

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

COMPLIANCE EXAMINATION

For the Year Ended June 30, 2013

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE
 TRUST FUND COUNCIL
 COMPLIANCE EXAMINATION
 For the Year Ended June 30, 2013

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STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2013

COUNCIL MEMBERS

John Polak, Chairman (Term Expired 5/1/2008)

John Bredenkamp (10/31/2012 - 5/1/2015)

Dae Kim (10/31/2012 - 7/3/2013)

Young B. Kim (Term Expired 5/1/2007)

Paul K. Kwak (10/31/2012 - 5/1/2013)

Jerome Lewicki (10/31/2012 - 5/1/2015)

Charles B. Kwon (10/31/2009 - 10/31/2012)

Sung Do Kang (6/26/2013 - 5/1/2016)

Daniel Kim (7/3/2013 - 5/1/2016)

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



Honorable William G. Holland
Auditor General
740 East Ash Street
Springfield, IL 62703-3154

April 30, 2014

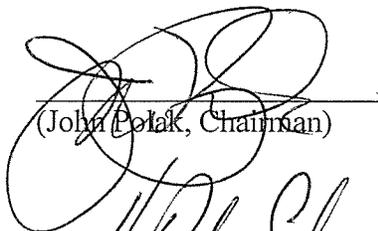
Dear General Holland:

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 (Council). 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 Council's compliance with the following assertions during the one year period ended June 30, 2013. Based on this evaluation, we assert that during the year ended June 30, 2013, the Council has materially complied with the assertions below.

- A. The 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 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 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 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.

Yours truly,

Drycleaner Environmental Response Trust Fund Council



(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, 2013

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.

ACCOUNTANT'S REPORT

The Independent Accountant's 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)			
2013-001	7	Expired Council Member Appointments	Noncompliance

EXIT CONFERENCE

The Council waived a formal exit conference in correspondence dated April 29, 2014 from H. Patrick Eriksen, Third Party Administrator. The Council's response to the recommendation was provided by H. Patrick Eriksen, Third Party Administrator, in correspondence dated April 30, 2014.

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANT'S 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 State of Illinois, 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, 2013. The management of the State of Illinois, Drycleaner Environmental Response Trust Fund Council is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Drycleaner Environmental Response Trust Fund Council's compliance based on our examination.

- A. The State of Illinois, 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 State of Illinois, 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 State of Illinois, 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 State of Illinois, 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.

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 State of Illinois, 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 State of Illinois, Drycleaner Environmental Response Trust Fund Council's compliance with specified requirements.

In our opinion, the State of Illinois, 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, 2013. However, the results of our procedures disclosed instances of noncompliance with the 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 items 2013-001.

Internal Control

Management of the State of Illinois, 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 State of Illinois, Drycleaner Environmental Response Trust Fund Council's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Drycleaner Environmental Response Trust Fund Council's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Drycleaner Environmental Response Trust Fund Council's internal control over compliance.

A deficiency in 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 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. *A significant deficiency in 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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

The State of Illinois, Drycleaner Environmental Response Trust Fund Council's response to the finding identified in our examination is described in the accompanying schedule of findings. We did not examine the State of Illinois, Drycleaner Environmental Response Trust Fund 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 years ended June 30, 2013 in Schedules 1 through 7 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, 2013 accompanying supplementary information in Schedules 1 through 7. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2012 accompanying supplementary information in Schedules 2 through 7 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

Springfield, Illinois
April 30, 2014

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2013

2013-001. **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 FY13, the appointed terms had expired for three of seven (43%) of the Council members. The appointed terms expired on May 1, 2007 for one Council member, on May 1, 2008 for one Council member, and on May 1, 2013 for one Council member.

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

Council administration stated that the Council has made repeated attempts to contact the Governor's Office regarding reappointments for the three remaining members and expects those Council members to be reappointed in the near future.

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. 2013-001, 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

The Governor recently made two new appointments. The first effective June 26, 2013 and the second effective July 3, 2013. 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, 2013

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
 - 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 Accounts Receivable

- Analysis of Operations (Not Examined):

- Council Functions and Planning Program (Not Examined)
 - Service Efforts and Accomplishments (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2013 in Schedules 1 through 7. However, the accountants do not express an opinion on the supplementary information. The accountant's 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 2013
 Fourteen Months Ended August 31, 2013

P.A. 97-0727	Appropriations	Expenditures Through June 30	Lapse Period		Balances Lapsed
			Expenditures July 1 to August 31	Total Expenditures	
<u>APPROPRIATED FUND</u>					
Drycleaner Environmental Response Trust Fund - 0548					
For use in accordance with the Drycleaner Environmental Response Trust Fund Act	\$ 5,360,000	\$ 2,782,180	\$ 378,333	\$ 3,160,513	\$ 2,199,487
GRAND TOTAL - ALL FUNDS	\$ 5,360,000	\$ 2,782,180	\$ 378,333	\$ 3,160,513	\$ 2,199,487

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

Note 2: Expenditures 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	
	2013	2012
	<u>P.A. 97-0727</u>	<u>P.A. 97-0062</u>
Drycleaner Environmental Response Trust Fund - 0548		
Appropriations	<u>\$ 5,360,000</u>	<u>\$ 5,360,000</u>
Expenditures		
For use in accordance with the Drycleaner Environmental Response Trust Fund Act	<u>3,160,513</u>	<u>3,387,547</u>
Total Expenditures	<u>\$ 3,160,513</u>	<u>\$ 3,387,547</u>
Lapsed Balances	<u><u>\$ 2,199,487</u></u>	<u><u>\$ 1,972,453</u></u>

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND COUNCIL
COMPARATIVE SCHEDULE OF CASH RECEIPTS
 For the Fiscal Years Ended June 30,

Drycleaner Environmental Response Trust Fund - 0548	2013	2012
Insurance premiums	\$ 578,600	\$ 602,550
Solvent suppliers penalties	42,885	3,500
Late payment fees	25,492	28,534
Receipts per Council records	<u>\$ 646,977</u>	<u>\$ 634,584</u>
Statutory transfer in related to repayment of General Revenue Fund borrowing	<u>\$ 955,623</u>	<u>\$ -</u>
License fees collected	\$ 1,648,396	\$ 1,779,586
Solvent taxes collected	<u>459,271</u>	<u>551,597</u>
Total deposits recorded by the Comptroller deposited by the Department of Revenue	<u>\$ 2,107,667</u>	<u>\$ 2,331,183</u>
Interest income recorded by the Comptroller and deposited by the State Treasurer	<u>\$ 11,072</u>	<u>\$ 11,143</u>

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	
	2013	2012
Receipts per Council records	\$ 646,977	\$ 634,584
Plus: deposits in transit, beginning of year	121,950	122,200
Less: deposits in transit, end of year	(104,745)	(121,950)
Deposits recorded by the Comptroller	<u>\$ 664,182</u>	<u>\$ 634,834</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	
	2013	2012
Statutory transfer in related to repayment of General Revenue Fund borrowing	<u>\$ 955,623</u>	<u>\$ -</u>
Insurance premiums collected	\$ 595,150	\$ 600,750
Solvent supplier penalty fees	43,385	3,000
Late payment fees	25,647	31,084
Total deposits recorded by the Comptroller deposited by the Drycleaner Council	<u>\$ 664,182</u>	<u>\$ 634,834</u>
License fees collected	\$ 1,648,396	\$ 1,779,586
Solvent taxes collected	459,271	551,597
Total deposits recorded by the Comptroller deposited by the Department of Revenue	<u>\$ 2,107,667</u>	<u>\$ 2,331,183</u>
Interest income recorded by the Comptroller and deposited by the State Treasurer	<u>\$ 11,072</u>	<u>\$ 11,143</u>
Total deposits to the Drycleaner Environmental Response Trust Fund - 0548	<u>\$ 3,738,544</u>	<u>\$ 2,977,160</u>

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Year Ended June 30, 2013

Significant variances were determined to be changes of at least 20% between fiscal years as reported in the Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances.

There were no significant variations in expenditures (fluctuations of 20% or more) for the Fiscal Year ended June 30, 2013.

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Year Ended June 30, 2013

Significant variations in receipts were determined to be fluctuations of 20% or more between fiscal years, and explained below.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2013 AND 2012

Drycleaner Environmental Response Trust Fund - 0548

Statutory Transfer In (Increase of \$955,623 or 100%)

The State authorized cash flow borrowing in March 2011 which removed \$948,100 from the Drycleaner Environmental Response Trust Fund in accordance with 30 ILCS 105/5(h). The General Revenue Fund repaid the principal amount and \$7,523 of interest in Fiscal Year 2013.

Solvent Supplier Penalties (Increase of \$39,385 or 1,125%)

Increase was due to one solvent supplier that was fined and paid the total amount of \$35,500 during Fiscal Year 2013.

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE
 TRUST FUND COUNCIL
ANALYSIS OF ACCOUNTS RECEIVABLE
 For the Fiscal Year Ended June 30,

DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND – 0548	Fiscal Year	
	2013	2012
Current	\$ 0	\$ 45,130
31-90 days	10,600	18,500
91-180 days	0	1,525
Over 180 days	253,499	324,066
GROSS RECEIVABLES	\$ 264,099	\$ 389,221
Less estimated uncollectibles	(264,099)	(342,091)
NET RECEIVABLES	\$ 0	\$ 47,130

ANALYSIS OF ACCOUNTS RECEIVABLE

License fee and late payment fee receivables

Pursuant to statutory authority, the Council assesses 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. In addition, the Council requires drycleaners to pay for licenses for years in which they were operating without a license.

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

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Fiscal Year Ended June 30,

License fee and late payment fee receivables (continued)

Gross receivables decreased by \$125,122 from FY12 to FY13 primarily due to one solvent supplier paying approximately \$30,000 of its balance. In addition, several other receivable balances, totaling \$15,000 were deemed uncollectible by the Revenue Litigation Bureau of the Attorney General's Office. Lastly, several small balances totaling \$80,000 were written off during FY13.

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 \$264,099 of the \$264,099 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 is approximately 10 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 \$5,000 are referred to the Department of Revenue Collection Bureau and the Comptroller's Offset system and those over \$250 are referred to the Comptroller's Offset system and internal collections are performed. At June 30, 2013 and 2012, the total unpaid license and late fees were \$264,099 and \$389,091 respectively.

The Council establishes an allowance for doubtful accounts for those receivables deemed not collectible. An allowance for doubtful accounts of \$264,099 at June 30, 2013 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
COUNCIL FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)
For the Year Ended June 30, 2013

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). 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 in January 1998 all active drycleaning facilities in Illinois were required to obtain a license from the Council. The license is required 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.

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COUNCIL FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)
For the Year Ended June 30, 2013

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 and how the use of assumptions could be impacted by existing and proposed legislation. 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.

During Fiscal Year 2013, the Council's Fund financial projections for the period of July 1, 2013 through the Fund's sunset date of January 1, 2020 indicated the Fund would have program deficits of approximately \$14,706,000, based on program assumptions as of July 1, 2013. At the Council's August 21, 2013 meeting, the Council stated they will continue to monitor the Fund's solvency. They discussed possible options for addressing the Fund's solvency and voted to seek legislation to extend the sunset date to June 30, 2030. The Administrator will provide to the legislature all necessary facts and figures to substantiate that extending the sunset date is the most viable option for the Council. As of June 30, 2013, the Fund balance was \$2,936,134.

Effective in January 2013, the Act (415 ILCS 135/60(b)) requires license renewal application forms to include certifications by the applicant that all hazardous waste stored or transported from the drycleaning facility is stored and transported in accordance with all applicable federal and State laws. In addition, license renewal applications must include copies of all manifests for hazardous waste transported from the drycleaning facility during the previous 12 months or since the last submission of copies of manifest, whichever is longer. When the Council does not receive a copy of the manifest for a drycleaning facility within a 3-year period, or a shorter time period determined by the Council then the Council will make appropriate inquiry into the management of hazardous waste at the facility and may share the results of the inquiry with the Illinois Environmental Protection Agency.

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE
 TRUST FUND COUNCIL
SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)
 For the Year Ended June 30, 2013

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 2012 Actual</u>	<u>Fiscal Year 2013 Target</u>	<u>Fiscal Year 2013 Actual</u>
Input Indicators			
Budgeted appropriation/expenditures	\$3,387,500	\$5,360,000	\$3,160,500
License applications received	991	1,000	958
Insurance applications received	533	540	531
Eligible remedial and insurance claims filed	699	470	699
Output Indicators			
Licenses in force	983	1,000	953
Insurance policies in force	526	540	529
Eligible remedial and insurance claims closed	457	470	477
Open remedial claims	242	n/a	222
Remedial claims with payments made	678	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	\$104	\$106	\$104
Cost per insurance application	\$103	\$104	\$104
Cost per eligible claim filed	\$497	\$625	\$710

Note: n/a denotes that no FY13 targets were established by the Council for this output indicator.