED

None noted.

EXIT CONFERENCE

The Board waived having an exit conference in a letter dated January 22, 2013, from the Board's Fiscal Officer, Ms. Kathryn Griffin.

Response to the recommendation was provided by Ms. Kathryn Griffin in a letter dated January 22, 2013.



E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

**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

and

The Board Members of the
Illinois Pollution Control Board

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the Illinois Pollution Control Board's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2012. The management of the Illinois Pollution Control Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Illinois Pollution Control Board's compliance based on our examination.

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

Our examination was conducted 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 Illinois Pollution Control Board's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Illinois Pollution Control Board's compliance with specified requirements.

In our opinion, the Illinois Pollution Control Board complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2012. However, the results of our procedures disclosed an instance of noncompliance with the requirements, which is required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which is described in the accompanying schedule of findings as item 12-1.

Internal Control

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

A deficiency in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in an entity's internal control 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 a certain deficiency in internal control over compliance that we considered to be a significant deficiency as described in the accompanying schedule of findings as item 12-1. *A significant deficiency in an entity's internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that

is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2012 and June 30, 2011 in Schedules 1 through 10 and the Analysis of Operations Section 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 June 30, 2012 and June 30, 2011 accompanying supplementary information in Schedules 1 through 10. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2010 accompanying supplementary information in Schedules 3 through 8 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

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

E. C. Ortiz & Co., LLP

Chicago, Illinois
January 30, 2013

**STATE OF ILLINOIS
POLLUTION CONTROL BOARD
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2012**

Current Finding - State Compliance

12-1 Failure to Comply with the Identity Protection Act

The Illinois Pollution Control Board (Board) failed to implement the provisions of the Identity Protection Act (Act).

The Identity Protection Act (5 ILCS 179) required the Board to draft and approve an identity-protection policy by June 1, 2011. Per the Act, the Policy must:

- Identify the Act.
- Require all employees identified as having access to social security numbers in the course of performing their duties to be trained to protect the confidentiality of social security numbers.
- Direct that only employees who are required to use or handle information or documents that contain social security numbers have access to such information or documents.
- Require that social security numbers requested from an individual be placed in a manner that makes the social security number easily redacted if required to be released as part of a public records request.
- Require that, when collecting a social security number or upon request by the individual, a statement of the purpose or purposes for which the agency is collecting and using the social security number be provided.

During our testing we noted that the Board had not issued an identity-protection policy.

Board management indicated that the Board did not develop its own policy on the Identity Protection Act based on the interpretation that the Board is covered under the State of Illinois Central Management Services' (CMS) Identity Protection Policy. CMS Identity Protection Policy stated that an agency that has not developed its own Identity Protection Policy, is subject to its policy, or any agency that chooses to adopt this policy.

Failure to implement provisions of the Act results in noncompliance with the Act, does not promote the security and control of social security numbers, and increases the likelihood of identity theft. (Finding Code No. 12-1)

Recommendation

We recommend the Board develop and approve an identity protection policy as required in the Identity Protection Act.

**STATE OF ILLINOIS
POLLUTION CONTROL BOARD
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2012**

Current Finding - State Compliance (Continued)

Board Response

The Board accepts the recommendation. The Board is in the process of developing a formal policy on the Identity Protection Act for approval by the Board's legal staff and members. The Board has in the past and will continue to maintain the practice of securing all social security numbers to prevent identity theft.

**STATE OF ILLINOIS
POLLUTION CONTROL BOARD
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2012**

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:
 - Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Schedule of Changes in State Property
 - Comparative Schedule of Cash Receipts
 - Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
 - Analysis of Significant Variations in Expenditures
 - Analysis of Significant Variations in Receipts
 - Analysis of Significant Lapse Period Spending
 - Analysis of Accounts Receivable

- Analysis of Operations:
 - Agency Functions and Planning Program (Not Examined)
 - Average Number of Employees (Not Examined)
 - Annual Cost Statistics (Not Examined)
 - Interagency Agreement (Not Examined)
 - 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 to the June 30, 2012 and June 30, 2011 in Schedules 1 through 10. However, the accountants do not express an opinion on the supplementary information. The accountants' report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS
 POLLUTION CONTROL BOARD
 SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 APPROPRIATIONS FOR FISCAL YEAR 2012

Fourteen Months Ended August 31, 2012

	Appropriations (Net After Transfers)	Expenditures Through 6/30/12	Approximate Lapse Period Expenditures 7/01/12-8/31/12	Approximate Total Expenditures	Approximate Balances Lapsed
<u>Public Act 97-0062</u>					
<u>Appropriated Funds</u>					
Clean Air Act Permit Fund - 091					
Personal Services	\$ 841,000	\$ 830,148	\$ 787	\$ 830,935	\$ 10,065
State Contributions to State Employees' Retirement System	287,500	284,209	269	284,478	3,022
State Contributions to Social Security	64,400	60,262	60	60,322	4,078
Group Insurance	222,600	216,159	-	216,159	6,441
Contractual Services	10,000	9,347	653	10,000	-
Subtotal - Fund 091	<u>1,425,500</u>	<u>1,400,125</u>	<u>1,769</u>	<u>1,401,894</u>	<u>23,606</u>
Pollution Control Board Fund - 277					
Contractual Services	13,200	3,982	55	4,037	9,163
Telecommunications	4,000	4,000	-	4,000	-
Refunds	1,000	-	-	-	1,000
Subtotal - Fund 277	<u>18,200</u>	<u>7,982</u>	<u>55</u>	<u>8,037</u>	<u>10,163</u>
Used Tire Management Fund - 294					
Used for purposes provided in Section 55.6 of the Environmental Protection Act	18,500	13,455	5,045	18,500	-
Subtotal - Fund 294	<u>18,500</u>	<u>13,455</u>	<u>5,045</u>	<u>18,500</u>	<u>-</u>

**STATE OF ILLINOIS
POLLUTION CONTROL BOARD
SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2012**

Fourteen Months Ended August 31, 2012

	<u>Appropriations (Net After Transfers)</u>	<u>Expenditures Through 6/30/12</u>	<u>Approximate Lapse Period Expenditures 7/01/12-8/31/12</u>	<u>Approximate Total Expenditures</u>	<u>Approximate Balances Lapsed</u>
<u>Public Act 97-0062</u>					
<u>Appropriated Funds</u>					
Environmental Protection Permit and Inspection Fund - 944					
Personal Services	\$ 732,000	\$ 720,862	\$ -	\$ 720,862	\$ 11,138
State Contribution to State Employees' Retirement System	250,300	247,078	-	247,078	3,222
State Contributions to Social Security	56,000	52,783	-	52,783	3,217
Group Insurance	159,000	158,539	-	158,539	461
Contractual Services	9,900	9,900	-	9,900	-
Travel	5,000	4,992	-	4,992	8
Telecommunications	8,200	8,200	-	8,200	-
Subtotal - Fund 944	<u>1,220,400</u>	<u>1,202,354</u>	<u>-</u>	<u>1,202,354</u>	<u>18,046</u>
Total - All Appropriated Funds	<u>\$ 2,682,600</u>	<u>\$ 2,623,916</u>	<u>\$ 6,869</u>	<u>\$ 2,630,785</u>	<u>\$ 51,815</u>
<u>Non-Appropriated Funds</u>					
Pollution Control Board State Trust Fund - 207					
Case management		462,992	39,564	502,556	
Refunds, Not Elsewhere Classified		<u>-</u>	<u>-</u>	<u>-</u>	
Total Non-Appropriated Funds		<u>\$ 462,992</u>	<u>\$ 39,564</u>	<u>\$ 502,556</u>	
Grand Total All Funds		<u><u>\$ 3,086,908</u></u>	<u><u>\$ 46,433</u></u>	<u><u>\$ 3,133,341</u></u>	

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

STATE OF ILLINOIS
 POLLUTION CONTROL BOARD
 SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 APPROPRIATIONS FOR FISCAL YEAR 2011

Eighteen Months Ended December 31, 2011

	Appropriations (Net After Transfers)	Expenditures Through 6/30/11	Lapse Period Expenditures 7/01/11-12/31/11	Total Expenditures	Balances Lapsed
<u>Public Act 96-0956</u>					
<u>Appropriated Funds</u>					
Clean Air Act Permit Fund - 091					
Personal Services	\$ 828,500	\$ 759,650	\$ -	\$ 759,650	\$ 68,850
State Contributions to State Employees' Retirement System	250,600	212,744	-	212,744	37,856
State Contributions to Social Security	63,400	54,770	-	54,770	8,630
Group Insurance	203,000	188,518	-	188,518	14,482
Contractual Services	10,000	9,936	-	9,936	64
Subtotal - Fund 091	<u>1,355,500</u>	<u>1,225,618</u>	<u>-</u>	<u>1,225,618</u>	<u>129,882</u>
Pollution Control Board Fund - 277					
Contractual Services	13,200	-	-	-	13,200
Telecommunications	4,000	-	-	-	4,000
Refunds	1,000	-	-	-	1,000
Subtotal - Fund 277	<u>18,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,200</u>
Used Tire Management Fund - 294					
Used for purposes provided in Section 55.6 of the Environmental Protection Act	18,500	-	-	-	18,500
Subtotal - Fund 294	<u>18,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,500</u>

STATE OF ILLINOIS
POLLUTION CONTROL BOARD
SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2011

Eighteen Months Ended December 31, 2011

	Appropriations (Net After Transfers)	Expenditures Through 6/30/11	Lapse Period Expenditures 7/01/11-12/31/11	Total Expenditures	Balances Lapsed
<u>Public Act 96-0956</u>					
<u>Appropriated Funds</u>					
Environmental Protection Permit and Inspection Fund - 944					
Personal Services	\$ 723,600	\$ 688,066	\$ 300	\$ 688,366	\$ 35,234
State Contributions to State Employees' Retirement System	219,000	192,933	84	193,017	25,983
State Contributions to Social Security	55,400	50,191	23	50,214	5,186
Group Insurance	145,000	143,996	-	143,996	1,004
Contractual Services	9,900	9,900	-	9,900	-
Travel	5,000	4,988	-	4,988	12
Telecommunications	8,200	8,200	-	8,200	-
Subtotal - Fund 944	<u>1,166,100</u>	<u>1,098,274</u>	<u>407</u>	<u>1,098,681</u>	<u>67,419</u>
Total - All Appropriated Funds	<u>\$ 2,558,300</u>	<u>\$ 2,323,892</u>	<u>\$ 407</u>	<u>\$ 2,324,299</u>	<u>\$ 234,001</u>
<u>Non-Appropriated Funds</u>					
Pollution Control Board State Trust Fund - 207					
Case management		334,920	47,406	382,326	
Refunds, Not Elsewhere Classified		<u>-</u>	<u>-</u>	<u>-</u>	
Total Non-Appropriated Funds		<u>\$ 334,920</u>	<u>\$ 47,406</u>	<u>\$ 382,326</u>	
Grand Total All Funds		<u><u>\$ 2,658,812</u></u>	<u><u>\$ 47,813</u></u>	<u><u>\$ 2,706,625</u></u>	

Note: The data was taken directly from the Board records which have been reconciled to those of the State Comptroller. Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS
 POLLUTION CONTROL BOARD
 COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
 AND LAPSED BALANCES
 FOR THE FISCAL YEARS ENDED JUNE 30, 2012, 2011 AND 2010

	Fiscal Year		
	2012 PA 97-0062	2011 PA 96-0956	2010 PA 96-0046
Clean Air Act Permit Fund - 091			
<u>Appropriations (Net of Transfers)</u>	<u>\$ 1,425,500</u>	<u>\$ 1,355,500</u>	<u>\$ 1,323,583</u>
<u>Expenditures</u>			
Personal Services	\$ 830,935	\$ 759,650	\$ 664,778
State Contributions to State Employees' Retirement System	284,478	212,744	188,732
State Contributions to Social Security	60,322	54,770	47,723
Group Insurance	216,159	188,518	161,218
Contractual Services	10,000	9,936	10,000
Total Expenditures - Fund 091	<u>\$ 1,401,894</u>	<u>\$ 1,225,618</u>	<u>\$ 1,072,451</u>
Lapsed Balances - Fund 091	<u>\$ 23,606</u>	<u>\$ 129,882</u>	<u>\$ 251,132</u>
Pollution Control Board Fund - 277			
<u>Appropriations (Net of Transfers)</u>	<u>\$ 18,200</u>	<u>\$ 18,200</u>	<u>\$ 18,200</u>
<u>Expenditures</u>			
Contractual Services	\$ 4,037	\$ -	\$ -
Telecommunications	4,000	-	-
Refunds	-	-	80
Total Expenditures - Fund 277	<u>\$ 8,037</u>	<u>\$ -</u>	<u>\$ 80</u>
Lapsed Balances - Fund 277	<u>\$ 10,163</u>	<u>\$ 18,200</u>	<u>\$ 18,120</u>

**STATE OF ILLINOIS
POLLUTION CONTROL BOARD
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES
FOR THE FISCAL YEARS ENDED JUNE 30, 2012, 2011 AND 2010**

	Fiscal Year		
	2012 PA 97-0062	2011 PA 96-0956	2010 PA 96-0046
Used Tire Management Fund - 294			
<u>Appropriations (Net of Transfers)</u>	<u>\$ 18,500</u>	<u>\$ 18,500</u>	<u>\$ 18,500</u>
<u>Expenditures</u>			
Used for purposes provided in Section 55.6 of the Environmental Protection Act	<u>\$ 18,500</u>	<u>\$ -</u>	<u>\$ 18,500</u>
Total Expenditures - Fund 294	<u>\$ 18,500</u>	<u>\$ -</u>	<u>\$ 18,500</u>
Lapsed Balances - Fund 294	<u>\$ -</u>	<u>\$ 18,500</u>	<u>\$ -</u>
Environmental Protection Permit and Inspection Fund - 944			
<u>Appropriations (Net of Transfers)</u>	<u>\$ 1,220,400</u>	<u>\$ 1,166,100</u>	<u>\$ 1,138,390</u>
<u>Expenditures</u>			
Personal Services	\$ 720,862	\$ 688,366	\$ 582,835
State Contributions to State Employees' Retirement System	247,078	193,017	165,679
State Contributions to Social Security	52,783	50,214	42,321
Group Insurance	158,539	143,996	120,693
Contractual Services	9,900	9,900	9,400
Travel	4,992	4,988	4,976
Telecommunications	<u>8,200</u>	<u>8,200</u>	<u>8,200</u>
Total Expenditures - Fund 944	<u>\$ 1,202,354</u>	<u>\$ 1,098,681</u>	<u>\$ 934,104</u>
Lapsed Balances - Fund 944	<u>\$ 18,046</u>	<u>\$ 67,419</u>	<u>\$ 204,286</u>
Total - Appropriated Funds			
Appropriation (Net After Transfers)	\$ 2,682,600	\$ 2,558,300	\$ 2,498,673
Total Expenditures	<u>2,630,785</u>	<u>2,324,299</u>	<u>2,025,135</u>
Lapsed Balances	<u>\$ 51,815</u>	<u>\$ 234,001</u>	<u>\$ 473,538</u>

**STATE OF ILLINOIS
POLLUTION CONTROL BOARD
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES
FOR THE FISCAL YEARS ENDED JUNE 30, 2012, 2011 AND 2010**

	Fiscal Year		
	2012 PA 97-0062	2011 PA 96-0956	2010 PA 96-0046
<u>Non-Appropriated Funds</u>			
Pollution Control Board State Trust Fund - 207			
<u>Expenditures</u>			
Case management	\$ 502,556	\$ 382,326	\$ 509,979
Refunds, Not Elsewhere Classified	-	-	261,521
Total - Non-appropriated Funds	\$ 502,556	\$ 382,326	\$ 771,500
Grand Total All Funds			
Appropriation (Net After Transfers)	\$ 2,682,600	\$ 2,558,300	\$ 2,498,673
Total Expenditures	3,133,341	2,706,625	2,796,635
Lapsed Balances	\$ 51,815	\$ 234,001	\$ 473,538
 State Officers' Salaries			
<u>Appropriations</u>			
Chairperson	\$ 121,100	\$ 121,100	\$ 121,100
Board members	468,200	468,200	468,200
Total Appropriations	\$ 589,300	\$ 589,300	\$ 589,300
<u>Expenditures</u>			
Chairperson	\$ 121,034	\$ 111,662	\$ 116,909
Board members	465,392	446,647	468,172
Total Expenditures	\$ 586,426	\$ 558,309	\$ 585,081
Total Lapsed Balances	\$ 2,874	\$ 30,991	\$ 4,219

Note: For fiscal years 2012 and 2010, approximate lapse period expenditures do not include interest payments approved for payment by the Board and submitted to the Comptroller for payment after August.

**STATE OF ILLINOIS
 POLLUTION CONTROL BOARD
 SCHEDULE OF CHANGES IN STATE PROPERTY
 FOR THE TWO YEARS ENDED JUNE 30, 2012**

	Fiscal Year	
	2012	2011
Equipment, Beginning Balance	\$ 752,130	\$ 748,675
Purchases	27,289	16,147
Deletions	<u>75,217</u>	<u>12,692</u>
Equipment, Ending Balance	<u><u>\$ 704,202</u></u>	<u><u>\$ 752,130</u></u>

Equipment Balance By Location

Springfield Location	\$ 287,985	\$ 281,554
Chicago Location	396,153	449,370
Sterling Location	-	5,309
Collinsville Location	6,686	-
Champaign Location	<u>13,378</u>	<u>15,897</u>
	<u><u>\$ 704,202</u></u>	<u><u>\$ 752,130</u></u>

Note: The data was reconciled to Board's property reports (C-15 Agency Report of State Property) submitted to the Office of the Comptroller.

**STATE OF ILLINOIS
POLLUTION CONTROL BOARD
COMPARATIVE SCHEDULE OF CASH RECEIPTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012, 2011 AND 2010**

	<u>Fiscal Year</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Revenue Fund - 001			
Reimbursement for Telephone Calls	\$ -	\$ -	\$ 406
Subtotal - Fund 001	<u>-</u>	<u>-</u>	<u>406</u>
Clean Air Act Permit Fund - 091			
Reimbursement for Jury Duty	<u>16</u>	<u>52</u>	<u>-</u>
Subtotal - Fund 091	<u>16</u>	<u>52</u>	<u>-</u>
Pollution Control Board State Trust Fund - 207			
Case Management	<u>500,000</u>	<u>400,000</u>	<u>500,000</u>
Subtotal - Fund 207	<u>500,000</u>	<u>400,000</u>	<u>500,000</u>
Pollution Control Board Fund - 277			
Filing Fees	2,250	2,250	3,150
Photocopying	2,927	4,891	3,340
Subscriptions	<u>180</u>	<u>140</u>	<u>120</u>
Subtotal - Fund 277	<u>5,357</u>	<u>7,281</u>	<u>6,610</u>
Environmental Protection Permit and Inspection Fund - 944			
Reimbursement for Jury Duty	17	34	-
Reimbursement for Telephone Calls	<u>2</u>	<u>46</u>	<u>-</u>
Subtotal - Fund 944	<u>19</u>	<u>80</u>	<u>-</u>
Total Receipts - All Funds	<u>\$ 505,392</u>	<u>\$ 407,413</u>	<u>\$ 507,016</u>

**STATE OF ILLINOIS
POLLUTION CONTROL BOARD
RECONCILIATION OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>Fiscal Year</u>	
	<u>2012</u>	<u>2011</u>
Clean Air Act Permit Fund - 091		
Receipts per Board records	\$ 16	\$ 52
Plus: deposit in transits, beginning of year	-	-
Less: deposits in transit, end of year	<u>-</u>	<u>-</u>
Deposits recorded by the Comptroller - 091	<u>16</u>	<u>52</u>
Pollution Control Board State Trust Fund - 207		
Receipts per Board records	500,000	400,000
Plus: deposit in transits, beginning of year	-	-
prior year refund	-	129
Less: deposits in transit, end of year	<u>-</u>	<u>-</u>
Deposits recorded by the Comptroller - 207	<u>500,000</u>	<u>400,129</u>
Pollution Control Board Fund - 277		
Receipts per Board records	5,357	7,281
Plus: deposit in transits, beginning of year	710	570
Less: deposits in transit, end of year	<u>20</u>	<u>710</u>
Deposits recorded by the Comptroller - 277	<u>6,047</u>	<u>7,141</u>
Environment Protection Permit and Inspection Fund - 944		
Receipts per Board records	19	80
Plus: deposit in transits, beginning of year	17	-
Less: deposits in transit, end of year	<u>2</u>	<u>17</u>
Deposits recorded by the Comptroller - 277	<u>\$ 34</u>	<u>\$ 63</u>

**STATE OF ILLINOIS
POLLUTION CONTROL BOARD
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2012**

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

A comparative schedule of net appropriations, expenditures and lapsed balances is presented on pages 14 through 16. The following is an explanation of significant fluctuations between expenditure accounts among the years. We considered fluctuations in excess of \$5,000 and 20% to be significant. Explanations of significant expenditure fluctuations are as follows:

Fiscal Year 2012

Fund 091 – Clean Air Act Permit Fund

State contributions to State employees' retirement increased by \$71,734 or 34%. The retirement rate increased from 27.988% in fiscal year 2011 to 34.19% in fiscal year 2012. The increase between years was a rate change generated by the Governor's Office of Management and Budget (GOMB) and set by the State Retirement System. Also, there was an increase in Personal Services for unionization of legal staff that directly correlates to an increase in retirement.

Fund 294 – Used Tire Management Services Fund

Expenditures used for purposes in Section 55.6 of the Environmental Protection Act increased by \$18,500 or 100%. Expenditures were noted in fiscal year 2012 and fiscal year 2010 due to fund allocation being available for spending. There were no expenditures in fiscal year 2011 due to fund allocation being put in for reserves as directed by the GOMB.

Fund 944 – Environmental Protection Permit and Inspection Fund

State contributions to State employees' retirement increased by \$54,061 or 28%. The retirement rate increased from 27.988% in fiscal year 2011 to 34.19% in fiscal year 2012. The increase between years was a rate change generated by the GOMB and set by the State Retirement System. Also, there was an increase in Personal Services for unionization of legal staff that directly correlates to an increase in retirement.

Fund 207 – Pollution Control State Trust Fund

Case management increased by \$120,230 or 31%. The funding level for this fund and the number of cases increased in fiscal year 2012. The Board is allowed two years to spend the allocation from the Environmental Protection Trust Fund (EPTF). The level of funds available varies greatly depending on Board activity, number of cases, and availability of appropriations in other funds.

**STATE OF ILLINOIS
POLLUTION CONTROL BOARD
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2012**

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

Fiscal Year 2011

Fund 294 – Used Tire Management Services Fund

Expenditures used for purposes in Section 55.6 of the Environmental Protection Act decreased by \$18,500 or 100%. Expenditures were noted in fiscal year 2010 due to fund allocation being available for spending. There were no expenditures in fiscal year 2011 due to fund allocation being put in for reserves as directed by the GOMB.

Fund 207 – Pollution Control State Trust Fund

Case management decreased by \$127,653 or 25%. The funding level for this decreased in fiscal year 2011. The Board is allowed two years to spend the allocation from the EPTF. The level of funds available varies greatly depending on Board activity, number of cases, and availability of appropriations in other funds.

Refunds, not elsewhere classified, decreased by \$261,521 or 100%. When the fund allocation from the EPTF is not expended at the end of two fiscal years, it is refunded to the EPTF Commission. The level of refunds varies greatly depending on Board activity, number of cases, and other operational expenditures.

**STATE OF ILLINOIS
POLLUTION CONTROL BOARD
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2012**

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS

A comparative schedule of cash receipts is presented on page 18. The following is an explanation of significant fluctuations between revenue accounts among the years. We considered fluctuations in excess of \$5,000 and 20% to be significant. Explanations of significant receipt fluctuations are as follows:

Fiscal Year 2012

Fund 207 – Pollution Control State Trust Fund

Receipts for case management increased by \$100,000 or 25%. The increase in funding level is due to the available balance of the EPTF for allocation to the four agency participants during the year. The allocation for fiscal year 2012 was considerably higher than the previous year.

Fiscal Year 2011

Fund 207 – Pollution Control State Trust Fund

Receipts for case management decreased by \$100,000 or 20%. The decrease in funding level is due to the available balance of the EPTF for allocation to the four agency participants during the year. The allocation for fiscal year 2011 was considerably lower than the previous year.

**STATE OF ILLINOIS
POLLUTION CONTROL BOARD
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2012**

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

The schedule of net appropriations, expenditures and lapsed balances by fund is presented on pages 10 through 13. Following is an explanation of significant lapse period spending. We considered spending of \$5,000 and 20% or more of total expenditures to be significant. Explanation of significant lapse period spending is as follows:

Fiscal Year 2012

Fund 294 – Used Tire Management Services Fund

Lapse period expenditures on this fund were \$5,045 or 27% of total expenditures. The lapse period expenditures were mainly for office rental and legal services.

**STATE OF ILLINOIS
 POLLUTION CONTROL BOARD
 COMPLIANCE EXAMINATION
 FOR THE TWO YEARS ENDED JUNE 30, 2012**

ANALYSIS OF ACCOUNTS RECEIVABLE

Pollution Control Board Fund – 277

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

	<u>Fiscal Year</u>	
	<u>2012</u>	<u>2011</u>
Accounts Receivable	\$ <u>95</u>	\$ <u>626</u>

**STATE OF ILLINOIS
POLLUTION CONTROL BOARD
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2012**

AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)

Functions

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

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

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

The Board is directed by five technically qualified bi-partisan members appointed by the Governor with the advice and consent of the Senate. Each member serves a three-year staggered term. Board members are assisted by legal, administrative, and clerical staff. The Board is chaired by Mr. Thomas Holbrook.

Planning Program

The Illinois Pollution Control Board is a quasi-legislative and quasi-judicial body which does not function as a programmatic agency. The Board's strategic challenge is to provide a public process that fairly and effectively considers environmental cases and regulations, ensuring that the Environmental Protection Act is interpreted, applied, and implemented impartially and consistently. The Board set-up three goals in achieving its objectives: (1) promulgate sensible and sound

**STATE OF ILLINOIS
POLLUTION CONTROL BOARD
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2012**

AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED) (Continued)

environmentally protective regulations based on a decision-making process that brings to bear the most current scientific and technological information, and affords maximum public participation; (2) create a stable system of Illinois environmental law by impartially considering and deciding contested cases and promptly issuing well-written, well-reasoned opinions and orders; and (3) reduce pollution by increasing public awareness of the Environmental Protection Act and Board regulations.

**STATE OF ILLINOIS
 POLLUTION CONTROL BOARD
 COMPLIANCE EXAMINATION
 FOR THE TWO YEARS ENDED JUNE 30, 2012**

AVERAGE NUMBER OF EMPLOYEES (NOT EXAMINED)

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

	Fiscal Year		
	2012	2011	2010
General Office			
Fiscal Officer	1	1	1
Attorney Assistants	3	3	3
Senior Attorney	2	2	2
Staff Attorney	3	3	3
Secretaries	2	2	2
Other	9	9	9
Environmental Scientist	2	2	2
Personnel Manager	1	1	1
Total	23	23	23

**STATE OF ILLINOIS
POLLUTION CONTROL BOARD
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2012**

ANNUAL COST STATISTICS (NOT EXAMINED)

Cost Per Year Per Case Distribution

Comparative costs of case distributions prepared from Board records for the three years ended June 30, 2012. This information was provided by Board personnel and has not been tested.

	Fiscal Year		
	2012	2011	2010
Total Case Distribution	<u>220</u>	<u>170</u>	<u>171</u>
Expenditures from Appropriated Funds	\$ 2,630,785	\$ 2,324,299	\$ 2,025,135
Expenditures from Non-Appropriated Funds	<u>502,556</u>	<u>382,326</u>	<u>771,500</u>
Total Expenditures	<u>\$ 3,133,341</u>	<u>\$ 2,706,625</u>	<u>\$ 2,796,635</u>
Case Distribution Cost per Year	<u>\$ 14,242</u>	<u>\$ 15,921</u>	<u>\$ 16,355</u>

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

**STATE OF ILLINOIS
POLLUTION CONTROL BOARD
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2012**

INTERAGENCY AGREEMENT (NOT EXAMINED)

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

**STATE OF ILLINOIS
 POLLUTION CONTROL BOARD
 COMPLIANCE EXAMINATION
 FOR THE TWO YEARS ENDED JUNE 30, 2012**

SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)

Represented below are cases handled by the Board for three years ended June 30, 2012. This information was provided by Board personnel and has not been tested.

	Fiscal Year		
	2012	2011	2010
Case by Type			
Variances (an extension to comply with rules)	6	1	-
Enforcement Cases	34	41	32
Permit Appeals	32	32	53
Administrative Citations	61	32	31
UST (Underground Storage Tanks)	21	24	29
Adjusted Standards	3	1	-
Other (Energy planning, Community right to know, trade secret cases and procedural rule amendments)	63	39	26
Total Case Distribution	220	170	171
Regulations Proposed	25	26	23

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