

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

**COMPLIANCE EXAMINATION**

**For the Year Ended June 30, 2015**

STATE OF ILLINOIS  
 DRYCLEANER ENVIRONMENTAL RESPONSE  
 TRUST FUND COUNCIL  
 COMPLIANCE EXAMINATION  
 For the Year Ended June 30, 2015

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STATE OF ILLINOIS  
DRYCLEANER ENVIRONMENTAL RESPONSE  
TRUST FUND COUNCIL  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2015

**COUNCIL MEMBERS**

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

John Bredenkamp (Term Expired 5/1/2015)

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

Paul K. Kwak (Term Expired 5/1/2013)

Jerome Lewicki (Term Expired 5/1/2015)

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

STATE COMPLIANCE EXAMINATION

MANAGEMENT ASSERTION LETTER

Honorable Frank J. Mautino  
Auditor General  
740 East Ash Street  
Springfield, IL 62703-3154

MAR 16 2016

Dear General Mautino:

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 year ended June 30, 2015. Based on this evaluation, we assert that during the year ended June 30, 2015, 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, 2015

**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)			
2015-001	7	Expired Council Member Appointments	Noncompliance

**EXIT CONFERENCE**

The Council waived a formal exit conference in correspondence dated March 5, 2016 from John Polak, Council Chairman. The Council's response to the recommendation was provided by Dorcee Lauen, Third Party Administrator Manager, in correspondence dated March 16, 2016.

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CHICAGO OFFICE:

MICHAEL A. BILANDIC BLDG. • SUITE S-900  
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FRAUD HOTLINE: 1-855-217-1895

OFFICE OF THE AUDITOR GENERAL  
FRANK J. MAUTINO

INDEPENDENT ACCOUNTANT'S REPORT ON STATE COMPLIANCE,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON  
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable Frank J. Mautino  
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, 2015. 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, 2015. 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 item 2015-001.

### **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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

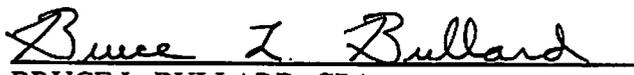
The State of Illinois, Drycleaner Environmental Response Trust Fund Council's response to the finding identified in our examination is described in the accompanying schedule of findings. We did not examine the State of Illinois, Drycleaner Environmental Response Trust Fund Council's response and, accordingly, 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 year ended June 30, 2015 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, 2015 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, 2014 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, Council 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  
March 16, 2016

STATE OF ILLINOIS  
DRYCLEANER ENVIRONMENTAL RESPONSE  
TRUST FUND COUNCIL  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2015

2015-001. **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.

The appointed terms had expired for five of seven (71%) of the Council members. The appointed terms expired for the five Council members on May 1, 2007, May 1, 2008, May 1, 2013, May 1, 2015, and May 1, 2015.

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 continued to make attempts to contact the Governor's Office regarding reappointments for the five expired members. The Council hopes the five members get reappointed in the near future.

Although members are allowed to continue to serve past their terms until new appointments are made, the lack of current appointments or reappointments fails to satisfy the Act's provisions for re-evaluation of Council membership every three years. (Finding Code No. 2015-001, 2014-001, 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**

Council members have applied for reappointment directly and online. The Council has and will continue to make contacts with the Governor's Office to secure appointments for the terms that have expired.

STATE OF ILLINOIS  
DRYCLEANER ENVIRONMENTAL RESPONSE  
TRUST FUND COUNCIL  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2015

**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 and 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, 2015 accompanying supplementary information in Schedules 1 through 6. 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 2015  
 Fourteen Months Ended August 31, 2015

Public Act 98-0679	Expenditures Through 06/30/2015	Lapse Period Expenditures 07/01-08/31/15	Total Expenditures	Balances Lapsed
<b><u>APPROPRIATED FUNDS</u></b>				
Drycleaner Environmental Response Trust Fund - 0548				
For use in accordance with the Drycleaner Environmental Response Trust Fund Act	\$ 5,360,000	\$ 148,755	\$ 3,237,426	\$ 2,122,574
<b>GRAND TOTAL</b>	<b><u>\$ 5,360,000</u></b>	<b><u>\$ 148,755</u></b>	<b><u>\$ 3,237,426</u></b>	<b><u>\$ 2,122,574</u></b>

Note 1: Appropriations, expenditures and lapsed balances were obtained from Council records and were reconciled to the State Comptroller's records.  
 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	
	2015	2014
	<u>P.A. 98-0679</u>	<u>P.A. 98-0064</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>3,237,426</u>	<u>3,487,557</u>
Total Expenditures	<u>\$ 3,237,426</u>	<u>\$ 3,487,557</u>
Lapsed Balances	<u>\$ 2,122,574</u>	<u>\$ 1,872,443</u>

STATE OF ILLINOIS  
 DRYCLEANER ENVIRONMENTAL RESPONSE  
 TRUST FUND COUNCIL  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND  
 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	2015	2014
Insurance premiums	\$ 536,744	\$ 573,600
Solvent supplier penalty fees	500	16,500
Late payment fees	30,458	21,378
Receipts from Council	\$ 567,702	\$ 611,478
<p>The following information was obtained from the Council 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.</p>		
License fees collected	\$ 1,513,022	\$ 1,555,800
Solvent taxes collected	377,926	405,111
Total deposits recorded by the Comptroller deposited by the Department of Revenue	\$ 1,890,948	\$ 1,960,911
Interest income recorded by the Comptroller and deposited by the State Treasurer	\$ 7,256	\$ 10,466
Receipts from other agencies	\$ 1,898,204	\$ 1,971,377
Total cash receipts from all sources	\$ 2,465,906	\$ 2,582,855
Less - In transit at End of Year	(82,233)	(81,900)
Plus - In transit at Beginning of Year	81,900	104,745
Total cash receipts per State Comptroller's Records	\$ 2,465,573	\$ 2,605,700

Note 1: Fiscal Year 2014 late payment fees were adjusted to accurately reflect Council records.

STATE OF ILLINOIS  
DRYCLEANER ENVIRONMENTAL RESPONSE  
TRUST FUND COUNCIL  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Year Ended June 30, 2015

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, 2015.

STATE OF ILLINOIS  
DRYCLEANER ENVIRONMENTAL RESPONSE  
TRUST FUND COUNCIL  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Year Ended June 30, 2015

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 2015 AND 2014**

**Drycleaner Environmental Response Trust Fund - 0548**

Solvent Supplier Penalty Fees (Decrease of \$16,000 or 97%)

The decrease in Solvent Supplier Penalty Fees was the result of two supplier settlements reached by the Illinois Attorney General and received in Fiscal Year 2014 for a combined amount of \$16,000. The Solvent Supplier Penalty Fees the Fund received in Fiscal Year 2015 were lower.

Late Payment Fees (Increase of \$9,080 or 42%)

The increase in Late Payment Fees was the result of a dry cleaner settlement reached by the Illinois Attorney General and received in Fiscal Year 2015 for the amount of \$9,000.

Interest Income (Decrease of \$3,210 or 31%)

The decrease in Interest Income was the result of fewer funds invested at the Treasurer's Office resulting in less interest income. The Fiscal Year 2015 and 2014 ending cash balance was \$1,053,508 and \$2,015,981, respectively.

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

<u>DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND – 0548</u>	Fiscal Years	
	2015	2014
Current	\$ 17,340	\$ -
31-90 days	147,183	1,400
91-180 days	2,445	-
Over 180 days	203,874	209,042
<b>GROSS RECEIVABLES</b>	\$ 370,842	\$ 210,442
Less estimated uncollectibles	(369,002)	(209,992)
<b>NET RECEIVABLES</b>	\$ 1,840	\$ 450

**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 31<sup>st</sup> day after payment was due through day 60 and then \$5 per day on the 61<sup>st</sup> day thereafter. In addition, the Council requires drycleaners to pay for licenses for years in which they were operating without a license.

Solvent Supplier Penalties

Certain provisions of the Act stipulate that drycleaner facilities cannot purchase solvents from vendors without a valid license. The vendors are subject to various penalties and fines if found in violation of these provisions. The Council becomes aware of a solvent supplier delivering solvent to an unlicensed drycleaner when the drycleaner renews their license the next calendar year.

STATE OF ILLINOIS  
DRYCLEANER ENVIRONMENTAL RESPONSE  
TRUST FUND COUNCIL  
**ANALYSIS OF ACCOUNTS RECEIVABLE**  
For the Fiscal Year Ended June 30, 2015

Collection procedures

For some drycleaners and solvent suppliers, the late fees and penalties are significant and payment would represent a financial hardship to the drycleaners and solvent suppliers. To provide a financially viable alternative, the Council may enter into a longer term payment arrangement 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 or solvent supplier for a determined amount. The Attorney General's Office and the Council may also enter into an installment agreement with the drycleaner or solvent supplier to satisfy the balance owed as determined through legal judgment.

The Council provides notification 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.

Gross receivables increased by \$160,400 from Fiscal Year 2014 to Fiscal Year 2015, primarily due to one large receivable booked from a judgment received during Fiscal Year 2015.

Drycleaners and solvent suppliers that have not been able to generate enough revenue to be profitable in the current economy have not been able to pay fees and penalties 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 and penalties through the Illinois Attorney General's Office legal judgment. The Council establishes an allowance for doubtful accounts for those receivables deemed not collectible. An allowance for doubtful accounts of \$369,002 at June 30, 2015 was reported. The allowance account includes receivables that have been referred to the Attorney General's Office for collection and amounts owed by facilities 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, 2015

**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 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, 2015

**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 Fiscal Year 2015, the Council's Fund financial projections for the period of July 1, 2015 through the Fund's sunset date of January 1, 2020 indicated the Fund would have program deficits of approximately \$18,964,992, based on program assumptions as of July 1, 2015. It has also been noted that the Council has several legislative and non legislative options to reduce the projected program deficit. Some non legislative options include: increasing license fees, increasing solvent taxes, and increasing the remedial action deductible. Options requiring legislative action include: extending the sunset date, requiring "drop off" locations to pay for a license, a gross receipts tax, and a sales tax on drycleaners. The administrator will provide to the legislature all necessary facts and figures for these issues. The Council has approved seeking legislation to extend the sunset date to 2030. House Bill 209 was introduced in January 2015, but has stalled due to more pressing legislative issues. As of June 30, 2015, the Fund balance was \$973,733.

Public Act 098-0327 establishes a Drycleaner Trust Fund Task Force (Task Force) made up of 17 appointed members to study the Fund and make recommendations for funding and improving the Fund. As of June 30, 2015, appointments to the Task Force have not been made. The Task Force is set to be repealed as of January 1, 2016; however, House Bill 3146 was introduced, which would extend the Task Force until January 1, 2018, but is currently in the House Rules Committee.

STATE OF ILLINOIS  
 DRYCLEANER ENVIRONMENTAL RESPONSE  
 TRUST FUND COUNCIL  
**SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)**  
 For the Year Ended June 30, 2015

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 2014 Actual</u>	<u>Fiscal Year 2015 Target</u>	<u>Fiscal Year 2015 Actual</u>
<b>Input Indicators</b>			
Budgeted appropriation/expenditures	\$3,487,600	\$5,360,000	\$3,237,400
License applications received	917	850	873
Insurance applications received	514	500	487
Eligible remedial and insurance claims filed	699	699	699
<b>Output Indicators</b>			
Licenses in force	914	850	868
Insurance policies in force	513	500	483
Eligible remedial and insurance claims closed	502	510	513
Open remedial claims	197	n/a	186
Remedial claims with payments made	678	n/a	677
Open insurance claims	0	n/a	0
Insurance claims with payments made	1	n/a	1
<b>Efficiency/Cost Effectiveness Indicators</b>			
Cost per license application	\$105	\$106	\$106
Cost per insurance application	\$105	\$106	\$107
Cost per eligible claim filed	\$802	\$800	\$776

Note: n/a denotes that no Fiscal Year 2015 targets were established by the Council for this output indicator.