

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION
TRUST FUND COMMISSION
COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2016

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2016

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STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2016

AGENCY OFFICIALS

Alec Messina (07/01/16 - present) Environmental Protection Agency

Lisa Bonnett (07/01/14 - 06/30/16)

Designee: Carol Radwine

Wayne Rosenthal (01/20/15 - present) Department of Natural Resources

Marc Miller (07/01/14 - 01/16/15)

Designee: Doug Florence

Gerald Keenan (09/04/15 - present) Pollution Control Board

Deanna Glosser (07/01/14 - 09/03/15)

Designee: Kathryn Griffin

Honorable Lisa Madigan Attorney General

Designee: David Boots

The Commission's administrative functions are performed by the State of Illinois, Environmental Protection Agency. The Agency's office is located at:

1021 North Grand Avenue East
Springfield, Illinois 62794



ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19276, SPRINGFIELD, ILLINOIS 62794-9276 • (217) 782-3397

BRUCE RAUNER, GOVERNOR

ALEC MESSINA, DIRECTOR

April 25, 2017

Honorable Frank J. Mautino
Auditor General
State of Illinois
Iles Park Plaza
740 East Ash
Springfield, IL 62703-3154

Auditor General Mautino:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grants that could have a material effect on the operations of the State of Illinois, Environmental Protection Trust Fund Commission. 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 Commission's compliance with the following assertions during the two-year period ended June 30, 2016. Based on this evaluation, we assert that during the years ended June 30, 2016, and June 30, 2015, the State of Illinois, Environmental Protection Trust Fund Commission has materially complied with the assertions below.

- A. The State of Illinois, Environmental Protection Trust Fund Commission 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, Environmental Protection Trust Fund Commission 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, Environmental Protection Trust Fund Commission 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, Environmental Protection Trust Fund Commission 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 very truly,

State of Illinois, Environmental Protection Trust Fund Commission

SIGNED ORIGINAL ON FILE

Alec Messina
Director

SIGNED ORIGINAL ON FILE

Carol Radwine
Chief Financial Officer

SIGNED ORIGINAL ON FILE

John J. Kim
Chief Legal Counsel

STATE OF ILLINOIS
 ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
 COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2016

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>Prior</u>
Findings	Report	Report
Findings	2	2
Repeated findings	2	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)			
2016-001	7	Inadequate Controls over Accounts Receivable	Noncompliance and Significant Deficiency
2016-002	9	Inadequate Controls over Receipts	Noncompliance and Significant Deficiency

EXIT CONFERENCE

The Trust Fund Commission waived an exit conference in correspondence dated April 18, 2017. The responses to the recommendations were provided by Mr. Max Paller, the Chief Internal Auditor of the Environmental Protection Agency, in a correspondence dated April 18, 2017.

SPRINGFIELD OFFICE:

ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/782-6046
FAX: 217/785-8222 • TTY: 888/261-2887
FRAUD HOTLINE: 1-855-217-1895



CHICAGO OFFICE:

MICHAEL A. BILANDIC BLDG. • SUITE S-900
160 NORTH LASALLE • 60601-3103
PHONE: 312/814-4000
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

Compliance

We have examined the State of Illinois, Environmental Protection Trust Fund Commission'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 two years ended June 30, 2016. The management of the State of Illinois, Environmental Protection Trust Fund Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Environmental Protection Trust Fund Commission's compliance based on our examination.

- A. The State of Illinois, Environmental Protection Trust Fund Commission 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, Environmental Protection Trust Fund Commission 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, Environmental Protection Trust Fund Commission 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, Environmental Protection Trust Fund Commission 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, Environmental Protection Trust Fund Commission'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, Environmental Protection Trust Fund Commission's compliance with specified requirements.

In our opinion, the State of Illinois, Environmental Protection Trust Fund Commission complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2016. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2016-001 and 2016-002.

Internal Control

Management of the State of Illinois, Environmental Protection Trust Fund Commission 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, Environmental Protection Trust Fund Commission'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, Environmental Protection Trust Fund Commission's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Environmental Protection Trust Fund Commission'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, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2016-001 and 2016-002 that we consider to be significant deficiencies.

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

The State of Illinois, Environmental Protection Trust Fund Commission's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois, Environmental Protection Trust Fund Commission's responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2016, and June 30, 2015, in Schedules 1 through 8 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, 2016, and June 30, 2015, accompanying supplementary information in Schedules 1 through 8. 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 3 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, the State of Illinois, Environmental Protection Agency's management, and the State of Illinois, Environmental Protection Trust Fund Commission's membership, and is not intended to be and should not be used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

JANE CLARK, CPA
Assistant Director of Financial and Compliance Audits

Springfield, Illinois
April 25, 2017

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2016

2016-001. **FINDING** (Inadequate Controls over Accounts Receivable)

The Environmental Protection Trust Fund Commission (Commission) did not have adequate controls over the administration of its accounts receivable.

The Illinois Environmental Protection Agency (Agency) handles all financial activities for the Commission. The Agency was responsible for tracking, documenting, and following up on accounts receivable pertaining to penalties, court orders, and administrative citations for violating environmental laws and regulations. As of June 30, 2016, the Commission's accounts receivable balance was approximately \$13.176 million, of which approximately \$12.646 million had been due over one year.

During testing, the auditors noted the following:

- One of 25 (4%) accounts receivable tested, totaling \$1.777 million, was not established timely. The time elapsed from the due date to the set-up of the receivable was 144 days.

The Illinois State Collection Act of 1986 (Act) (30 ILCS 210/3) states it is the "public policy of this State to aggressively pursue the collection of accounts or claims due and payable to the State of Illinois through all reasonable means." Good internal controls over accounts receivable includes promptly recording the amount due and beginning to pursue collection, as the likelihood of collection declines over time.

- Twenty of 25 (80%) accounts receivable tested, totaling \$4.635 million, were over 90 days past due and had not been referred to the Comptroller's Offset System or the Department of Revenue's Debt Collection Bureau. In addition, 19 of 25 (76%) accounts tested totaling \$6.753 million were over one year old and were not referred to the Attorney General for write off.

The Act (30 ILCS 210/5(c-1)) and the Statewide Accounting Management System (SAMS) (Procedure 26.40.20) requires the Commission to place all debts over \$250 and more than 90 days past due in the Comptroller's Offset System. In addition, the Act (30 ILCS 210/5(g)) requires the Commission to refer qualifying delinquent debt to the Department of Revenue's Debt Collection Bureau. Further, the Uncollected State Claims Act (30 ILCS 205/2(a)) requires when the Commission is unable to collect any claim or account receivable of \$1,000 or more due, the Commission shall request the Attorney General to certify the claim or account receivable to be uncollectible.

- Five of 25 (20%) accounts receivable balances tested were incorrectly reported. The differences noted resulted in the Commission's accounts receivable totals being overstated by \$79,679. In addition, during receipt testing, we noted two of 25 (8%) receipts tested had incorrect receivable balances reported, totaling \$260.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
SCHEDULE OF FINDINGS

For the Two Years Ended June 30, 2016

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Commission to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance assets and resources are safeguarded against loss, revenues and funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports, and to maintain accountability over the State's resources. Further, SAMS (Procedure 26.30.10) establishes quarterly reporting requirements for reporting the Commission's accounts receivable activity to the Office of the State Comptroller. Good internal controls includes ensuring these quarterly reports are complete and accurate.

During the prior and current engagements, Commission officials stated the issues noted with accounts receivable were due to staffing shortages and system errors.

Failure to timely establish accounts receivable and begin to collect accounts receivable could result in lost revenues to the State. Failure to timely refer receivables to the Department of Revenue's Debt Collection Bureau and to the Comptroller's Offset System increases the likelihood that past due amounts owed to the Commission will not be collected or the collection will be further delayed. In addition, the failure to report uncollectible accounts to the Attorney General results in inaccurate accounts receivable reporting. Finally, failure to establish and maintain adequate internal controls over accounts receivable represents noncompliance with State laws and regulations. (Finding Code No. 2016-001, 2014-001, 12-1, 10-1)

RECOMMENDATION

We recommend the Commission pursue all reasonable and appropriate procedures to collect on outstanding debts as required by State laws and regulations. We also recommend the Commission ensure its accounts receivable balances are promptly and correctly reported.

COMMISSION RESPONSE

Agree. Agency staff continues to improve collections with the main focus on current billings. The Agency is working with the Legal department to overcome some of the challenges faced with placing debt into the Comptroller's Offset System. Accounts receivable balances have been reviewed for accuracy before conversion to the new ERP accounting system.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2016

2016-002. **FINDING** (Inadequate Controls over Receipts)

The Environmental Protection Trust Fund Commission (Commission) did not have adequate controls over receipts.

The Illinois Environmental Protection Agency (Agency) handles all financial activities for the Commission. The Agency was responsible for tracking, documenting, and collecting receipts.

During testing, the auditors noted 10 of 25 (40%) receipts tested, totaling \$596,600, where the Commission did not have adequate supporting documentation detailing the date the receipts were received by the Commission. As such, the auditors were unable to determine if these receipts were timely deposited by the Commission into the State Treasury.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2(a)) requires the Commission to deposit receipts collected into the State Treasury within a specific number of business days, depending on the value of the receipts on hand. Further, the Act (30 ILCS 230/2(a)) requires the Commission to keep a detailed account of money received showing the date of receipt, payor, purpose, and amount when receipts are received.

During the prior engagement, Commission officials attributed the errors in not recording the receipt date to employees not understanding the procedures. During the current engagement, Commission officials stated the date received was not documented due to the timing of deposits, staff workload, and system issues.

Failure to maintain documentation of the receipt date represents noncompliance with the Act and could result in a loss of interest revenue. (Finding Code No. 2016-002, 2014-002)

RECOMMENDATION

We recommend the Commission implement controls to ensure each receipt has documentation detailing the date the receipt was received by the Commission as required by the Act.

COMMISSION RESPONSE

Agree. The Agency will notify staff to fully document the receipt date on the support.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2016

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 2016
 - Schedule of Appropriations, Expenditures, and Lapsed Balances - Fiscal Year 2015
 - 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 Significant Variations in Expenditures
 - Analysis of Significant Variations in Receipts
 - Analysis of Significant Lapse Period Spending
 - Analysis of Accounts Receivable

- Analysis of Operations (Not Examined):
 - Agency Functions and Planning Program (Not Examined)
 - Budget Impasse Disclosures (Not Examined)
 - Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Not Examined)
 - Interest Costs on Fiscal Year 2016 Invoices (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, 2016, and June 30, 2015, accompanying supplementary information in Schedules 1 through 8. 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
 ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

Expenditure Authority for Fiscal Year 2016
 For the Fourteen Months Ended August 31, 2016

Public Act 99-0524 Fiscal Year 2016	Expenditure Authority	Expenditures Through 06/30/16	Lapse Period Expenditures 07/01-08/31/16	Total Expenditures	Balances Lapsed
<u>Appropriated Fund</u>					
<u>Environmental Protection Trust Fund - 845</u>					
Grant to the Environmental Protection Agency to support enhanced environmental protection and enforcement activities	\$ 1,000,000	-	\$ 600,000	\$ 600,000	\$ 400,000
Grant to the Department of Natural Resources for projects relating to natural resources research, protection and educational activities	1,000,000	-	500,000	500,000	500,000
Grant to the Pollution Control Board for funding expenses of case processing and other activities	1,000,000	-	500,000	500,000	500,000
Grant to the Attorney General for enhanced enforcement activities	1,000,000	-	500,000	500,000	500,000
GRAND TOTAL	\$ 4,000,000	\$ -	\$ 2,100,000	\$ 2,100,000	\$ 1,900,000

Note 1: Expenditure authority, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2016, and have been reconciled to Commission records. The Environmental Protection Trust Fund Commission (Fund 845) was appropriated to the State of Illinois, Environmental Protection Agency (Agency), and therefore, the appropriations and expenditures related to Fund 845 have also been reported in the Agency's appropriation schedules.

Note 2: Expenditures amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

Note 3: During Fiscal Year 2016, the Commission operated without enacted appropriations until Public Act 99-0524 was signed into law on June 30, 2016. During the impasse, the Commission incurred non-payroll obligations within Fund 845, which the Commission was unable to pay until the passage of Public Act 99-0524.

Note 4: Public Act 99-0524 authorizes the Commission to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 20 includes information from Commission management about the number of invoices and the total dollar amount of invoices held by the Commission to be submitted against its Fiscal Year 2017 appropriation.

STATE OF ILLINOIS
 ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 Appropriations for Fiscal Year 2015
 For the Fourteen Months Ended August 31, 2015

	Appropriations	Expenditures Through 6/30/2015	Lapse Period Expenditures 7/01-08/31/15	Total Expenditures	Balances Lapsed
Public Act 98-0679					
Fiscal Year 2015					
<u>Appropriated Fund</u>					
<u>Environmental Protection Trust Fund - 845</u>					
Grant to Environmental Protection Agency to support enhanced environmental protection and enforcement activities	\$ 1,000,000	\$ 100,000	\$ 400,000	\$ 500,000	\$ 500,000
Grant to the Department of Natural Resources for projects relating to natural resources research, protection and educational activities	1,000,000	500,000	-	500,000	500,000
Grant to the Pollution Control Board for funding expenses of case processing and other activities	1,000,000	500,000	-	500,000	500,000
Grant to the Attorney General for enhanced enforcement activities	1,000,000	500,000	-	500,000	500,000
GRAND TOTAL	\$ 4,000,000	\$ 1,600,000	\$ 400,000	\$ 2,000,000	\$ 2,000,000

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of August 31, 2015, and have been reconciled to Commission records. The Environmental Protection Trust Fund Commission (Fund 845) was appropriated to the State of Illinois, Environmental Protection Agency (Agency), and therefore, the appropriations and expenditures related to Fund 845 have also been reported in the Agency's appropriation schedules.

Note 2: Expenditures amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS
 ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
 EXPENDITURES, AND LAPSED BALANCES**
 For the Fiscal Years Ended June 30, 2016, 2015, and 2014

	Fiscal Year		
	2016	2015	2014
	P.A. 99-0524	P.A. 98-0679	P.A. 98-0064
Environmental Protection Trust Fund - 845			
Appropriations	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
Expenditures			
Grant to the Environmental Protection Agency to support enhanced environmental protection and enforcement activities	\$ 600,000	\$ 500,000	\$ 400,000
Grant to the Department of Natural Resources for projects relating to natural resources research, protection and educational activities	500,000	500,000	500,000
Grant to the Pollution Control Board for funding expenses of case processing and other activities	500,000	500,000	500,000
Grant to the Attorney General for enhanced enforcement activities	500,000	500,000	500,000
Total Expenditures	\$ 2,100,000	\$ 2,000,000	\$ 1,900,000
Lapsed Balances	\$ 1,900,000	\$ 2,000,000	\$ 2,100,000

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2016, and August 31, 2015, and have been reconciled to Commission records. The Environmental Protection Trust Fund Commission (Fund 845) was appropriated to the State of Illinois, Environmental Protection Agency (Agency), and therefore, the appropriations and expenditures related to Fund 845 have also been reported in the Agency's appropriation schedules.

Note 2: Expenditures amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

Note 3: During Fiscal Year 2016, the Commission operated without enacted appropriations until Public Act 99-0524 was signed into law on June 30, 2016. During the impasse, the Commission incurred non-payroll obligations within Fund 845, which the Commission was unable to pay until the passage of Public Act 99-0524.

Note 4: Public Act 99-0524 authorizes the Commission to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 20 includes information from Commission management about the number of invoices and the total dollar amount of invoices held by the Commission to be submitted against its Fiscal Year 2017 appropriation.

STATE OF ILLINOIS
 ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND
 RECONCILIATION OF CASH RECEIPTS TO
 DEPOSITS REMITTED TO THE COMPTROLLER**
 For the Years Ended June 30, 2016, 2015, and 2014

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Environmental Protection Trust Fund - 845			
Penalty Payments	\$ 3,347,346	\$ 2,455,368	\$ 2,172,652
Interest on Past Due Penalties	-	49	1,511
Reimbursement - Jury Duty and Recoveries	-	119	-
Prior Year Fee Transfer	-	-	(95,900)
Total cash receipts per Commission	<u>3,347,346</u>	<u>2,455,536</u>	<u>2,078,263</u>
Correction of a Prior Period Error	800	-	-
Less - In transit at End of Year	80,025	6,525	220,250
Plus - In transit at Beginning of Year	<u>6,525</u>	<u>220,250</u>	<u>241,700</u>
Deposits per State Comptroller's Records	<u><u>\$ 3,274,646</u></u>	<u><u>\$ 2,669,261</u></u>	<u><u>\$ 2,099,713</u></u>

Note: The Environmental Protection Trust Fund (Fund 845) was appropriated to the State of Illinois, Environmental Protection Agency (Agency), and therefore, the receipts for Fund 845 have also been reported in the Agency's receipts schedules.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2016

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2015 AND 2016

There were no significant variations in expenditures between Fiscal Years 2016 and 2015.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2014 AND 2015

There were no significant variations in expenditures between Fiscal Years 2015 and 2014.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2016

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2015 AND 2016

Fund 845 - Environmental Protection Trust Fund

Penalty Payments

The receipts are based on the number of penalties assessed by the Attorney General's Office. These receipts are expected to fluctuate, based upon the types of cases processed by the Attorney General.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2014 AND 2015

There were no significant variations in receipts between Fiscal Years 2015 and 2014.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
ANALYSIS OF SIGNIFICANT LAPSE SPENDING
For the Two Years Ended June 30, 2016

FISCAL YEAR 2016

Grant amounts are approved by the Commission in June of the prior fiscal year. Due to the budget impasse of Fiscal Year 2016, Public Act 099-0524 was not passed until June 30, 2016. All spending for Fiscal Year 2016 occurred during the Lapse Period.

FISCAL YEAR 2015

Grant amounts are approved by the Commission in June of the prior fiscal year. The spending for the grant to the Environmental Protection Agency during the Lapse Period was due to the Commission submitting a voucher to the Comptroller before the end of the fiscal year, but the Comptroller did not process the voucher until the Lapse Period.

STATE OF ILLINOIS
 ENVIRONMENTAL TRUST FUND COMMISSION
ANALYSIS OF ACCOUNTS RECEIVABLE

For the Two Years Ended June 30, 2016

The Commission's accounts receivable balance was approximately \$356 thousand and \$831 thousand at June 30, 2016, and June 30, 2015, respectively.

An aging schedule of the Commission's accounts receivable are presented below (in thousands):

	<u>Current</u>	<u>Less than 30 Days</u>	<u>31 to 90 Days</u>	<u>91 to 181 Days</u>	<u>181 to 365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
June 30, 2016	\$ 304	\$ 45	\$ -	\$ 9	\$ 172	\$ 12,646	\$ 13,176
Allowance for uncollectible accounts							(12,820)
Net Accounts Receivable							\$ 356
June 30, 2015	\$ 457	\$ 4	\$ 324	\$ 46	\$ 151	\$ 10,402	\$ 11,384
Allowance for uncollectible accounts							(10,553)
Net Accounts Receivable							\$ 831

Note: The Commission utilizes the Attorney General, the Department of Revenue's Debt Collection Bureau, and the State Comptroller's Offset System to collect unpaid receivables; however, see Finding 2016-001 regarding the administration of the Commission's accounts receivable.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2016
(NOT EXAMINED)

The State of Illinois, Environmental Protection Trust Fund Commission (Commission) was created by Public Act 81-951 on September 22, 1979 (effective January 1, 1980).

The Commission is statutorily authorized to accept, receive, and administer, on behalf of the State, any grants, gifts, loans, or other funds made available to the Commission from any source for the purpose of environmental protection and related enforcement programs. The Commission's membership includes the Director of the Environmental Protection Agency (Agency), the Director of the Department of Natural Resources (DNR), the Chair of the Pollution Control Board (PCB), and the Attorney General (AG). Each member has appointed a designee to serve on the Commission.

The Commission has the authority to approve grants from the Environmental Protection Trust Fund to the Agency, DNR, PCB, and the AG in order to carry out its environmental protection and related enforcement program purposes.

The following are types of grants approved by the Commission:

1. Grants to the Agency for the enhancement of environmental protection and enforcement activities;
2. Grants to the DNR for projects relating to natural resources, research, protection, and education activities;
3. Grants to the PCB for the purpose of case processing and other activities; and,
4. Grants to the AG for enhancement of environmental enforcement activities.

The Commission has no employees and owns no property. Its members serve without compensation. The financial activities of the Commission are handled by the Agency, which absorbs all of the administrative costs of the Commission.

The Commission has developed a formal, written Program Plan, which defines and discusses the Commission's powers, membership, chair, goals, and planning process. Additionally, the Program Plan includes the process for receipts.

The Commission's planning process is closely tied to the budget process. Each fall, the Commission members are notified by the Chair/Designee of the projected monies available. The member agencies provide project proposals which describe the project and the requested funding. The Commission uses these documents as the program plan for the fiscal year. A meeting is held in December to discuss and vote on the proposed projects and budget. Another meeting is held in June to pass the formal resolutions releasing the money for approved projects. The meeting agenda prepared for each meeting provides annual planning information, such as revenues and project information.

The proposed project descriptions include deadlines for completion of the projects with an informal agreement among Commission members that no project should exceed five years. The Commission requires annual project status reports to ensure grant monies are spent in accordance with awards.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
BUDGET IMPASSE DISCLOSURES
For the Two Years Ended June 30, 2016
(NOT EXAMINED)

Payment of Fiscal Year 2016 Costs in Future Fiscal Years

Article 74 of Public Act 99-0524 authorized the Environmental Protection Trust Fund Commission (Commission) to pay Fiscal Year 2016 costs using the Commission's Fiscal Year 2017 appropriations for non-payroll expenditures. The Commission did not have any outstanding invoices from Fiscal Year 2016 unpaid after the closure of the Fiscal Year 2016 Lapse Period on August 31, 2016. Therefore, the Commission did not use its Fiscal Year 2017 appropriations to pay its Fiscal Year 2016 costs.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
**ALTERNATE FINANCING IN LIEU OF APPROPRIATIONS AND PROGRAMS
TO ADDRESS UNTIMELY PAYMENTS TO VENDORS**
For the Two Years Ended June 30, 2016
(NOT EXAMINED)

Transactions Involving the Illinois Finance Authority

The Environmental Protection Trust Fund Commission (Commission) and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2016.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

None of the Commission's vendors participated in the Vendor Payment Program or the Vendor Support Initiative Program during Fiscal Year 2015 and Fiscal Year 2016.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
INTEREST COST ON FISCAL YEAR 2016 INVOICES
For the Two Years Ended June 30, 2016
(NOT EXAMINED)

Prompt Payment Interest Costs

The Environmental Protection Trust Fund Commission (Commission) did not incur any prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540). The Commission's vendors were paid from funds and accounts that are ineligible for prompt payment interest due to vendors under the Act.