



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND COUNCIL

Compliance Examination
 For the Year Ended June 30, 2016

Release Date: April 6, 2017

FINDINGS THIS EXAMINATION: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2007			16-01
Category 2:	0	0	0				
Category 3:	<u>0</u>	<u>1</u>	<u>1</u>				
TOTAL	0	1	1				
FINDINGS LAST EXAMINATION: 1							

INTRODUCTION

The Drycleaner Environmental Response Trust Fund Council (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. The Council has contracted with a third party administrator to conduct fiscal and administrative duties, under the oversight of the Council.

SYNOPSIS

- (16-01) Council member appointments or reappointments had not been made as required by statute.

OTHER MATTERS

The Council's financial projections for the Drycleaner Environmental Response Trust Fund (Fund) for the period of July 1, 2016, through the Fund's sunset date of January 1, 2020, indicated the Fund would have program deficits of approximately \$18,006,445.

- Category 1:** Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
- Category 2:** Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
- Category 3:** Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

{Expenditures and Activity Measures are summarized on next page.}

DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2016

EXPENDITURE STATISTICS	2016	2015
Total Expenditures	\$ 1,519,112	\$ 3,237,426
OPERATIONS TOTAL.....	\$ 1,519,112	\$ 3,237,426
% of Total Expenditures.....	100.0%	100.0%
Total Council Receipts	\$ 589,898	\$ 567,702

SELECTED ACTIVITY MEASURES (Not Examined)	2016	2015
License applications received.....	836	873
License in force.....	829	868
Insurance applications received.....	459	487
Insurance policies in force.....	455	483
Open insurance claims.....	0	0
Insurance claims with payments made.....	1	1
Eligible remedial and insurance claims filed.....	699	699
Eligible remedial and insurance claims closed.....	515	513
Open remedial claims.....	184	186
Remedial claims with payments made.....	678	677
Cost per license application.....	\$107	\$106
Cost per insurance application.....	\$107	\$107
Cost per eligible claim filed.....	\$518	\$776

COUNCIL CHAIRMAN
During Examination Period: John Polak
Currently: John Polak

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

EXPIRED COUNCIL MEMBER APPOINTMENTS

All seven Council members had expired terms

During Fiscal Year 2016, the appointed terms had expired for all seven (100%) of the Council members as of May 1, 2007, May 1, 2008, May 1, 2013, May 1, 2015, and May 1, 2016. (Finding 1, page 7) **This finding was first reported in 2007**

We recommended the Council continue to work with the Governor’s Office to obtain current appointments as soon as possible.

The Council administrator stated they have and will continue to make contact with the Governor’s Office to secure appointments for the expired terms. *(For the previous Council response, see Digest Footnote #1.)*

OTHER MATTERS

SIGNIFICANT PROJECTED DEFICIT

Anticipated deficit of approximately \$18 million

The Council’s financial projections for the Drycleaner Environmental Response Trust Fund (Fund) for the period of July 1, 2016, through the Fund’s sunset date of January 1, 2020, indicated the Fund would have program deficits of approximately \$18,006,445, based on program assumptions as of July 1, 2016.

According to Council officials, the Council has several legislative and non-legislative options to reduce the projected program deficit. The options under consideration by the Council are described within the report on page 18.

Task Force to study the Fund did not receive appointments

Additionally, Public Act 098-0327 established 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. However, appointments to the Task Force were not made and Public Act 098-0327 was repealed, effective January 1, 2016.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Council for the year ended June 30, 2016, as required by the Illinois State Auditing Act. The accountants stated the Council complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by the Office of the Auditor General's staff.

SIGNED ORIGINAL ON FILE

BRUCE L. BULLARD
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:JGR

DIGEST FOOTNOTES

#1-EXPIRED COUNCIL MEMBER APPOINTMENTS - Previous 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.