

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

COMPLIANCE EXAMINATION

For the Year Ended June 30, 2018

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND COUNCIL
 COMPLIANCE EXAMINATION
 For the Year Ended June 30, 2018

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STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2018

AGENCY OFFICIALS

Chair	Mr. John Polak
Administrator	Williams & Company Consulting, Inc.

COUNCIL MEMBERS

Member	Mr. Young B. Kim	Term Expires May 1, 2021
Member	Mr. John Polak	Term Expired May 1, 2008
Member (02/28/19 – Present)	Vacant	
Member (07/01/17 – 2/27/19)	Mr. John Bredenkamp	
Member	Mr. Daniel Kim	Term Expired May 1, 2016
Member (09/21/18 – Present)	Ms. Jemma Jones	Term Expires May 1, 2021
Member (07/01/17 – 03/20/18)	Mr. Dae Kim	
Member	Mr. Robert Dunham	Term Expires May 1, 2021
Member	Mr. Sung Do Kang	Term Expired May 1, 2019

The Council's 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
Iles Park Plaza
740 East Ash Street
Springfield, Illinois 62703-3154

JUN 20 2019

Auditor 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. 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 Drycleaner Environmental Response Trust Fund Council's compliance with the following assertions during the year ended June 30, 2018. Based on this evaluation, we assert that during the year ended June 30, 2018, the Drycleaner Environmental Response Trust Fund Council has materially complied with the assertions below.

- 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.

Yours truly,

Drycleaner Environmental Response Trust Fund Council

SIGNED ORIGINAL ON FILE

John Polak, Chair

SIGNED ORIGINAL ON FILE

H. Patrick Eriksen, Third Party Administrator

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE
 TRUST FUND COUNCIL
 COMPLIANCE EXAMINATION
 For the Year Ended June 30, 2018

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</u> <u>Report</u>	<u>Prior</u> <u>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)			
2018-001	7	Expired Council Member Appointments	Noncompliance

EXIT CONFERENCE

The Council waived a formal exit conference in correspondence dated June 13, 2019, from Dorcee Lauen, a manager at the Council’s third-party administrator. The Council’s response to the recommendation was provided by Dorcee Lauen, a manager at the Council’s third-party administrator, in a correspondence dated June 20, 2019.

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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, 2018. 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 (the Audit Guide). Those standards, the Act, and the Audit Guide require that we plan and perform the examination to obtain reasonable assurance about whether the State of Illinois, Drycleaner Environmental Response Trust Fund Council complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the State of Illinois, Drycleaner Environmental Response Trust Fund Council complied with the specified requirements listed above. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error.

We believe that the evidence we obtained is sufficient and appropriate to provide 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, 2018. 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 2018-001.

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. The State of Illinois, Drycleaner Environmental Response Trust Fund Council's response was not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the response.

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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 purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide, issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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, 2018, in Schedules 1 through 3 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, 2018, accompanying supplementary information in Schedules 1 through 3. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2017, accompanying supplementary information in Schedules 2 and 3 and in the Analysis of Operations Section and, accordingly, we do not express an opinion or provide any assurance on it.

SIGNED ORIGINAL ON FILE

JANE CLARK, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
June 20, 2019

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE
 TRUST FUND COUNCIL
SCHEDULE OF FINDINGS – STATE COMPLIANCE
 For the Year Ended June 30, 2018

2018-001. **FINDING** (Expired Council Member Appointments)

The Drycleaner Environmental Response Trust Fund Council (Council) has several members serving on expired terms.

During testing, we noted Council member appointments or reappointments had not been made as required by the Drycleaner Environmental Response Trust Fund Act (Act) for six of the seven Council member positions (86%). The following chart depicts the amount of time passed as of June 30, 2018, after each noted Council member’s term expired or became vacant:

Member #1	Term Expired May 1, 2015	1,156 days
Member #2	Term Expired May 1, 2016	790 days
Member #3	Term Expired May 1, 2007	4,078 days
Member #4	Term Expired May 1, 2008	3,712 days
Member #5	Resigned March 20, 2018	102 days
Member #6	Term Expired May 1, 2018	60 days

Subsequent to June 30, 2018, we noted the following:

- The Governor reappointed Members 3 and 6 noted above;
- The Governor appointed a member to fill the vacancy left after Member 5 resigned; and,
- The Council position of Member 1 became vacant.

The Act (415 ILCS 135/15(a)) requires the Council be comprised of seven voting members appointed by the Governor to three-year terms.

Council officials indicated, as they did during the prior examination, that the Council has continued to make attempts to reach out to the Governor’s Office regarding reappointments for expired members.

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 a reevaluation of the Council’s membership every three years. (Finding Code No. 2018-001, 2017-001, 2016-001, 2015-001, 2014-001, 2013-001, 12-1, 11-1, 10-1, 09-1, 08-2, 07-3)

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Year Ended June 30, 2018

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, 2018

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 – Fiscal Year 2018

Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances

Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller

- Analysis of Operations (Not Examined):

Council Functions and Planning Program (Not Examined)

Analysis of Significant Variations in Expenditures (Not Examined)

Analysis of Significant Variations in Receipts (Not Examined)

Analysis of Significant Lapse Period Spending (Not Examined)

Analysis of Accounts Receivable (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, 2018, accompanying supplementary information in Schedules 1 through 3. 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 2018

For the Sixteen Months Ended October 31, 2018

Public Act 100-0021 FISCAL YEAR 2018	Lapse Period		Total Expenditures 16 Months Ended October 31	Balances Lapsed October 31
	Expenditures Through June 30	Expenditures July 1 to October 31		
<u>DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND - 548</u>				
For use in accordance with the Drycleaner Environmental Response Trust Fund Act	\$ 4,100,000	\$ 2,068,357	\$ 393,740	\$ 1,637,903
GRAND TOTAL	<u>\$ 4,100,000</u>	<u>\$ 2,068,357</u>	<u>\$ 393,740</u>	<u>\$ 1,637,903</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of October 31, 2018, and have been reconciled to Council 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
 COMPLIANCE EXAMINATION
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
 EXPENDITURES, AND LAPSED BALANCES**
 For the Fiscal Year Ended June 30,

	Fiscal Year	
	2018	2017
	P.A. 100-0021	P.A. 99-0524
APPROPRIATED FUNDS		
Drycleaner Environmental Response		
Trust Fund - 548		
Appropriations	\$ 4,100,000	\$ 4,100,000
Expenditures		
For use in accordance with the Drycleaner Environmental Response Trust Fund Act	\$ 2,462,097	\$ 2,146,806
Total Expenditures	\$ 2,462,097	\$ 2,146,806
Lapsed Balances	\$ 1,637,903	\$ 1,953,194

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of October 31, 2018, and have been reconciled to Council 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 CASH RECEIPTS AND
 RECONCILIATION OF CASH RECEIPTS TO
 DEPOSITS REMITTED TO THE STATE COMPTROLLER**

For the Fiscal Year Ended June 30,

Drycleaner Environmental Response

Trust Fund - 548	2018	2017
Insurance premiums	\$ 449,283	\$ 484,314
Solvent suppliers penalties fees	-	1,000
Late payment fees	23,538	14,562
Prior year refunds	2,773	-
Total cash receipts per Council	475,594	499,876
Less - In transit at End of Year	\$ (57,638)	\$ (47,717)
Plus - In transit at Beginning of Year	47,717	52,563
Total cash receipts per State Comptroller's Records	<u>\$ 465,673</u>	<u>\$ 504,722</u>

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COUNCIL FUNCTIONS AND PLANNING PROGRAM
For the Year Ended June 30, 2018

(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). The Council was established to provide financial resources for dry cleaning facilities to pay for the cleanup of dry cleaning solvent contamination. The Council administers a mandatory license program, a remediation program, and a voluntary insurance program for all retail drycleaning facilities within the State.

Beginning January 1998, all active drycleaning facilities within the State 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.

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

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COUNCIL FUNCTIONS AND PLANNING PROGRAM
For the Year Ended June 30, 2018

(NOT EXAMINED)

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 2018, the Council's financial projections for the period of July 1, 2018, through the Fund's sunset date of January 1, 2020, indicated the Fund had program deficits of approximately \$16,283,310 based on program assumptions as of July 1, 2018. 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. The Council has determined that utilizing all of the non-legislative options would not eliminate the deficit before the Fund's sunset date. Options requiring legislative action include: extending the sunset date, requiring "drop off" locations to pay for a license, assessing fees on solvent distributors and manufacturers, a gross receipts tax, a sales tax on drycleaners, and a contribution by real estate owners. The Administrator will provide to the General Assembly all necessary facts and figures for these issues.

Senate Bill 171 passed both houses of the General Assembly on May 27, 2019. This bill, if enacted into law, would:

- 1) transfer the Council's powers, duties, rights, and responsibilities to the Environmental Protection Agency;
- 2) limit administrative costs paid from the Fund;
- 3) require the prioritization of expenditures from the Fund in accordance with rules to be adopted by the Pollution Control Board;
- 4) establish an additional administrative assessment fee;
- 5) establish criminal penalties for false statements;
- 6) abolish the Council on July 1, 2020;
- 7) prohibit the Council from extending the Administrator's contract beyond June 30, 2020; and,
- 8) extend the sunset date of the Fund to January 1, 2030.

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Year Ended June 30, 2018

(NOT EXAMINED)

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL
YEARS 2018 AND 2017**

Drycleaner Environmental Response Trust Fund – 548

No significant variations were noted between Fiscal Year 2018 and Fiscal Year 2017.

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Year Ended June 30, 2018

(NOT EXAMINED)

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2018 AND 2017

Drycleaner Environmental Response Trust Fund - 548

Solvent Supplier Penalty Fees

The decrease in solvent supplier penalties during Fiscal Year 2018 was due to a solvent supplier paying its final quarterly payment to the Council in August 2016.

Late Payment Fees

The increase in late payment fees during Fiscal Year 2018 was due to more drycleaners paying late fees. During Fiscal Year 2017, 64 drycleaners paid late fees. During Fiscal Year 2018, 81 drycleaners paid late fees.

Prior Year Refunds

The increase in prior year refunds during Fiscal Year 2018 was due to a prior year refund of claim expenditures being received. No such refunds were received in Fiscal Year 2017.

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Year Ended June 30, 2018

(NOT EXAMINED)

There were no significant expenditures incurred during the Lapse Period during Fiscal Year 2018.

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

(NOT EXAMINED)

<u>DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND – 548</u>	Fiscal Year	
	2018	2017
Current	\$ -	\$ -
31-90 days	-	-
91-180 days	2,780	-
Over 180 days	246,750	376,702
GROSS RECEIVABLES	\$ 249,530	\$ 376,702
Less estimated uncollectibles	(246,750)	(376,702)
NET RECEIVABLES	\$ 2,780	\$ -

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.

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.

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Fiscal Year Ended June 30, 2018

(Not Examined)

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.

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 Attorney General's Office. The Council establishes an allowance for doubtful accounts for those receivables deemed not collectible. 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
 COMPLIANCE EXAMINATION
SERVICE EFFORTS AND ACCOMPLISHMENTS
 For the Year Ended June 30, 2018

(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 2017 Actual</u>	<u>Fiscal Year 2018 Target</u>	<u>Fiscal Year 2018 Actual</u>
Input Indicators			
Budgeted appropriation/expenditures	\$2,146,806	\$4,100,000	\$2,462,100
License applications received	787	758	737
Insurance applications received	432	425	399
Eligible remedial and insurance claims filed	700	700	700
Output Indicators			
Licenses in force	783	758	731
Insurance policies in force	428	425	396
Eligible remedial and insurance claims closed	537	542	549
Open remedial claims	162	N/A	151
Remedial claims with payments made	678	N/A	678
Open insurance claims	1	N/A	0
Insurance claims with payments made	1	N/A	1
Efficiency/Cost Effectiveness Indicators			
Cost per license application	\$108	\$109	\$111
Cost per insurance application	\$109	\$109	\$110
Cost per eligible claim filed	\$605	\$750	\$933

Note: N/A denotes that no Fiscal Year 2018 targets were established by the Council for this output indicator.