

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

COMPLIANCE EXAMINATION

For the Year Ended June 30, 2012

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE
 TRUST FUND COUNCIL
 COMPLIANCE EXAMINATION
 For the Year Ended June 30, 2012

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STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2012

COUNCIL MEMBERS

John Polak, Chairman

David Gibson

John Bredekamp

Young B. Kim

Paul K. Kwak

Jerome Lewicki

Charles Kwon (through 10/31/12)

Dae Kim (as of 10/31/12)

ADMINISTRATOR

Williams & Company Consulting, Inc.

Council administrator offices are located at:

814 Pierce Street
Sioux City, Iowa 51101

1000 Tower Lane, Suite 140
Bensenville, Illinois 60106

JUN 04 2013

Honorable William G. Holland
Auditor General
740 East Ash Street
Springfield, IL 62703
Attention: Lisa Warden, Audit Manager

Dear General Holland:

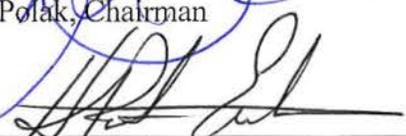
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Drycleaner Environmental Response Trust Fund Council of Illinois (Agency). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Agency's compliance with the following assertions during the one-year period ended June 30, 2012. Based on this evaluation, we assert that during the year ended June 30, 2012, the Agency has materially complied with the assertions below.

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

Yours very truly,
Drycleaner Environmental Response Trust Fund Council of Illinois



John Polak, Chairman



H. Patrick Eriksen, Third Party Administrator

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2012

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANTS' REPORT

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

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	1	1
Repeated findings	1	1
Prior recommendations implemented or not repeated	0	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
12-1	7	Expired Council member appointments	Noncompliance

EXIT CONFERENCE

The Council waived a formal exit conference in correspondence dated May 22, 2013 from H. Patrick Eriksen, Third Party Administrator. The Council's response to the recommendation was provided by H. Patrick Eriksen in correspondence dated June 4, 2013.

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the Drycleaner Environmental Response Trust Fund Council's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2012. The management of the Drycleaner Environmental Response Trust Fund Council is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Drycleaner Environmental Response Trust Fund Council's compliance based on our examination.

- A. The Drycleaner Environmental Response Trust Fund Council has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Drycleaner Environmental Response Trust Fund Council has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Drycleaner Environmental Response Trust Fund Council has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Drycleaner Environmental Response Trust Fund Council are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

- E. Money or negotiable securities or similar assets handled by the Drycleaner Environmental Response Trust Fund Council on behalf of the State or held in trust by the Drycleaner Environmental Response Trust Fund Council have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

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 Drycleaner Environmental Response Trust Fund Council's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Drycleaner Environmental Response Trust Fund Council's compliance with specified requirements.

In our opinion, the Drycleaner Environmental Response Trust Fund Council complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year 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 Drycleaner Environmental Response Trust Fund Council is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Drycleaner Environmental Response Trust Fund Council's internal control over compliance with the requirements listed in the first paragraph of this report 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 Drycleaner Environmental Response Trust Fund Council's internal control over compliance.

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

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

The Council's response to the finding identified in our examination is described in the accompanying schedule of findings. We did not examine the Council'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 year ended June 30, 2012 in Schedules 1 through 6 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 accompanying supplementary information in Schedules 1 through 6. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2011 accompanying supplementary information in Schedules 2 through 6 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, agency management, and Council members and is not intended to be and should not be used by anyone other than these specified parties.



BRUCE L. BULLARD, CPA

Director of Financial and Compliance Audits

June 4, 2013

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2012

Current Findings

12-1. **FINDING** (Expired Council member appointments)

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

During FY12, the appointed terms had expired for seven of seven (100%) of the Council members. The appointed terms expired on May 1, 2008 for one Council member, on May 1, 2007 for four Council members, and on May 1, 2006 for two Council members.

The Drycleaner Environmental Response Trust Fund Act (Act) requires the Council be comprised of seven voting members appointed by the Governor to terms of three years. (415 ILCS 135/15)

Council administrators stated they had inquired with the Governor's Office regarding the status of appointments during FY 2012, but had not received any reappointments or new appointments from the Governor as of June 30, 2012. The Administrator further stated that in October 2012, the Governor issued three reappointments and one new appointment.

Although Council members are allowed to continue to serve past their terms until new appointments are made, lack of current appointments or reappointments fails to satisfy Act provisions for re-evaluation of Council membership every three years. (Finding Code No. 12-1, 11-1, 10-1, 09-1, 08-2, 07-3)

RECOMMENDATION

We recommend the Council continue to work with the Governor's Office to obtain current Council member appointments as soon as possible.

COUNCIL RESPONSE

Effective October 2012, the Governor issued three reappointments and one new appointment. The Council has and will continue to make contacts with the Governor's Office to secure reappointments or new appointments for the terms that have expired. Beyond making these contacts, the appointments are out of the Council's control.

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

- Analysis of Operations (Not Examined):

- Council Functions and Planning Program (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 accompanying supplementary information in Schedules 1 through 6. 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
 DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND COUNCIL
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

Appropriations for Fiscal Year 2012
 Eighteen Months Ended December 31, 2012

P.A. 97-0062 FISCAL YEAR 2012	Appropriations	Expenditures Through June 30	Lapse Period		Balances Lapsed December 31
			Expenditures July 1 to December 31	Total Expenditures 18 Months Ended December 31	
<u>APPROPRIATED FUNDS</u>					
DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND - 0548					
For use in accordance with the Drycleaner Environmental Response Trust Fund Act	\$ 5,360,000	\$ 3,175,072	\$ 212,475	\$ 3,387,547	\$ 1,972,453
GRAND TOTAL - ALL FUNDS	<u>\$ 5,360,000</u>	<u>\$ 3,175,072</u>	<u>\$ 212,475</u>	<u>\$ 3,387,547</u>	<u>\$ 1,972,453</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from Council records and were reconciled to records of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Council and submitted to the State Comptroller for payment to the vendor.

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

	Fiscal Year	
	2012	2011
Drycleaner Environmental Response Trust Fund - 0548	P.A. 97-0062	P.A. 96-0956
<u>Appropriations</u>	\$ 5,360,000	\$ 5,360,000
<u>Expenditures</u>		
For use in accordance with the Drycleaner Environmental Response Trust Fund Act	3,387,547	3,416,049
Total Expenditures	\$ 3,387,547	\$ 3,416,049
<u>Lapsed Balances</u>	\$ 1,972,453	\$ 1,943,951

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

DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND - 0548	Fiscal Year	
	2012	2011
Receipts per agency records	\$ 634,584	\$ 659,938
Plus: deposits in transit, beginning of year	122,200	121,987
Less: deposits in transit, end of year	(121,950)	(122,200)
Deposits Recorded by the Comptroller	<u>\$ 634,834</u>	<u>\$ 659,725</u>

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

Reconciliation of Fund Receipts	Fiscal Year	
	2012	2011
Insurance premiums collected	\$ 600,750	\$ 597,900
Late payment fees and miscellaneous	34,084	61,825
Total deposits recorded by the Comptroller deposited by the Drycleaner Council	<u>\$ 634,834</u>	<u>\$ 659,725</u>
License fees collected	\$ 1,779,586	\$ 1,975,195
Solvent taxes collected	551,597	549,954
Total deposits recorded by the Comptroller deposited by the Department of Revenue	<u>\$ 2,331,183</u>	<u>\$ 2,525,149</u>
Interest income recorded by the Comptroller and deposited by the State Treasurer	<u>\$ 11,143</u>	<u>\$ 19,837</u>
Total Deposits to the Drycleaner Environmental Response Trust Fund (Fund 0548)	<u>\$ 2,977,160</u>	<u>\$ 3,204,711</u>

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE
 TRUST FUND COUNCIL
 COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
 For the Year Ended June 30, 2012

The Council expended its lump sum appropriations as follows:

<u>DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND – 0548</u>	<u>FISCAL YEAR</u>	
	<u>2012</u>	<u>2011</u>
Contractual Services	\$ 778,132	\$ 771,407
Travel	3,102	3,102
Awards and Grants (Claims Payments)	2,599,509	2,631,845
Refunds	<u>6,804</u>	<u>9,695</u>
Total Expenditures	<u>\$ 3,387,547</u>	<u>\$ 3,416,049</u>

There were no significant variations in expenditures (fluctuations of 20% or more and over \$25,000) for the fiscal year ended June 30, 2012.

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE
 TRUST FUND COUNCIL
 COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
 For the Year Ended June 30, 2012

A comparative schedule of significant variations in receipts (fluctuations of 20% or more and \$25,000) for the fiscal year ended June 30, 2012, is shown below:

<u>RECEIPT ITEM</u>	<u>FISCAL YEAR ENDED</u> <u>JUNE 30,</u>		<u>INCREASE</u> <u>(DECREASE)</u>	
	<u>2012</u>	<u>2011</u>	<u>AMOUNT</u>	<u>%</u>
Late Payment Fees & Miscellaneous	\$ 34,084	\$ 61,825	(\$ 27,741)	(45%)

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2012 AND 2011

Drycleaner Environmental Response Trust Fund - 0548

Late Payment Fees & Miscellaneous

The decrease is due to the change in the calculation of the penalty for late payments. During Fiscal Year 2011, a drycleaner was charged \$5 per day after the first day the payment was late. However, during Fiscal Year 2012, a drycleaner had a 30 day grace period without a penalty, the next 30 days the penalty fee was \$3 per day and after 61 days the penalty fee was increased to \$5 per day.

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE
 TRUST FUND COUNCIL
 COMPLIANCE EXAMINATION
ANALYSIS OF ACCOUNTS RECEIVABLE
 June 30, 2012 and 2011
 (Expressed in Thousands)

	Fiscal Year	
	2012	2011
DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND – 0548		
Current	\$ 45	\$ 11
31-90 days	19	37
91-180 days	1	16
Over 180 days	324	272
GROSS RECEIVABLES	\$ 389	\$ 336
Less estimated uncollectibles	(342)	(291)
NET RECEIVABLES	\$ 47	\$ 45

ANALYSIS OF ACCOUNTS RECEIVABLE

License fee and late payment fee receivables

Pursuant to statutory authority, the Council assessed a late payment fee of \$3 per day on the 31st day after payment was due through day 60 and then \$5 per day on the 61st day thereafter, effective August 12, 2011. Prior to Fiscal Year 2012, the Council assessed a late payment fee of \$5 for all past due license fees. In addition, the Council required drycleaners to pay for licenses for years in which they were operating without a license.

For some drycleaners, the late fees are significant and payment would represent a financial hardship to the facility. To provide a financially viable alternative to such facilities, the Council may enter into a longer term payment arrangement with the drycleaner requiring payment of the total receivable balance. In other instances, the Council may refer outstanding receivables to the Attorney General's Office for collection efforts, which may result in a legal judgment against the drycleaner for a determined amount. The Attorney General's Office and the Council may also enter into an installment agreement with the drycleaner to satisfy the balance owed as determined through legal judgment.

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
ANALYSIS OF ACCOUNTS RECEIVABLE
June 30, 2012 and 2011
(Expressed in Thousands)

License fee and late payment fee receivables (continued)

Gross receivables increased from \$336,000 in FY11 to \$389,000 in FY12, primarily due to an increase in license renewal fees, associated late fees owed to the Council, and judgments issued by the Attorney General's Office. Drycleaners that have not been able to generate enough revenue to be profitable in the current economy have not been able to pay annual license renewal fees that are based on annual solvent usage. In addition, those drycleaners have not been able to pay the associated late renewal fees of \$3 per day and \$5 per day. The Council has pursued payment of these overdue fees through the Illinois Attorney General's Office legal judgment. The Council has estimated \$342,000 of the \$389,000 gross receivables to be uncollectible because the Council has determined the drycleaners owing these balances are discontinuing or have discontinued their operations.

Collection procedures

The Council notifies the drycleaner when a receivable subject to an installment agreement becomes approximately 30 to 60 days past due. During this process, the Council attempts to determine the likelihood of collection. Generally, uncollectible receivables over 90 days past due and greater than \$1,000 are referred to the Department of Revenue Collection Bureau and the Comptroller's Offset system. At June 30, 2012 and 2011, the total unpaid license and late fees approximated \$389,000 and \$336,000 respectively.

The Council establishes an allowance for doubtful accounts for those receivables deemed not collectible. An allowance for doubtful accounts of \$342,000 at June 30, 2012 was reported. The allowance account includes receivables that have been referred to the Attorney General's Office for collection and amounts owed by drycleaners in bankruptcy or out of business.

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
COUNCIL FUNCTIONS AND PLANNING PROGRAM
For the Year Ended June 30, 2012
(Not Examined)

COUNCIL FUNCTIONS

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

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

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

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

The Act requires the Council to be composed of seven members appointed by the Governor to three year terms. Four members are to own or operate a drycleaning facility, one member is to represent wholesale distributors of drycleaning solvents, one member is to represent drycleaning equipment manufacturers and the vendor community, and one member is to have experience in financial markets or the insurance industry. The seven individuals serving on the Council at June 30, 2012 included: John Polak, Chairman, David Gibson, Young B. Kim, Paul Kwak, Charles Kwon, John Bredenkamp, and Jerome Lewicki. Council members may continue to serve until a replacement has been appointed, according to the Attorney General's office.

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
COUNCIL FUNCTIONS AND PLANNING PROGRAM
For the Year Ended June 30, 2012
(Not Examined)

PLANNING PROGRAM

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

During FY12, the Council's Fund financial projections for the period of July 1, 2012 through the Fund's sunset date of January 1, 2020 indicated the Fund would have program deficits of approximately \$13,964,000, based on program assumptions as of July 1, 2012. At the Council's August 30, 2012 meeting, the Council stated they will continue to monitor the Fund's solvency. As of June 30, 2012, the Fund balance was \$2,240,536.

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE
 TRUST FUND COUNCIL
 COMPLIANCE EXAMINATION
SERVICE EFFORTS AND ACCOMPLISHMENTS
 For the Year Ended June 30, 2012
 (Not Examined)

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

	<u>Fiscal Year 2011 Actual</u>	<u>Fiscal Year 2012 Target</u>	<u>Fiscal Year 2012 Actual</u>
Input Indicators			
Budgeted appropriation/expenditures	\$3,416,000	\$5,360,000	\$3,387,500
License applications received	1,069	1,050	991
Insurance applications received	549	560	533
Eligible remedial and insurance claims filed	699	699	699
Output Indicators			
Licenses in force	1,064	1,050	983
Insurance policies in force	545	560	526
Eligible remedial and insurance claims closed	436	465	457
Open remedial claims	263	n/a	242
Remedial claims with payments made	687	n/a	678
Open insurance claims	0	n/a	0
Insurance claims with payments made	1	n/a	1
Efficiency/Cost Effectiveness Indicators			
Cost per license application	\$101	\$102	\$104
Cost per insurance application	\$101	\$102	\$103
Cost per eligible claim filed	\$633	\$640	\$497

Note: n/a denotes that no FY12 targets were established by the Council for this output indicator.

The decrease in cost per eligible claim in Fiscal Year 2012 is due to decreased field time involving sites requiring full scale remediation and a smaller number of payment recommendations being processed.