

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

COMPLIANCE EXAMINATION

For the Year Ended June 30, 2019

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE
 TRUST FUND COUNCIL
 COMPLIANCE EXAMINATION
 For the Year Ended June 30, 2019

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STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2019

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 (07/01/18 – 02/27/19)	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 (07/01/18 – 09/20/18)	Vacant	
Member	Mr. Robert Dunham	Term Expires May 1, 2021
Member	Mr. Sung Do Kang	Term Expired May 1, 2019

COUNCIL OFFICES

The Council's primary administrative offices are located at:

814 Pierce Street
Sioux City, Iowa 51101

1000 Tower Lane, Suite 140
Bensenville, Illinois 60106



MANAGEMENT ASSERTION LETTER

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

NOV 25 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 (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 specified requirements during the one-year period ended June 30, 2019. Based on this evaluation, we assert that during the year ended June 30, 2019, the Council has materially complied with the specified requirements listed 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

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, 2019

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and 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>Prior</u>
Findings	Report	Report
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>Last</u> <u>Reported</u>	<u>Description</u>	<u>Finding Type</u>
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FINDINGS (STATE COMPLIANCE)

2019-001	7	2018	Expired Council Member Appointments	Noncompliance
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EXIT CONFERENCE

The Council’s management waived a formal exit conference in correspondence from Dorcee Lauen, a manager at the Council’s Third Party Administrator, on November 15, 2019. The response to the recommendation was provided by H. Patrick Eriksen, Third Party Administrator, in a correspondence dated November 25, 2019.

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ILES PARK PLAZA
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CHICAGO OFFICE:
MICHAEL A. BILANDIC BLDG. • SUITE S-900
160 NORTH LASALLE • 60601-3103
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FAX: 312/814-4006
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

and

Governing Board
Drycleaner Environmental Response Trust Fund Council

Compliance

We have examined compliance by the State of Illinois, Drycleaner Environmental Response Trust Fund Council (Council) with the specified 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, 2019. Management of the Council is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Council's compliance with the specified requirements based on our examination.

The specified requirements are:

- 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.

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*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Council complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Council complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, 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 Council's compliance with the specified requirements.

In our opinion, the Council complied with the specified requirements during the year ended June 30, 2019, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as item 2019-001.

The Council's response to the compliance finding identified in our examination is described in the accompanying Schedule of Findings. The Council's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control).

In planning and performing our examination, we considered the Council's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Council's compliance with the specified requirements and to test and report on the Council's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our examination, we did not identify any deficiencies in internal control 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 is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. 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 the Council's compliance with the specified requirements. The accompanying supplementary information for the year ended June 30, 2019, in Schedules 1 through 3 and the Analysis of Operations section are presented for purposes of additional analysis. Such information is the responsibility of Council management. We have applied certain limited procedures as prescribed by the *Audit Guide* to the accompanying supplementary information for the year ended June 30, 2019, in Schedules 1 through 3. We have not applied procedures to the accompanying supplementary information for the year ended June 30, 2018, in Schedules 2 and 3 and in the Analysis of Operations Section. We do not express an opinion, a conclusion, nor provide any assurance on the accompanying supplementary information in Schedules 1 through 3 or the Analysis of Operations Section.

SIGNED ORIGINAL ON FILE

JANE CLARK, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
November 25, 2019

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE
 TRUST FUND COUNCIL
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDING
 For the Year Ended June 30, 2019

2019-001. **FINDING** (Expired Council Member Appointments)

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

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 four of the seven Council member positions (57%). The following chart depicts the amount of time passed as of June 30, 2019, after each noted Council member’s term expired or became vacant:

Member #1	Vacant February 28, 2019	122 days
Member #2	Term Expired May 1, 2016	1,155 days
Member #3	Term Expired May 1, 2019	60 days
Member #4	Term Expired May 1, 2008	4,077 days

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 and vacancies.

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. 2019-001, 2018-001, 2017-001, 2016-001, 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. SB171 was signed by the Governor on August 16, 2019, which abolishes the Council on July 1, 2020.

STATE OF ILLINOIS
 DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND COUNCIL
 COMPLIANCE EXAMINATION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

Appropriations for Fiscal Year 2019

For the Fifteen Months Ended September 30, 2019

	Lapse Period		Total		Balances Lapsed September 30
	Expenditures July 1 to September 30	Expenditures Through June 30	Expenditures 15 Months Ended September 30	Expenditures September 30	
Public Act 100-0586					
FISCAL YEAR 2019	\$ 3,200,000	\$ 1,940,940	\$ 155,001	\$ 2,095,941	\$ 1,104,059
	<u>\$ 3,200,000</u>	<u>\$ 1,940,940</u>	<u>\$ 155,001</u>	<u>\$ 2,095,941</u>	<u>\$ 1,104,059</u>
<u>DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND - 548</u>					
For use in accordance with the Drycleaner Environmental Response Trust Fund Act	\$ 3,200,000	\$ 1,940,940	\$ 155,001	\$ 2,095,941	\$ 1,104,059
GRAND TOTAL	<u>\$ 3,200,000</u>	<u>\$ 1,940,940</u>	<u>\$ 155,001</u>	<u>\$ 2,095,941</u>	<u>\$ 1,104,059</u>

Note 1: Appropriations, expenditures, and lapsed balances amounts in this schedule were prepared by the Council and have been reconciled to the State Comptroller's records as of September 30, 2019.

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	
	2019	2018
	P.A. 100-0586	P.A. 100-0021
APPROPRIATED FUNDS		
Drycleaner Environmental Response		
Trust Fund - 548		
Appropriations	\$ 3,200,000	\$ 4,100,000
Expenditures		
For use in accordance with the Drycleaner Environmental Response Trust Fund Act	\$ 2,095,941	\$ 2,462,097
Total Expenditures	\$ 2,095,941	\$ 2,462,097
Lapsed Balances	\$ 1,104,059	\$ 1,637,903

Note 1: Appropriations, expenditures, and lapsed balances amounts in this schedule were prepared by the Council and have been reconciled to the State Comptroller's records as of September 30, 2019.

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 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**

	2019	2018
Insurance premiums	\$ 406,356	\$ 449,283
Solvent suppliers penalties fees	-	-
Late payment fees	23,535	23,538
Interest	1,724	-
Prior year refunds	-	2,773
Total cash receipts per Council	431,615	475,594
Less - In transit at End of Year	\$ (41,060)	\$ (57,638)
Plus - In transit at Beginning of Year	57,638	47,717
Total cash receipts per State Comptroller's Records	\$ 448,193	\$ 465,673

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
COUNCIL FUNCTIONS AND PLANNING PROGRAM
For the Year Ended June 30, 2019

(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

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
COUNCIL FUNCTIONS AND PLANNING PROGRAM
For the Year Ended June 30, 2019

(NOT EXAMINED)

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 2019, 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. The bill was signed into law as Public Act 101-0400 by the Governor on August 16, 2019. This law will:

- 1) transfer the Council's powers, duties, rights, and responsibilities to the Environmental Protection Agency as of July 1, 2020;
- 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
COUNCIL FUNCTIONS AND PLANNING PROGRAM
 For the Year Ended June 30, 2019

(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 2018 Actual</u>	<u>Fiscal Year 2019 Target</u>	<u>Fiscal Year 2019 Actual</u>
Input Indicators			
Budgeted appropriation/expenditures	\$2,462,100	\$3,200,000	\$2,095,900
Output Indicators			
License applications received	737	696	678
Insurance applications received	399	375	366
Eligible remedial and insurance claims filed	700	700	702
New claims received	0	0	2
Total open claims	151	145	149
Outcome Indicators			
Licenses in force	731	696	676
Insurance policies in force	396	375	363
Eligible remedial and insurance claims closed	549	555	553
New claims filed	0	0	2
Eligible remedial and insurance claims open	151	145	149
Open remedial claims	151	N/A	147
Remedial claims with payments made	678	N/A	678
Open insurance claims	0	N/A	2
Insurance claims with payments made	1	N/A	2
Efficiency/Cost Effectiveness Indicators			
Cost per license application	\$111	\$112	\$111
Cost per insurance application	\$110	\$112	\$111
Cost per eligible claim filed	\$933	\$930	\$885

Note: N/A denotes that no Fiscal Year 2019 targets were established by the Council for this outcome indicator.

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Year Ended June 30, 2019

(NOT EXAMINED)

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL
YEARS 2019 AND 2018**

Drycleaner Environmental Response Trust Fund – 548

No significant variations were noted between Fiscal Year 2019 and Fiscal Year 2018.

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Year Ended June 30, 2019

(NOT EXAMINED)

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2019 AND 2018

Drycleaner Environmental Response Trust Fund - 548

Interest

The increase in interest in Fiscal Year 2019 was due to a judgement that was ordered. No such judgements were made in Fiscal Year 2018.

Prior Year Refunds

The decrease in prior year refunds in Fiscal Year 2019 was due to a prior year refund of claim expenditures being received in Fiscal Year 2018. No such refunds were received in Fiscal Year 2019.

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Year Ended June 30, 2019

(NOT EXAMINED)

There were no significant expenditures incurred during the Lapse Period during Fiscal Year 2019.

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

(NOT EXAMINED)

<u>DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND – 548</u>	Fiscal Year	
	2019	2018
Current	\$ -	\$ -
31-90 days	7,000	-
91-180 days	-	2,780
Over 180 days	235,394	246,750
GROSS RECEIVABLES	\$ 242,394	\$ 249,530
Less estimated uncollectibles	(235,394)	(246,750)
NET RECEIVABLES	\$ 7,000	\$ 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

STATE OF ILLINOIS
DRYCLEANER ENVIRONMENTAL RESPONSE
TRUST FUND COUNCIL
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Fiscal Year Ended June 30, 2019

(NOT EXAMINED)

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.

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.