

**State of Illinois
HISTORIC PRESERVATION
AGENCY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006**

**Performed as Special Assistant Auditors
for the Auditor General, State of Illinois**

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006**

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AGENCY OFFICIALS

HISTORIC PRESERVATION AGENCY

Director (Current)	Mr. Robert Coomer
Director (7/1/04 to 8/31/04)	Mr. Maynard Crossland
Division Manager, Historic Sites (Current)	Ms. Paula Cross
Division Manager, Historic Sites (7/1/04 to 8/31/04)	Mr. Robert Coomer
Division Manager, Historical Library	Ms. Kathryn Harris
Division Manager, Executive Office	Mr. Matt Burns
Division Manager, Administrative Services	Mr. Robert Weichert
Division Manager, Preservation Services	Mr. William Wheeler
Executive Director, Abraham Lincoln Presidential Library and Museum (Current)	Mr. Rick Beard
Acting Interim Executive Director, Abraham Lincoln Presidential Library and Museum (3/21/06 to 1/9/07)	Mr. Thomas Schwartz
Executive Director, Abraham Lincoln Presidential Library and Museum (7/1/04 to 3/20/06)	Mr. Richard Norton-Smith
Chief Fiscal Officer (Current)	Dr. Ewa Ewa
Chief Fiscal Officer (7/1/04 to 1/4/05)	Ms. Norma Jordan
Chief Accountant (Current)	Mr. Eddy Fisher
Chief Accountant (7/1/04 to 4/04/05)	Ms. Madeline Gumble
Chief Information Officer (Current)	Mr. Trey McGhee
Chief Information Officer (4/30/05 to 9/1/05)	Vacant
Chief Information Officer (7/1/04 to 4/29/05)	Ms. Marty Benner

Agency offices are located at:

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STATE COMPLIANCE EXAMINATION
MANAGEMENT ASSERTION LETTER

Martin and Shadid, CPAs, P.C.
3810 N. Prospect Rd.
Peoria, IL 61614

February 28, 2007

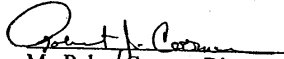
Ladies and Gentlemen:

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 Agency. 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 Agency's compliance with the following assertions during the two-year period ended June 30, 2006. Based on this evaluation, we assert that during the years ended June 30, 2005 and June 30, 2006, the Agency has materially complied with the assertions below.

- A. The Agency 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 Agency 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 Agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the Agency 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.
- E. The money or negotiable securities or similar assets handled by the Agency on behalf of the State or held in trust by the Agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Illinois Historic Preservation Agency


Mr. Robert Coomer, Director


Mr. William Wheeler, Legal Counsel


Dr. Ewa Ewa, Chief Fiscal Officer

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.

AUDITORS' REPORTS

The Independent Accountants' 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>This Report</u>	<u>Prior Report</u>
Findings	9	11
Repeated findings	3	1
Prior recommendations implemented or not repeated	8	1

Details of findings are presented in a separately tabbed report section.

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
		FINDINGS (STATE COMPLIANCE)
06-1	11	Noncompliance with Historic Preservation Agency Act
06-2	12	Noncompliance with Illinois Historic Preservation Act
06-3	13	Inadequate Controls over Public Use Trust Fund
06-4	15	Inadequate Controls over Revenues
06-5	17	Improper Petty Cash and Change Fund Maintenance
06-6	19	Noncompliance with Emergency Purchase Rules
06-7	20	Noncompliance with Historic Preservation Agency Act Regarding the Amistad Commission
06-8	21	Noncompliance with Illinois State Agency Historic Resources Preservation Act

06-9	22	Inadequate Monitoring of Interagency Agreement
PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)		
06-10	24	Efficiency Initiative Payments
06-11	24	Historic Site Donations not Deposited in State Treasury
06-12	24	Lack of Written Overtime Policy
06-13	25	Lack of Policies and Procedures
06-14	25	Inadequate Segregation of Duties
06-15	25	Noncompliance with State Employee Housing Act
06-16	25	Computer Security Deficiencies
06-17	26	Noncompliance with Internal Policy Statement

EXIT CONFERENCE

Agency management waived having an exit conference per an e-mail dated April 6, 2007. Responses were provided by Robert Coomer, Director in a letter dated April 17, 2007.

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Historic Preservation Agency'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 years ended June 30, 2005 and June 30, 2006. The management of the State of Illinois, Historic Preservation Agency is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Historic Preservation Agency's compliance based on our examination.

- A. The State of Illinois, Historic Preservation Agency 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, Historic Preservation Agency 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, Historic Preservation Agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the State of Illinois, Historic Preservation Agency are in accordance with applicable laws and regulations and the accounting and record keeping of such revenues and receipts is fair, accurate and in accordance with law.

- E. Money or negotiable securities or similar assets handled by the State of Illinois, Historic Preservation Agency on behalf of the State or held in trust by the State of Illinois, Historic Preservation Agency have been properly and legally administered and the accounting and record keeping relating thereto is proper, 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, Historic Preservation Agency's compliance with those requirements 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, Historic Preservation Agency's compliance with specified requirements.

In our opinion, the State of Illinois, Historic Preservation Agency complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2006. However, the results of our procedures disclosed instances of noncompliance with those 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 State findings as findings 06-1, 06-2, 06-4, 06-5, 06-6, 06-7, and 06-8.

As required by the Audit Guide, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter to your office.

Internal Control

The management of the State of Illinois, Historic Preservation Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the State of Illinois, Historic Preservation Agency's internal control over compliance with the aforementioned requirements in order to determine our examination procedures 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.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. However, the results of our procedures disclosed other matters involving internal control, 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 State findings as findings 06-3, 06-4, 06-5, and 06-9.

As required by the Audit Guide, immaterial findings relating to internal control deficiencies excluded from this report have been reported in a separate letter to your office.

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 as listed in the table of contents as Supplementary Information for State Compliance Purposes 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 2005 and the 2006 Supplementary Information for State Compliance Purposes, except for information on the Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2004 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and Agency management, and is not intended to be and should not be used by anyone other than these specified parties.

Martin & Shaded, CPAs, P.C.

February 28, 2007

STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2006

CURRENT FINDINGS – State

06-1. Finding: Noncompliance with Historic Preservation Agency Act

The Agency was not in compliance with Section 20 of the Historic Preservation Agency Act.

Effective August 8, 2003, the Historic Preservation Agency Act (20 ILCS 3405/20) was amended to create the Freedom Trail Commission (Commission). The Commission was to consist of 16 appointed members whose mission was to work to preserve the history of the freedom trail and Underground Railroad. The Historic Preservation Agency's responsibility was to supervise the budgeting, procurement and related functions of the Commission and the administrative responsibilities of the staff. This Commission has not been established.

Agency officials stated nine of the members are required to be appointed by the Governor and four by the General Assembly and none of these appointments have been made. In addition, during the budget discussions with the Governor's Office of Management and Budget (GOMB), the Agency was told no new programs would be funded. Therefore, the Agency's budget did not include funds necessary to coordinate and manage this initiative. The Agency estimated the costs associated with running this Commission to be \$215,000.

Failure to supervise the functions of the Freedom Trail Commission is noncompliance with State law. (Finding Code No. 06-1, 04-7)

Recommendation

We recommend the Agency continue to work with the Governor's Office of Management and Budget to obtain funding in order to comply with the Historic Preservation Agency Act once the Commission is established.

Agency Response

The Agency concurs. We will continue to seek funding of the program during the budget process; however, the commission members must be appointed prior to the need of funding. The Agency will continue to inquire as to the status of appointments.

06-2. Finding: Noncompliance with Illinois Historic Preservation Act

The Agency was not in compliance with the Illinois Historic Preservation Act.

The Illinois Historic Preservation Act (20 ILCS 3410/6) requires the Agency establish and maintain an Illinois Register of Historic Places, consisting of places that have special historical, architectural, archeological, cultural, or artistic interest or value. There were no applications received for the Illinois Register during FY05 and FY06. Property owners interested in getting their property added to the Illinois Register are encouraged to apply for a listing in the National Register instead. Therefore, the Agency is not adding properties to the Illinois Register, and not maintaining it as the statute originally intended.

The Agency does maintain a National Register of Historic Places in Illinois, which consists of places in Illinois that are registered nationally. The Agency feels that the National Register provides more benefits, such as federal grant funds, to the property owners and an Illinois Register would merely function as a duplicate listing to the National Register.

Agency personnel stated an inquiry was made to seek a legislative change. However, no documentation was retained.

Failure to maintain an updated Illinois Register of Historic Places means the Agency is not operating as intended by State law. (Finding Code 06-2, 04-8, 02-1)

Recommendation

We recommend the Agency comply with the Illinois Historic Preservation Act or seek legislative change to the Act.

Agency Response

The Agency concurs. The Agency will seek legislative changes to eliminate the obsolete program when possible.

06-3. Finding: Inadequate Controls over Public Use Trust Fund

The Agency is not adequately managing its public use trust fund.

The Historic Preservation Agency Trust was established on May 26, 1995, pursuant to the authority set forth in the "Public Use Trust Act" (30 ILCS 160). This trust is referred to as the Hostick Fund. The Agency has contracted with third party service providers to invest the trust funds and to provide accounting services, including the preparation of the "Report of Receipts and Disbursements for Locally Held Funds" (Form C-17) filed with the Comptroller's Office.

The Illinois Historic Preservation Agency Board of Trustees (Board) was responsible for approving all expenditures. In fiscal year 2005, the Board approved the King V. Hostick Fellowship Awards totaling \$7,000, however remaining expenditures of \$2,595 were not approved by the Board. In addition, the Agency did not document their review of the bank reconciliations or other post-transaction reviews. The Agency did review the Form C-17s, however the following exceptions were noted:

- Three of 8 (38%) C-17s were not signed by the Agency.
- One of 8 (13%) C-17 was filed one day late.

The Public Use Trust Act (30 ILCS 160) establishes the Agency as the trustee of this fund. Therefore, the Agency is solely responsible for the managing of the funds and the administration of the trust.

Agency officials indicated more thorough reviews were not performed due to time constraints.

Failure to perform thorough reviews of third party service providers represents a weakness in the Agency's fiduciary capacity. Total assets in the Hostick Fund were \$2,771,342 and \$2,629,631 as of June 30, 2005 and 2006, respectively. (Finding Code No. 06-3, 04-9)

Recommendation

We recommend the Agency fully perform their fiduciary duties over public use trust funds.

Agency Response

The Agency concurs. The Agency has put into place procedures to have the Chief Fiscal Officer and Chief Legal Counsel, who oversees the public use trust fund, to review to income and expenditures as well as the C-17 forms no less than quarterly. Please note that the finding indicated that three of eight were not

signed; however, the Office of the Comptroller requires signature and the Agency is sure that the ones submitted were signed.

06-4. Finding: Inadequate Controls over Revenues

The Agency had inadequate controls over receipts and refunds.

We noted the following exceptions:

- Three of 25 receipts tested (12%), totaling \$12,928, were not deposited in a timely manner. These receipts were deposited between six days and nine months after being received. Agency personnel stated two of the receipts were misplaced and deposited upon discovery. The third receipt required investigation by the Agency, which resulted in it being deposited late.
- There was no cash receipts journal maintained for General Revenue Fund receipts.
- Five of the 16 refunds tested (31%), totaling \$2,750, were not included in the Agency's refund journals. However, they were properly transmitted and included on the Comptroller's Monthly Revenue Status SB04 Report as refunds.
- Six of the 16 refunds tested (38%), totaling \$9,157, were not deposited on a timely basis. The checks were deposited between 10 days and nine months after the funds were received.
- One of the 16 refunds tested (6%), totaling \$151, was not date stamped upon receipt, therefore the timeliness of the deposit could not be determined.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2(a)) requires the Department to deposit into the State Treasury individual receipts exceeding \$10,000 on the same day, an accumulation of receipts of \$10,000 or more within 24 hours, receipts valued between \$500 and \$10,000 within 48 hours, and cumulative receipts valued up to \$500 on the next first or fifteen day of the month after receipt. According to the State Officers and Employees Money Disposition Act (30 ILCS 230/2(a)), agencies should maintain a detailed account of all monies received and the date received, the payor, the purpose and the amount.

Agency officials stated no journal was maintained because General Revenue Fund receipts were not considered to be significant enough to require one. The other exceptions were due to management oversight.

Total receipts were \$9,252,509 and \$14,705,211 in fiscal year 2005 and 2006, respectively. Total refunds were \$2,031 and \$24,569 in fiscal year 2005 and 2006, respectively. Failure to implement adequate internal controls over receipts and refunds increases the risk that loss or theft could occur and not be detected. (Finding Code No. 06-4)

Recommendation

We recommend the Agency implement controls to ensure all receipts are date-stamped when received and supporting documentation is properly maintained. In addition, refunds and receipts should be properly recorded in the Agency records and timely deposited.

Agency Response

The Agency concurs. A General Revenue Fund journal was created for fiscal year 2007 and will be maintained. A refunds journal will be created in FY07 and integrated and reconciled with the deposits. In addition, the Agency will continue to stress the use of date stamps and strive to have all deposits completed in a timely manner.

06-5. Finding: Improper Petty Cash and Change Fund Maintenance

The Agency did not maintain its petty cash funds and change funds in accordance with the State Finance Act (30 ILCS 105/13.3) and the Statewide Accounting Management System (SAMS). The Agency, including Abraham Lincoln Presidential Library and Museum, maintained 25 petty cash funds with a total of \$13,600 authorized to be maintained in these funds. The Abraham Lincoln Presidential Museum maintained six change funds with \$1,000 authorized for each fund.

The following exceptions were noted:

- All Petty Cash Fund Usage Reports for calendar year 2005 were filed late. SAMS Procedure 09.10.40 requires Petty Cash Fund Usage Reports be completed for all funds exceeding \$100 and filed with the Comptroller by January 31 of each year. These reports were filed nine days late.
- The \$1,000 petty cash fund maintained at the Abraham Lincoln Presidential Library (Library) was not reconciled during fiscal year 2005 or fiscal year 2006. A receipts and disbursements journal existed and the bank statements were reviewed, however no reconciliation was performed. SAMS procedure 09.10.40 requires petty cash funds be maintained on an imprest basis which requires cash on hand or in bank plus vendor invoices plus reimbursements must equal the amount of the established fund at all times. Reconciliations are necessary to ensure the imprest basis is maintained. A reconciliation performed by the auditors revealed several differences between receipts and disbursements recorded in the journal and the bank statement. Fiscal year 2005 receipts and disbursements in the Library petty cash fund totaled \$1,053 and \$927, respectively. Fiscal year 2006 receipts and disbursements totaled \$1,653 and \$1,991, respectively.
- The Petty Cash Internal Control Certification was not prepared for the Library petty cash fund for fiscal years 2005. According to SAMS Procedure 09.10.40, the Petty Cash Internal Control Certification must be completed, at a minimum, biennially for each petty cash and change fund, which has been established for one year and exceeds \$100.
- The Library maintained three unauthorized change funds. The Agency had no record these funds existed. According to SAMS procedure 09.10.40, a change fund must be established with the Comptroller's Office by completing Form C-68, Application to Establish or Dissolve a Fund. There was no authorized amount; however as of February 28, 2007, the funds on hand totaled \$135.
- Inadequate controls existed over two of the three change funds at the Library. The funds were kept in an unlocked drawer during normal business hours and access to the funds was not limited to the custodian of the funds. The Library received cash for photocopies, postage, researching obituaries and

genealogies, photographs, and occasional donations. The change funds were used to make change for the cash received. Good internal controls require limited access to the funds to prevent potential misappropriation of funds.

- All three change funds at the Library were commingled with receipts and were reconciled on a weekly basis. According to SAMS Procedure 09.10.40, change funds can be commingled with daily receipts "as long as procedures are in place to reconcile daily receipts and properly record any cash overages/shortages." However, the change funds were not reconciled daily to record any cash overages/shortages. The total receipts at the Library for FY05 and FY06 were \$110,819 and \$109,836, respectively.

Agency officials stated they were unaware they were not in compliance with the State statute and SAMS.

Lack of controls over petty cash and change funds increases the likelihood that a loss from errors or irregularities could occur and would not be detected in the normal course of employees carrying out their assigned duties. (Finding Code No. 06-5)

Recommendation

We recommend the Agency maintain all petty cash and change funds in accordance with the State Finance Act and SAMS.

Agency Response

The Agency concurs. The Agency will file petty cash usage reports in a timely manner and prepare petty cash internal control certifications for required funds. Audits will be performed when necessary on petty cash funds. In addition, the Agency will stress the need to reconcile petty cash accounts and change funds and will seek creation of necessary change funds for the Library to insure receipts are not commingled.

06-6. Finding: Noncompliance with Emergency Purchase Rules

Emergency purchase affidavits were not filed with the Auditor General or published in the Illinois Procurement Bulletin.

The Agency made nine emergency purchases for fiscal years 2005 and 2006. An emergency purchase affidavit was not filed with the Auditor General for four of the nine emergency purchases (44%). These purchases totaled \$294,215 and were used for a Storage Area Network (SAN), banquet chairs for the museum rental facility, temporary exhibit cases for the museum, and theatrical stage and lighting elements for the museum. One of the nine emergency purchases (11%) was not published in the Illinois Procurement Bulletin. This purchase totaled \$36,850 and was used for a boiler unit.

According to the Illinois Procurement Code (30 ILCS 500/20-30), agencies are required to publish a written description, reason, and total cost on the Illinois Procurement Bulletin for each emergency procurement. In addition, affidavits are to be filed with the chief procurement officer and Auditor General.

Agency officials stated the failure to file affidavits and publish the emergency purchase in the Illinois Procurement Bulletin was due to management oversight.

Failure to publish emergency purchases in the Illinois Procurement Bulletin and failure to file emergency purchase affidavits is noncompliance with the Illinois Procurement Code. Total emergency purchases for FY05 and FY06 were \$434,808 and \$140,783, respectively. (Finding Code No. 06-6)

Recommendation

We recommend the Agency publish emergency purchases in the Illinois Procurement Bulletin as required by the Illinois Procurement Code and file affidavits with the Auditor General's Office.

Agency Response

The Agency concurs. Proper filing of affidavits was an oversight due to changes in staff. The Agency will ensure proper documentation is maintained and filed for emergency purchases in the future.

06-7. Finding: Noncompliance with Historic Preservation Agency Act Regarding the Amistad Commission

The Agency was not in compliance with Section 22 of the Historic Preservation Agency Act.

Effective July 21, 2005, the Historic Preservation Agency Act (20 ILCS 3405/22) was amended to create the Amistad Commission (Commission). The Commission was to consist of 15 members whose mission was to survey, design, encourage and promote the implementation of education and awareness programs in Illinois that are concerned with the African slave trade and slavery in America. The Historic Preservation Agency's responsibility was to supervise the functions of the Commission and appoint the Director of Historic Sites and Preservation, or his or her designee, to the Commission. A designee for the Director was assigned to the Commission. In addition, a report was prepared for the Governor and General Assembly regarding the Commission's findings and recommendations. However, as of June 30, 2006, the Commission had not yet been fully established.

Agency officials stated the Commission had not been fully established because 6 members are to be appointed by the Governor and none of those appointments had been made as of June 30, 2006. The Agency did collect material for curriculum development and draft a job description for the coordinator position.

Failure to supervise the proper steps to ensure appointments were made in the creation and functions of the Amistad Commission means the Agency is not operating as intended by State law. (Finding Code No. 06-7)

Recommendation

We recommend the Agency comply with the Historic Preservation Agency Act through proper supervision of appointments and establishment of the Commission.

Agency Response

The Agency concurs. The commission was fully appointed in January 2007, and will be fully operational in April. Please note that no funding was available to perform activities associated with the Amistad Commission in fiscal years 2005 and 2006 and the Agency has no say in when commissioners are appointed. The Agency will continue to remind the Administration about appointments when necessary.

06-8. Finding: Noncompliance with Illinois State Agency Historic Resources Preservation Act

The Agency was not in compliance with the Illinois State Agency Historic Resources Preservation Act.

The Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/4(f)) established the Mediation Committee. This committee was to consist of the Director of the Historic Preservation Act and five members appointed by the Director for terms of three years each. The purpose of this Committee was to act as a mediator between the Director and a State Agency when the Director finds an undertaking that effects an historic resource or is inconsistent with agency policies. Currently, however, no Mediation Committee exists.

Agency personnel stated there has been an attempt to create the Mediation Committee. However, due to the voluntary nature of the position, the response has not been favorable.

Failure to assemble a Mediation Committee is noncompliance with State law. (Finding Code No. 06-8)

Recommendation

We recommend the Agency comply with the Illinois State Agency Historic Resources Preservation Act.

Agency Response

The Agency concurs. The Agency will continue to seek required membership of the committee. Please note that no business has been required of the committee in many years.

06-9. Finding: Inadequate Monitoring of Interagency Agreement

The Illinois Historic Preservation Agency (Agency) did not monitor the Amended and Restated Memorandum of Understanding (the agreement) they had with the Abraham Lincoln Presidential Library and Museum Foundation (Foundation). The Foundation is a private, not-for-profit organization whose primary mission is to support the exhibits and programs of the Abraham Lincoln Presidential Library and Museum.

The Agency entered into an agreement with the Foundation effective December 2, 2004. The agreement stated the Foundation was responsible for managing and maintaining a gift/book retail store (the Store) and a restaurant (the Restaurant) in the Abraham Lincoln Presidential Museum (the Museum). The Agency did not monitor compliance with the following terms of the agreement:

- The Agency did not monitor the amount of office space used by the Foundation. The Foundation utilized approximately 800 square feet of office space located on the third floor of the Library, which was not included in the agreement.
- The Agency had not received from the Foundation a monthly accounting of expenses, as required in the agreement. However, the Agency received an annual accounting of expenses incurred by the Foundation for the benefit of the Museum.
- The Agency did not enforce the collection of payments from the Foundation for utilities. Per the agreement, the Foundation is required to pay all utilities used in the Store, Restaurant, and office spaces located in the Museum including heat, air conditioning, and garbage service. However, the Foundation had not paid for any utilities for the Store and Restaurant since the Museum opened in April 2005. The utilities expense for this time period approximated \$56,942. Also, the Foundation had not paid for utilities it used for the office space located in the Library. The utilities expense for the office space located in the Library approximated \$5,269.

Agency officials stated the lack of monitoring was the result of management oversight.

Without proper monitoring of the Foundation's compliance with the agreement, State resources could be misused. (Finding Code No. 06-9)

Recommendation

We recommend the Agency monitor interagency agreements to ensure all terms are met.

Agency Response

The Agency concurs. The Agency is now provided a regular accounting of activities associated with the Foundation as well as concessionaires of the Foundation (restaurant and gift shop). The agreement between the Agency and the Foundation will be monitored. Please note that the agreement is in the process of being amended to mitigate the issues involving office space and utilities.

PRIOR FINDINGS NOT REPEATED - State

06-10. Finding: Efficiency Initiative Payments

The Illinois Historic Preservation Agency (Agency) made payment for an efficiency initiative billing from an improper line item appropriation without adequate documentation to support where the Agency could anticipate savings to occur.

We recommended the Agency only make payments for efficiency initiative billings from line item appropriations where savings would be anticipated to occur and seek an explanation from the Department of Central Management Services as to how savings levels are calculated, or otherwise arrived at, and how savings are achieved or anticipated impact the Agency's budget.

Current testing revealed no significant exceptions.

Status: Implemented (Finding Code No. 04-1)

06-11. Finding: Historic Site Donations not Deposited in State Treasury

Donations received at an historic site were not remitted to the State Treasury.

We recommended the Agency instruct Site Superintendents to remit all donations to the Agency for deposit into the State Treasury as detailed in the Agency's written guidelines.

Current testing revealed that historic sites that received donations remitted them to the Agency for deposit into the State Treasury.

Status: Implemented (Finding Code No. 04-2)

06-12. Finding: Lack of Written Overtime Policy

A Site Superintendent reported overtime hours and did not maintain proper documentation to support the overtime worked.

We recommended the Agency develop and implement a written policy and procedure regarding overtime and adhere to this policy. Also, all overtime should be authorized in advance and subjected to an analytical review to monitor for abuse.

Current testing revealed the Agency had implemented a written policy and procedure regarding overtime and adhered to that policy. Furthermore, overtime was authorized in advance.

Status: Implemented (Finding Code 04-3)

06-13. Finding: Lack of Policies and Procedures

The Agency did not have a comprehensive set of policies and procedures.

We recommended the Agency implement a formal process for developing policies and procedures and prepare a comprehensive policy and procedure manual for Agency-wide distribution.

Current testing revealed, the Agency formed a comprehensive set of policies and procedures and formalized the process for developing policies and procedures.

Status: Implemented (Finding Code No. 04-4)

06-14. Finding: Inadequate Segregation of Duties

The Agency did not maintain an adequate segregation of duties in contractual service purchasing, bidding, and reviewing vouchers.

We recommended these duties be adequately segregated in accordance with sound internal control policies and procedures.

Current testing of contractual services revealed an adequate segregation of duties. All vouchers required two signatures, the Receiving Officer and the Bureau Head. Furthermore, two employees performed purchasing and bidding.

Status: Implemented (Finding Code No. 04-5)

06-15. Finding: Noncompliance with State Employee Housing Act

The Agency had not evaluated the rent charged for State-owned housing every three years and adjusted it accordingly.

We recommended the Agency comply with the State Employee Housing Act by evaluating rent charged for State-owned housing at least once every three years.

Current testing revealed the Agency reviewed and evaluated the Agency Housing Policy. This analysis did result in an increase in the rent charged on one of the residences.

Status: Implemented (Finding Code No. 04-6)

06-16. Finding: Computer Security Deficiencies

The Agency had not established adequate security control over its Local Area Network (LAN) or Internet environments. These deficiencies could result in unauthorized access and misuse of the Agency's information systems.

We recommended the Agency establish comprehensive policies and procedures that outline general security provisions, including appropriate use of computer resources; backup and care of data, and other appropriate policies to help ensure that effective controls exist.

Current testing revealed the Agency had developed and implemented tighter network security procedures.

Status: Implemented (Finding Code No. 04-10)

06-17. Finding: Noncompliance with Internal Policy Statement

The Agency did not comply with its policy statement entitled "Support for Illinois Historic Preservation Agency (IHPA)- Hosted Groups". The Abraham Lincoln Presidential Library and Museum (ALPLM) Foundation's Chief Operating Officer, a non-state (non-Agency) employee had an IHPA e-mail address. The ALPLM Foundation's Chief Operating Officer and one member of Looking For Lincoln (LFL), non-state (non-Agency) employees, were utilizing Microsoft Office software licenses owned by the Agency.

We recommended the Agency evaluate its relationship with each support group and enforce compliance with the "Support for IHPA-Hosted Groups" policy statement to ensure authorized use of limited State resources is appropriately restricted.

Current testing revealed that non-state employees' e-mail addresses had been disabled. Also, the Foundation obtained their own software licenses in FY05.

Status: Implemented (Finding Code No. 04-11)

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 Expenditures of Federal Awards
 - Notes to Schedule of Expenditures of Federal Awards
 - Schedule of Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Schedule of Efficiency Initiative Payments
 - Schedule of Receipts, Disbursements and Fund Balance (Cash Basis)
 - Locally-Held Funds
 - Schedules of Changes in State Property
 - Comparative Schedule of Cash Receipts
 - Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
 - Analysis of Significant Variations in Expenditures
 - Analysis of Significant Variations in Receipts
 - Analysis of Significant Lapse Period Spending
- Analysis of Operations:
 - Agency Functions and Planning Program
 - Average Number of Employees
 - Emergency Purchases
 - Service Efforts and Accomplishments (Not Examined)

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2005 and 2006 Supplementary Information for State Compliance Purposes, except for the information on the Service Efforts and Accomplishments on which we did not perform any procedures. However, the auditors do not express an opinion on the supplementary information.

The auditors have not applied procedures to the 2004 Supplementary Information for State Compliance Purposes, and accordingly, do not express an opinion thereon.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Two Years Ended June 30, 2006**

Program Title	Federal CFDA Number	2006 Federal Expenditures	2005 Federal Expenditures
Direct programs:			
Abraham Lincoln Presidential Library and Museum	15.XXD	\$ 6,001,000	\$ 3,186,000
Lewis & Clark National Historic Trail Visitor Center	15.XXA	-	5,000
Promotion of the Humanities - Research	45.161	74,000	39,000
Historic Preservation Fund Grants-In-Aid	15.904	979,000	1,064,000
National Historical Publications and Records Grant	89.003	81,000	93,000
Total Expenditures of Federal Awards		<u>\$ 7,135,000</u>	<u>\$ 4,387,000</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards included the federal grant activity of the State of Illinois, Historic Preservation Agency for the two years ended June 30, 2006, and was presented in accordance with the modified accrual basis of accounting. The information in this schedule was presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2 – Subrecipients

Of the federal expenditures presented in the schedule, the State of Illinois, Historic Preservation Agency provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	2006 Amount Provided to Subrecipients	2005 Amount Provided to Subrecipients
Historic Preservation Fund Grants – In-Aid	15.904	\$81,000	\$87,000

Note 3 – Description of Programs

Abraham Lincoln Presidential Library and Museum CFDA #15.XXD

Illinois received a grant from the National Park Service to plan, design, and build an interpretive center to preserve, and make available to the public, materials related to the life of President Abraham Lincoln. The Abraham Lincoln Presidential Library and Museum opened April 19, 2005. The goal was to provide interpretive and educational service which communicate the meaning of the life of Abraham Lincoln. This program was funded by the U. S. Department of the Interior.

Lewis and Clark National Historic Trail Visitor Center CFDA #15.XXA

The objective of this program was to plan, design and construct a public facility at Hartford, Illinois to be known as the Lewis and Clark Visitor Center. The center opened on December 12, 2002 and included an orientation theater, exhibits, educational areas, restrooms, a gift shop, and a reception/information area. The objective of this facility was to create a comprehensive public

experience focused on Illinois' involvement with the Corps of Discovery 1803-1804. This program was funded by the National Park Service.

Promotion of the Humanities - Research CFDA #45.161

The objective of this program was to strengthen the intellectual foundations of the humanities through the collaboration of scholars and the support of post-doctoral fellowship programs at independent research institutions. This program was funded by the National Foundation on the Arts and the Humanities.

Historic Preservation Fund Grants - In-Aid CFDA #15.904

The objective of this program was to provide matching grants to States for the identification, evaluation, and protection of historic properties by such means to survey, planning technical assistance, acquisition, development, and certain Federal tax incentives available for historic properties; to provide matching grants to States to expand the National Register of Historic Places, (the Nation's listing of districts, sites, buildings, structures, and objects significant in American history architecture, archaeology, engineering and culture at the National, State and local levels); to assist Federal, State, and Local Government agencies, nonprofit organizations and private individuals in carrying out historic preservation activities; and to provide grants to Indian Tribes and Alaskan native Corporations to preserve their culture. This program was funded by the U. S. Department of the Interior.

National Historical Publication and Records Grant CFDA #89.003

The objective of these programs was to undertake a wide range of activities related to the preservation, publication, and use of documentary sources relating to the history of the United States. These programs were funded by the National Historic Publication and Records Commission and the National Endowment for the Humanities.

STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
SCHEDULE OF APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2006
Fourteen Months Ended August 31, 2006

	APPROPRIATIONS (Net After Transfers)	EXPENDITURES THROUGH 6/30/06	LAPSED PERIOD EXPENDITURES 7/1/06 - 8/31/06	TOTAL EXPENDITURES	BALANCES	
					REAPPROPRIATED 7/1/2006	LAPSED
PUBLIC ACT 94 - 0015						
APPROPRIATED FUNDS						
General Revenue Fund - 001						
Personal Services	\$ 8,848,850	\$ 8,069,355	\$ 406,213	\$ 8,475,568	\$ -	\$ 373,282
Employee Retirement - contributions paid by Employer	75,400	45,134	-	45,134	-	30,266
State Contribution to State Employees' Retirement System	689,400	628,030	31,826	659,856	-	29,544
State Contributions to Social Security	648,900	598,690	30,473	629,163	-	19,737
Contractual Services	1,484,100	1,324,031	133,469	1,457,500	-	26,600
Travel	32,500	25,230	2,099	27,329	-	5,171
Commodities	182,200	170,812	9,311	180,123	-	2,077
Printing	77,700	45,129	30,068	75,197	-	2,503
Equipment	73,950	56,679	17,174	73,853	-	97
Electronic Data Processing	39,750	28,145	10,927	39,072	-	678
Telecommunication services	125,250	112,732	12,409	125,141	-	109
Operation of Automotive Equipment	51,900	51,821	-	51,821	-	79
Lincoln Legals	135,200	123,165	11,085	134,250	-	950
On-Line Computer Library Center	67,800	46,868	14,641	61,509	-	6,291
Lincolnia	18,600	9,314	8,765	18,079	-	521
Heritage Grants (Reappropriated)	23,764	-	-	-	23,764	-
Permanent Improvements	196,300	158,730	37,554	196,284	-	16
Lewis & Clark - Historic Site operation expense	236,850	193,264	42,993	236,257	-	593
Main Street Program	163,700	132,217	12,372	144,589	-	19,111
Total General Revenue Fund	\$ 13,172,114	\$ 11,819,346	\$ 811,379	\$ 12,630,725	\$ 23,764	\$ 517,625

STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
SCHEDULE OF APPROPRIATIONS,
EXPENDITURES AND LAFSE BALANCES
Appropriations for Fiscal Year 2006
Fourteen Months Ended August 31, 2006

	Appropriations (Net After Transfers)	Expenditures Through 6/30/06	Lapsed Period Expenditures 7/1/06 - 8/31/06	Total Expenditures	Balances Reappropriated 7/1/2006	Balances Lapsed
Historic Sites Fund - 538						
Personal Services	\$ 391,350	\$ 337,808	\$ 14,821	\$ 352,629	\$ -	\$ 38,721
Employee Retirement - contributions paid by employer						
State Contribution to State Employees' Retirement	5,350	2,126	-	2,126	-	3,224
System	30,500	26,334	1,155	27,489	-	3,011
State Contributions to Social Security	30,000	24,854	1,104	25,958	-	4,042
Group Insurance	122,400	85,323	3,650	88,973	-	33,427
Contractual Services	264,000	224,063	6,020	230,083	-	33,917
Travel	31,000	9,409	3,656	13,065	-	17,935
Commodities	39,000	5,334	33,206	38,540	-	460
Printing	17,300	2,627	-	2,627	-	14,673
Equipment	28,000	9,758	1,329	11,087	-	16,913
Electronic Data Processing	5,000	4,366	27	4,393	-	607
Telecommunication services	18,000	10,475	4,075	14,550	-	3,450
Operation of Automotive Equipment	10,000	8,358	1,348	9,706	-	294
Historic Preservation Programs - Executive Office	90,000	25,007	119	25,126	-	64,874
Historic Preservation Programs - Abraham Lincoln						
Presidential Library and Museum	135,000	22,217	1,068	23,285	-	111,715
Lincoln Research Projects	200,000	103,836	82,398	186,234	-	13,766
Microfilm Operations & Programs - Library	225,000	28,478	19,838	48,316	-	176,684
Historic Preservation Programs - Pres. Serv.	662,800	232,056	82,253	314,309	-	348,491
Operations - OSC, JRB and Union Station	250,000	6,659	54,358	61,017	-	188,983
Historic Preservation Programs - Sites	350,000	9,141	-	9,141	-	340,859
Operation of Historic Sites (Donations)	600,000	334,805	148,063	482,868	-	117,132
Historic Preservation Grants - Pres. Serv.	150,000	1,380	-	1,380	-	148,620
Historic Preservation Grants - Pres. Serv. (Reappropri)	197,795	69,808	-	69,808	-	127,987
Permanent Improvements	75,000	8,224	44,983	53,207	-	21,793
Total Historic Sites Fund	\$ 3,927,495	\$ 1,592,446	\$ 503,471	\$ 2,095,917	\$ -	\$ 1,831,578

STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
SCHEDULE OF APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2006
Fourteen Months Ended August 31, 2006

	Appropriations (Net After Transfers)	Expenditures Through 6/30/06	Lapsed Period Expenditures 7/1/06 - 8/31/06	Total Expenditures	Balances Reappropriated 7/1/2006	Balances Lapsed
Capital Development Fund - 141						
Sugar Loaf/Fox Mounds (Reappropriated)	\$ 897,800	\$ -	\$ -	\$ -	\$ 897,800	\$ -
Total Capital Development Fund	\$ 897,800	\$ -	\$ -	\$ -	\$ 897,800	\$ -
Presidential Library and Museum Operating Fund - 776						
Presidential Library and Museum Operations	\$ 12,062,200	\$ 8,357,754	\$ 806,305	\$ 9,164,059	\$ -	\$ 2,898,141
Total Presidential Library and Museum Operating Fund	\$ 12,062,200	\$ 8,357,754	\$ 806,305	\$ 9,164,059	\$ -	\$ 2,898,141
Total All Appropriated Funds	\$ 30,059,609	\$ 21,769,546	\$ 2,121,155	\$ 23,890,701	\$ 921,564	\$ 5,247,344
NON-APPROPRIATED FUNDS						
Illinois Historic Preservation Agency Trust Fund - 1331						
Expenditures	\$ -	\$ 337,789	\$ -	\$ 337,789	\$ -	\$ -
Total Non-Appropriated Funds	\$ -	\$ 337,789	\$ -	\$ 337,789	\$ -	\$ -
TOTAL ALL FUNDS - FISCAL YEAR 2006	\$ 30,059,609	\$ 22,107,335	\$ 2,121,155	\$ 24,228,490	\$ 921,564	\$ 5,247,344

Note: The data contained in this schedule was taken from Agency records which have been reconciled to those of the State Comptroller.

STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
SCHEDULE OF APPROPRIATIONS
EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2005
Fourteen Months Ended August 31, 2005

	APPROPRIATED FUNDS		Lapsed Period		Total Expenditures	Balances	
	Appropriations (Net After Transfers)	Expenditures Through 6/30/05	Expenditures 7/1/05 - 8/31/05	Reappropriated 7/1/2005		Lapsed	Balances
<u>General Revenue Fund - 001</u>	\$ 8,321,083	\$ 7,755,824	\$ 366,009	\$ -	\$ 8,121,833	\$ -	\$ 199,250
Personal Services							
Employee Retirement - contributions paid by Employer	7,472	7,470	-	-	7,470	-	2
State Contribution to State Employees' Retirement System	1,340,272	1,221,752	58,427	-	1,280,179	-	60,093
State Contributions to Social Security	595,980	566,057	27,148	-	593,205	-	2,775
Contractual Services	1,355,236	1,273,404	69,013	-	1,342,417	-	12,819
Travel	34,120	28,836	718	-	29,554	-	4,566
Commodities	183,767	167,142	14,709	-	181,851	-	1,916
Printing	78,750	48,375	30,148	-	78,523	-	227
Equipment	74,512	55,329	15,629	-	70,958	-	3,554
Electronic Data Processing	40,334	27,979	6,495	-	34,474	-	5,860
Telecommunication services	158,501	113,490	43,557	-	157,047	-	1,454
Operation of Automotive Equipment	58,910	53,719	5,191	-	58,910	-	-
Lincoln Legals	135,200	81,675	53,009	-	134,684	-	516
On-Line Computer Library Center	51,200	44,462	2,459	-	46,921	-	4,279
Lincolnia	18,600	18,437	-	-	18,437	-	163
Heritage Grants (Reappropriated)	23,764	-	-	23,764	-	23,764	-
Permanent Improvements	196,300	146,995	49,301	-	196,296	-	4
Access Improvements	100,000	100,000	-	-	100,000	-	-
Lewis & Clark - Historic Site operation expense	235,200	221,895	9,155	-	231,050	-	4,150
Civil Rights Museum	250,000	250,000	-	-	250,000	-	-
Main Street Program	163,700	136,126	27,512	-	163,638	-	62
Total General Revenue Fund	\$ 13,422,901	\$ 12,318,967	\$ 778,480	\$ -	\$ 13,097,447	\$ 23,764	\$ 301,690

STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
SCHEDULE OF APPROPRIATIONS
EXPENDITURES AND LAFSE BALANCES
Appropriations for Fiscal Year 2005
Fourteen Months Ended August 31, 2005

	Appropriations (Net After Transfers)	Expenditures Through 6/30/05	Lapsed Period Expenditures 7/1/05 - 8/31/05	Total Expenditures	Balances Reappropriated 7/1/2005	Balances Lapsed
Historic Sites Fund - 538						
Personal Services	\$ 381,400	\$ 329,441	\$ -	\$ 329,441	\$ -	\$ 51,959
Employee Retirement - contributions paid by employer	11,400	4,729	-	4,729	-	6,671
State Contribution to State Employees' Retirement System	61,400	53,080	-	53,080	-	8,320
State Contributions to Social Security	29,250	24,588	-	24,588	-	4,662
Group Insurance	108,000	73,618	-	73,618	-	34,382
Contractual Services	264,000	200,984	3,500	204,484	-	59,516
Travel	31,000	5,543	4,096	9,639	-	21,361
Commodities	39,000	18,032	6,846	24,878	-	14,122
Printing	17,300	1,899	4,008	5,907	-	11,393
Equipment	28,000	5,114	548	5,662	-	22,338
Electronic Data Processing	5,000	-	-	-	-	5,000
Telecommunication services	18,000	-	-	-	-	18,000
Operation of Automotive Equipment	10,000	4,090	5,462	9,552	-	448
Historic Preservation Programs - Executive Office	225,000	38,712	2,342	41,054	-	183,946
Lincoln Research Projects	200,000	136,261	-	136,261	-	63,739
Microfilm Operations & Programs - Library	225,000	58,911	1,953	60,864	-	164,136
Historic Preservation Programs - Pres. Serv.	662,800	426,241	37,514	463,755	-	199,045
Operations - OSC, JRB and Union Station	200,000	52,368	29,620	81,988	-	118,012
Historic Preservation Programs - Sites	100,000	3,072	-	3,072	-	96,928
Operation of Historic Sites (Donations)	600,000	331,411	83,061	414,472	-	185,528
Historic Preservation Grants - Pres. Serv.	150,000	21,590	-	21,590	128,410	-
Historic Preservation Grants - Pres. Serv. (Reapprop)	134,595	65,211	-	65,211	69,384	-
Permanent Improvements	75,000	13,342	12,014	25,356	-	49,644
Total Historic Sites Fund	\$ 3,576,145	\$ 1,868,237	\$ 190,964	\$ 2,059,201	\$ 197,794	\$ 1,319,150

STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
SCHEDULE OF APPROPRIATIONS
EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2005
Fourteen Months Ended August 31, 2005

	Appropriations (Net After Transfers)	Expenditures Through 6/30/05	Lapsed Period		Total Expenditures	Balances Reappropriated 7/1/2005	Balances Lapsed
			Expenditures 7/1/05 - 8/31/05	Expenditures 7/1/05 - 8/31/05			
Capital Development Fund - 141							
Lake County - Stevenson Farm (Grant)	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ 897,800	\$ -
Sugar Loaf/Fox Mounds (Reappropriated)	897,800	-	-	-	-	-	-
Total Capital Development Fund	\$ 1,897,800	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ 897,800	\$ -
Presidential Library and Museum Operating Fund - 776							
Presidential Library and Museum Operations	\$ 7,655,950	\$ 4,927,844	\$ 1,261,038	\$ -	\$ 6,188,882	\$ -	\$ 1,467,068
Total Presidential Library and Museum Operating Fund	\$ 7,655,950	\$ 4,927,844	\$ 1,261,038	\$ -	\$ 6,188,882	\$ -	\$ 1,467,068
Total All Appropriated Funds	\$ 26,552,796	\$ 20,115,048	\$ 2,230,482	\$ -	\$ 22,345,530	\$ 1,119,358	\$ 3,087,908
NON-APPROPRIATED FUNDS							
Illinois Historic Preservation Agency Trust Fund - 1331							
Expenditures	\$ -	\$ 3,221	\$ -	\$ -	\$ 3,221	\$ -	\$ -
Total All Non-Appropriated Funds	\$ -	\$ 3,221	\$ -	\$ -	\$ 3,221	\$ -	\$ -
TOTAL ALL FUNDS - FISCAL YEAR 2005	\$ 26,552,796	\$ 20,118,269	\$ 2,230,482	\$ -	\$ 22,348,751	\$ 1,119,358	\$ 3,087,908

Note: The data contained in this schedule was taken from Agency records which have been reconciled to those of the State Comptroller.

STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES

APPROPRIATED FUNDS

	Fiscal Year		
	2006	2005	2004
	(PA 94-0015)	(PA 93-0681) (PA 93-0842)	(PA 93-587) (PA 93-0093)
<u>General Revenue Fund-001</u>			
<u>Appropriations (Net After Transfers)</u>	\$ 13,172,114	\$ 13,422,901	\$ 13,677,270
<u>Expenditures</u>			
Personal Services	8,475,568	8,121,833	8,288,516
Employee Retirement Contributions			
Paid by the Employer	45,134	7,470	172,793
State Contributions to State Employees'			
Retirement System	659,856	1,280,179	750,570
State Contributions to Social Security	629,163	593,205	614,160
Contractual Services	1,457,500	1,342,417	1,429,544
Travel	27,329	29,554	49,522
Commodities	180,123	181,851	176,271
Printing	75,197	78,523	71,493
Equipment	73,853	70,958	76,323
Electronic Data Processing	39,072	34,474	42,601
Telecommunication services	125,141	157,047	162,281
Operation of Auto Equipment	51,821	58,910	57,791
Lincoln Legals	134,250	134,684	140,800
On-Line Computer Library Center	61,509	46,921	72,600
Lincolnia	18,079	18,437	18,603
Heritage Grants (Reapprop)	-	-	143,794
Permanent Improvements	196,284	196,296	203,850
Access Improvements	-	100,000	-
Lewis & Clark Historic Site	236,257	231,050	274,939
Jarrot Mansion	-	-	5,819
Civil Rights museum	-	250,000	-
Main Street Program	144,589	163,638	-
	<hr/>	<hr/>	<hr/>
Total expenditures	12,630,725	13,097,447	12,752,270
Balances reappropriated	23,764	23,764	23,764
Lapsed balances	<hr/> \$ 517,625	<hr/> \$ 301,690	<hr/> \$ 901,236

STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES

APPROPRIATED FUNDS

	Fiscal Year		
	2006 (PA 94-0015)	2005 (PA 93-0842) (PA 93-0681)	2004 (PA 93-0093) (PA 93-587)
<u>Historic Sites Fund-538</u>			
<u>Appropriations (net of transfers)</u>	\$ 3,927,495	\$ 3,576,145	\$ 3,611,880
<u>Expenditures</u>			
Personal Services	352,629	329,441	265,774
Employee Retirement Contributions			
Paid by the Employer	2,126	4,729	6,610
State Contributions to State Employees' Retirement System	27,489	53,080	35,585
State Contributions to Social Security	25,958	24,588	19,937
Group Insurance	88,973	73,618	48,315
Contractual Services	230,083	204,484	246,117
Travel	13,065	9,639	16,190
Commodities	38,540	24,878	25,662
Printing	2,627	5,907	-
Equipment	11,087	5,662	2,637
EDP	4,393	-	3,657
Telecommunication services	14,550	-	7,140
Operation of Auto Equipment	9,706	9,552	1,849
Historic Preservation Programs - Executive Office	25,126	41,054	52,229
Historic Preservation Programs - ALPLM	23,285	-	-
Lincoln Research Projects	186,234	136,261	116,776
Microfilm Operations & Programs - Library	48,316	60,864	129,659
Historic Preservation Program - Preservation Services	314,309	463,755	229,804
Administrative Services Operations	61,017	81,988	44,673
Historic Preservation Programs - Historic Sites	9,141	3,072	1,085
Operations of Historic Sites - Donations	482,868	414,472	277,171
Awards and Grants-New Preservation Services	1,380	21,590	17,687
Awards and Grants - Preservation Services (Reappropriated)	69,808	65,211	58,786
Permanent Improvements	53,207	25,356	567
Total expenditures	<u>2,095,917</u>	<u>2,059,201</u>	<u>1,607,910</u>
Balances reappropriated	-	197,794	-
Lapsed balances	<u>\$ 1,831,578</u>	<u>\$ 1,319,150</u>	<u>\$ 2,003,970</u>

STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES

APPROPRIATED FUNDS

	Fiscal Year		
	2006 (PA 94-0015)	2005 (PA 93-0842) (PA 93-0681)	2004 (PA 93-0093) (PA 93-587)
<u>Capital Development Fund - 141</u>			
Appropriations (net of transfers)	\$ 897,800	\$ 1,897,800	\$ 1,902,165
Expenditures	-	1,000,000	-
Balances reappropriated	897,800	897,800	1,897,800 *
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,365 *</u>
<u>Fund for Illinois Future - 611</u>			
Appropriations (net of transfers)	\$ -	\$ -	\$ 141,947
Expenditures	-	-	-
Balances reappropriated	-	-	-
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,947</u>
<u>Build Illinois Fund - 971</u>			
Appropriations (net of transfers)	\$ -	\$ -	\$ 100,000
Expenditures	-	-	100,000
Balances reappropriated	-	-	-
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Presidential Library and Museum Operating Fund-776</u>			
Appropriations (net of transfers)	\$ 12,062,200	\$ 7,655,950	\$ 3,000,000
Expenditures	9,164,059	6,188,882	1,648,022
Balances reappropriated	-	-	-
Lapsed balances	<u>\$ 2,898,141</u>	<u>\$ 1,467,068</u>	<u>\$ 1,351,978</u>
<u>Grand Total, All Appropriated Funds</u>			
Appropriations (net of transfers)	30,059,609	26,552,796	22,433,262
Expenditures	23,890,701	22,345,530	16,108,202
Balances reappropriated	921,564	1,119,358	1,921,564
Lapsed balances	<u>\$ 5,247,344</u>	<u>\$ 3,087,908</u>	<u>\$ 4,403,496</u>
Appropriated Fund Expenditures	\$ 23,890,701	\$ 22,345,530	\$ 16,108,202

NON-APPROPRIATED FUNDS

<u>Illinois Historic Preservation Agency Trust Fund - 1331</u>			
Expenditures	<u>337,789</u>	<u>3,221</u>	<u>316,967</u>
TOTAL EXPENDITURES ALL FUNDS	<u>\$ 24,228,490</u>	<u>\$ 22,348,751</u>	<u>\$ 16,425,169</u>

* Balances reappropriated and Lapsed balances were restated to agree to State Comptroller records.

STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
SCHEDULE OF EFFICIENCY INITIATIVE PAYMENTS
 For the Two Years Ended June 30, 2006

<u>Procurement Efficiency Initiative</u>	<u>FY06</u>	<u>FY05</u>
Historic Sites Fund - 538		
Lump Sum	\$ -	\$ 8,144
Total	\$ -	\$ 8,144

Note: This schedule includes only those payments made pursuant to 30 ILCS 105/6p-5. Amounts were obtained from the Agency and reconciled to information from the Office of the Comptroller.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE (CASH BASIS)
-- LOCALLY-HELD FUNDS
For the Two Years Ended June 30, 2006**

The Agency had one locally held fund during the examination period.

Illinois Historic Preservation Trust Fund—(1331)

The Illinois Historic Preservation Trust Fund was a Special Revenue Fund. Receipts were in the form of contributions from individual and organizational donors and investment income. Disbursements consisted of acquisitions of Lincolniana, scholarships, and other items or publications that support or promote the Agency's Lincoln Library as well as the related expenditures of administering the Trust.

Activity in this locally held fund consisted of the following:

Year Ended June 30	2005
<hr/>	
Illinois Historic Preservation Trust Fund – 1331	
Balance, July 1	\$ 1,826,938
Receipts:	
Contributions	-
Investment Income	11,957
Unrealized Gain/Loss on Investments	110,551
Total receipts	<hr/> 122,508
Disbursements	3,221
Loss on Sale of Investment	375
Balance, June 30	<hr/> \$ 1,945,850
<hr/>	
Year Ended June 30	2006
<hr/>	
Illinois Historic Preservation Trust Fund – 1331	
Balance, July 1	\$ 1,945,850
Receipts:	
Contributions	988,000
Investment Income	37,506
Gain on Sale of Investments	35,855
Unrealized Gain/ Loss on Investments	185,358
Total receipts	<hr/> 1,246,719
Disbursements	337,789
Balance, June 30	<hr/> \$ 2,854,780

STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2006

Property Balance, July 1, 2004		\$ 220,940,072
Additions		
Equipment purchases	793,591	
Improvements	46,528,839	
Transfers-in	8,807	
Total additions	<u>47,331,237</u>	47,331,237
Deductions		
Equipment deleted	(204,278)	
Transfers-out	(43,882)	
Total deductions	<u>(248,160)</u>	(248,160)
Property Balance, June 30, 2005		<u>\$ 268,023,149</u>

Property Balance, July 1, 2005		268,023,149
Additions		
Equipment purchases	1,350,842	
Improvements	8,844,715	
Transfers-in	3,651	
Total additions	<u>10,199,208</u>	10,199,208
Deductions		
Equipment deleted	(143,138)	
Transfers-out	(485,587)	
Total deductions	<u>(628,725)</u>	(628,725)
Property Balance, June 30, 2006		<u>\$ 277,593,632</u>

Note: All data on this schedule was prepared from Agency records, which have been reconciled to reports submitted to the Comptroller. The Property Balance, June 30, 2006, includes all property, even those items that do not meet the GASB 34 capitalization thresholds.

STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ended June 30,

<u>FOR FISCAL YEAR ENDED JUNE 30</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Revenue Fund-001			
Miscellaneous receipts	\$ 500	\$ -	\$ -
Prior year refund	151	1,942	-
Jury duty and phone calls	316	-	-
Total receipts-Fund 001	<u>967</u>	<u>1,942</u>	<u>-</u>
Historic Sites Fund-538			
Concessions Revenue	3,174	1,039	5,535
Conference Fees	9,705	-	-
Camping Fees	122,359	105,487	110,813
Non-Fed Conference	6,167	10,598	10,570
Private Organizations	200	12,072	36,625
Donation Boxes	439,248	383,952	377,130
Property Rental	91,281	160,738	101,920
Parking (Old State Capitol)	136,012	137,051	132,222
Jury Duty and Phone Calls	658	340	128
Third Party Repayment	942	1,013	435
Subscription and Publication	59,337	60,825	65,353
Miscellaneous	4,234	1,649	12,851
Copying Fees	118,170	106,838	151,553
Agricultural Proceeds	60,947	12,564	-
Sales of Merchandise	13,654	4,816	-
Admissions Fees	-	4,616	-
Prior Year Refund	3,282	19	-
Army Corps of Engineers	177,000	-	-
National Endowment for Humanity	74,356	-	-
Federal Grants	993,191	1,134,741	788,722
Total receipts-Fund 538	<u>2,313,917</u>	<u>2,138,358</u>	<u>1,793,857</u>
Presidential Library and Museum Operating Fund-776			
Admission Fees	3,143,030	634,346	-
Property Rental	254,866	4,200	-
Prior Year Refund	21,136	69	-
Jury Duty/Reimbursements	211	-	-
Miscellaneous	1,956	-	-
Parking Fees	248,692	-	-
Concession Revenue	39	-	-
Prior Year Warrant Voids	55	-	-
Total receipts-Fund 776	<u>3,669,985</u>	<u>638,615</u>	<u>-</u>
Total receipts	<u>\$ 5,984,869</u>	<u>\$ 2,778,915</u>	<u>\$ 1,793,857</u>

STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
For the Years Ended June 30,

	<u>2006</u>	<u>2005</u>
General Revenue Fund-001		
Receipts per Agency records	\$ 967	\$ 1,942
Deposits in transit, beginning of year	-	-
Deposits in transit, end of year	<u>-</u>	<u>-</u>
Deposits recorded by Comptroller	<u>\$ 967</u>	<u>\$ 1,942</u>
Historic Sites Fund-538		
Receipts per Agency records	\$ 2,313,917	\$ 2,138,358
Deposits in transit, beginning of year	38,033	66,626
Deposits in transit, end of year	<u>(162,640)</u>	<u>(38,033)</u>
Deposits recorded by Comptroller	<u>\$ 2,189,310</u>	<u>\$ 2,166,951</u>
Presidential Library and Museum Fund-776		
Receipt per Agency records	\$ 3,669,985	\$ 638,615
Deposits in transit, beginning of year	-	-
Deposits in transit, end of year	<u>(155,513)</u>	<u>-</u>
Deposits recorded by Comptroller	<u>\$ 3,514,472</u>	<u>\$ 638,615</u>

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For The Two Years Ended June 30, 2006**

Fiscal Year 2006

A comparative schedule of significant variations in expenditures which differed from the previous year by at least \$27,000 and by more than 20% for Fund 001, by at least \$59,000 and by more than 20% from the previous year for Funds 538, 141, and 776, and by at least \$31,000 and by more than 20% from the previous year for Fund 1331 for the fiscal year ended June 30, 2006 and June 30, 2005, are shown below:

	FISCAL YEAR ENDED JUNE 30		INCREASE (DECREASE)	
	<u>2006</u>	<u>2005</u>	<u>AMOUNT</u>	<u>%</u>
<u>General Revenue Fund – 001</u>				
Employee Retirement Contributions				
Paid by the Employer	\$ 45,134	\$ 7,470	\$ 37,664	504%
State Contributions to State				
Employees' Retirement System	\$ 659,856	\$ 1,280,179	\$ (620,323)	(48%)
Telecommunication services	\$ 125,141	\$ 157,047	\$ (31,906)	(20%)
Access Improvements	\$ -	\$ 100,000	\$ (100,000)	(100%)
Civil Rights Museum	\$ -	\$ 250,000	\$ (250,000)	(100%)
<u>Historic Sites Fund – 538</u>				
Historic Preservation Programs -				
Preservation Services	\$ 314,309	\$ 463,755	\$ (149,446)	(32%)
<u>Capital Development Fund – 141</u>				
Lake County - Stevenson Farm Grant	\$ -	\$ 1,000,000	\$ (1,000,000)	(100%)
<u>Presidential Library & Museum</u>				
<u>Operating Fund – 776</u>				
Presidential Library and Museum				
Operations	\$9,164,059	\$6,188,882	\$2,975,177	48%
<u>Illinois Historic Preservation Agency</u>				
<u>Trust Fund – 1331</u>				
Expenditures	\$ 337,789	\$ 3,221	\$ 334,568	104%

The Historic Preservation Agency management provided the following explanations for the significant variations in expenditures.

General Revenue Fund - 001

Employee Retirement Contributions paid by the Employer

The increase in expenditures for the Employee Retirement Contributions paid by the Employer resulted from all but one pay period in fiscal year 2005 being expended from the Personal Services appropriation. In fiscal year 2006, the State paid its share of the employee contribution until December 31, 2005 and then ceased all payments.

State Contributions to State Employees' Retirement System

Expenditures are tied to personal services costs and the rate is determined by the Office of Management and Budget. The rate decreased from approximately 16% in FY05 to 7.8% in FY06.

Telecommunications

Payments decreased due to the fact appropriations were transferred in FY05 to cover approximately \$30,000 of the expenses. However, no transfers were allowed in FY06 for such expenses.

Access Improvements

In FY05, a one-time appropriation was received and expended for permanent improvements associated with improving accessibility of historic places in the amount of \$100,000. No such appropriation was available in FY06.

Civil Rights Museum

In FY05, a Civil Rights Museum was established with a \$250,000 one-time appropriation and expenditure.

Historic Sites Fund - 538

Historic Preservation Programs - Preservation Services

The decrease in expenditures was due to the shifting of administrative staff to this appropriation to match the receipt of a federal grant.

Capital Development Fund - 141

Lake County - Stevenson Farm Grant

The final payment of a one-time grant was paid in FY05.

Presidential Library & Museum Operating Fund - 776

ALPLM Operations

The increase in expenditures was due to the opening of the Museum on April 19, 2005. This included adding approximately 70 staff over the course of the year and other costs associated with the facility.

Illinois Historic Preservation Agency Trust Fund – 1331

Expenditures

The increase in expenditures was due to the amount of scholarships awarded. In addition, contributions totaling \$145,000 were given to the Abraham Lincoln Presidential Library and Museum for activities and expenses associated with Abraham Lincoln research. Also, contributions totaling approximately \$175,000 were given to Gerald Trigg for Lincoln artifacts.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For The Two Years Ended June 30, 2006**

Fiscal Year 2005

A comparative schedule of significant variations in expenditures which differed from the previous year by at least \$20,000 and by more than 20% for Fund 001 and by at least \$57,000 and by more than 20% from the previous year for Funds 538, 141, 971, and 776 for the fiscal year ended June 30, 2005 and June 30, 2004, are shown below:

	FISCAL YEAR ENDED JUNE 30		INCREASE (DECREASE)	
	<u>2005</u>	<u>2004</u>	<u>AMOUNT</u>	<u>%</u>
<u>General Revenue Fund – 001</u>				
Employee Retirement Contributions				
Paid by the Employer	\$ 7,470	\$ 172,793	\$ (165,323)	(96%)
State Contributions to State				
Employees' Retirement System	\$1,280,179	\$ 750,570	\$ 529,609	71%
On-line Computer Library Center	\$ 46,921	\$ 72,600	\$ (25,679)	(35%)
Heritage Grants Reappropriated	\$ -	\$ 143,794	\$ (143,794)	(100%)
Access Improvements	\$ 100,000	\$ -	\$ 100,000	100%
Civil Rights Museum	\$ 250,000	\$ -	\$ 250,000	100%
Main Street Program	\$ 163,638	\$ -	\$ 163,638	100%
<u>Historic Sites Fund – 538</u>				
Personal Services	\$ 329,441	\$ 265,774	\$ 63,667	24%
Microfilm Operations Lump Sum	\$ 60,864	\$ 129,659	\$ (68,795)	(53%)
Historic Preservation Programs -				
Preservation Services	\$ 463,755	\$ 229,804	\$ 233,951	102%
Operations of Historic Sites -				
Donations	\$ 414,472	\$ 277,171	\$ 137,301	50%
<u>Capital Development Fund – 141</u>				
Lake County - Stevenson Farm Grant	\$1,000,000	\$ -	\$ 1,000,000	100%
<u>Build Illinois Bond Fund – 971</u>				
Campbell Center	\$ -	\$ 100,000	\$ (100,000)	(100%)

Microfilm Operations Lump Sum

The reduced spending was due to moving staff from the Historic Sites Fund appropriation to the Presidential Library and Museum Operating Fund.

Historic Preservation Programs - Preservation Services

Approximately \$160,000 of the increase was due to moving staff from line item appropriations due to insufficient appropriation levels to cover payrolls. The remaining increase was due to the timing of when various contractual services were paid.

Operations of Historic Sites - Donations

Approximately \$60,000 of the increase is associated with net staffing changes, both seasonal and contractual, associated with historic sites. In FY05, all historic sites contractual staff (approximately \$300,000) were paid from this appropriation versus only about \$180,000 in FY04. Also, due to general fund reductions, additional expenses associated with contractual services were paid from this line.

Capital Development Fund - 141

Stevenson Farm Grant

The increase in expenditures was due to the final payment of a one-time grant paid in FY05.

Build Illinois Bond Fund - 971

Campbell Center

The decrease in expenditures was due to a one-time appropriation in FY04 for architectural and engineering studies of education buildings at the center.

Presidential Library & Museum Operating Fund - 776

ALPLM Operations

The increase was due to the opening of the Museum on April 19, 2005. This included adding approximately 70 staff over the course of the year and other costs associated with the facility.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For The Two Years Ended June 30, 2006**

Fiscal Year 2006

A comparative schedule of significant variations in receipts which differed from the previous year by at least \$57,000 and by more than 20 % for Fund 538 and Fund 776 for the fiscal year ended June 30, 2005 and June 30, 2006, are shown below:

	FISCAL YEAR ENDED JUNE 30		INCREASE (DECREASE)	
	2006	2005	AMOUNT	%
<u>Historic Sites Fund-538</u>				
Property Rental	\$ 91,281	\$ 160,738	\$ (69,457)	(43%)
Army Corps of Engineers	\$ 177,000	\$ -	\$ 177,000	100%
National Endowment for Humanity	\$ 74,356	\$ -	\$ 74,356	100%
<u>Presidential Library & Museum Operating Fund – 776</u>				
Admission Fees	\$ 3,143,030	\$ 634,346	\$ 2,508,684	395%
Property Rental	\$ 254,866	\$ 4,200	\$ 250,666	5968%
Parking Fees	\$ 248,692	\$ -	\$ 248,692	100%

The Historic Preservation Agency management provided the following explanations for the significant variations in receipts.

Historic Sites Fund-538

Property Rental

The decrease in property rental receipts was due to the full year separation of agricultural proceeds. For a portion of FY05, agricultural proceeds were classified as property rental receipts.

Army Corps of Engineers

This was a one-time receipt from the U.S. Army Corps of Engineers associated with a property maintenance agreement for the Lewis and Clark State Historic Site.

National Endowment for Humanity (NEH)

A new receipt account was established in FY06 to distinguish revenues between the National Endowment for Humanity and the Department of the Interior. The \$74,356 in receipts represents the second year of a \$150,000 three-year grant from the NEH.

Presidential Library and Museum Operating Fund - 776

Admission Fees

The increase in admission fees was due to full year operations of the Abraham Lincoln Presidential Library and Museum in FY06 compared to only three months in FY05.

Property Rental

The increase in property rental was due to full year operations of the Abraham Lincoln Presidential Library and Museum in FY06 compared to only three months in FY05.

Parking Fees

The increase in parking fees was due to full year operations of the Abraham Lincoln Presidential Library and Museum in FY06 compared to only three months in FY05. These revenues are associated with parking at the Abraham Lincoln Presidential Library and Museum parking ramp.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For The Two Years Ended June 30, 2006**

Fiscal Year 2005

A comparative schedule of significant variations in receipts which differed from the previous year by at least \$57,000 and by more than 20 % for Fund 538 and Fund 776 for the fiscal year ended June 30, 2005 and June 30, 2004, are shown below:

	FISCAL YEAR ENDED JUNE 30		INCREASE (DECREASE)	
	<u>2005</u>	<u>2004</u>	<u>AMOUNT</u>	<u>%</u>
<u>Historic Sites Fund – 538</u>				
Property Rental	\$ 160,738	\$ 101,920	\$ 58,818	58%
Federal Grants	\$ 1,134,741	\$ 788,722	\$ 346,019	44%
<u>Presidential Library & Museum Operating Fund – 776</u>				
Admission Fees	\$ 634,346	\$ -	\$ 634,346	100%

The Historic Preservation Agency management provided the following explanations for the significant variations in receipts.

Historic Sites Fund - 538

Property Rental

The increase in property rental was due to the activity at two sites. Facility rentals increased at the Lincoln's New Salem Site due to the frequency of weddings, reunions, etc. held at the facility. The Abraham Lincoln Presidential Library and Museum (ALPLM) also received rental receipts prior to the opening that were deposited into this fund.

Federal Grants

Federal grants increased due to an increase in receipts for the Historic Preservation Program which supports the Agency's Preservation Services division. This increase resulted from a timing issue because federal receipts were drawn on a reimbursement basis over the life of the grant. In addition, the Historic Preservation Agency received the first installment of a three-year grant from the National Endowment for Humanity.

Presidential Library and Museum Operating Fund - 776

Admission Fees

The Abraham Lincoln Presidential Library and Museum opened in April 2005; thus, no admission fees were collected in FY04.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For The Two Years Ended June 30, 2006**

Fiscal Year 2006

A comparative schedule of significant lapse period spending which exceeded \$27,000 and 20 percent of total expenditures for Fund 001, and which exceeded \$59,000 and 20% of total disbursements for Fund 538 for the fiscal year ended June 30, 2006, is shown below:

<u>EXPENDITURE ITEM</u>	<u>Fiscal Year Ended June 30, 2006</u>		<u>%</u>
	<u>TOTAL EXPENDITURE</u>	<u>LAPSE PERIOD EXPENDITURE</u>	
<u>General Revenue Fund – 001</u>			
Printing	\$75,197	\$30,068	40%
<u>Historic Sites Fund – 538</u>			
Lincoln Research Projects	\$186,234	\$82,398	44%
Historic Preservation Programs - Preservation Services	\$314,309	\$82,253	26%
Operation of Historic Sites - Donations	\$482,868	\$148,063	31%

The Historic Preservation Agency management provided the following explanations for the significant lapse period spending.

General Revenue Fund - 001

Printing

A large percentage of expenditures during lapse period were for printing lines due to the reproduction of site brochures (Lincoln's Tomb and Cahokia Mounds) and rack cards, calendar printing and the timing of several publications produced annually for the period. These include the summer editions of Illinois History Teachers, Journal of Illinois History and its index, camping permits, etc.

Historic Sites Fund - 538

Lincoln Research Projects

Expenditures incurred during lapse period were due to a final billing not received until after fiscal year end from the University of Illinois – Springfield for the final quarter costs of services provided for the Lincoln Legals Project (Papers of Abraham Lincoln).

Historic Preservation Programs - Preservation Services

Approximately \$50,000 of the expenses during lapse period were for communication modem switch upgrades (\$29,200) and the purchase of a new copier (\$22,300), both of which were ordered before year-end but not received until lapse period. The division also purchased audiovisual equipment (cameras, camcorders, screens, TV, etc.) for demonstrations and presentations at various meetings totaling about \$11,000. Other major expenses included archaeological associated costs totaling approximately \$5,300.

Operation of Historic Sites - Donations

The majority of final normal operating expenses (contractual, commodities, etc.) were paid from this line since other General Revenue and non-General Revenue line items (contractual, commodities, etc.) were exhausted.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For The Two Years Ended June 30, 2006**

Fiscal Year 2005

A comparative schedule of significant lapse period spending which exceeded \$20,000 and 20% of total expenditures for Fund 001 for the fiscal year ended June 30, 2005, is shown below:

<u>EXPENDITURE ITEM</u>	<u>Fiscal Year Ended June 30, 2005</u>		<u>%</u>
	<u>TOTAL EXPENDITURE</u>	<u>LAPSE PERIOD EXPENDITURE</u>	
<u>General Revenue Fund - 001</u>			
Printing	\$ 78,523	\$ 30,148	38%
Telecommunications	\$ 157,047	\$ 43,557	28%
Lincoln Legals	\$ 134,684	\$ 53,009	39%
Permanent Improvements	\$ 196,296	\$ 49,301	25%

The Historic Preservation Agency management provided the following explanations for the significant lapse period spending.

General Revenue Fund - 001

Printing

The increase in printing expenditures was due to the reproduction of site brochures, calendar printing and the timing of several publications produced annually for the period. Included in these publications were summer editions of Illinois History Teachers, Journal of Illinois History, subscription flyers, etc.

Telecommunications

The expenditures were made during the lapse period due to an appropriation transfer that wasn't approved until August 10, 2005. The transfer was necessary in order to pay the installation costs associated with the voice over IP system.

Lincoln Legals

These expenditures were due to the final bill not received from the University of Illinois-Springfield until after fiscal year end for the final quarter cost of services provided for the Lincoln Legals Project (Papers of Abraham Lincoln).

Permanent Improvements

Permanent improvements were usually performed in late spring or early summer after damages are assessed. The invoice for services provided were therefore received late in the fiscal year and resulted in payment during lapse period.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
ANALYSIS OF OPERATIONS
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2006**

AGENCY FUNCTIONS

The Historic Preservation Agency (Agency) was created in 1985 by Public Act 84-25. The Agency is responsible for the protection and interpretation of Illinois' history and historic resources. The Agency administers the Abraham Lincoln Presidential Library and Museum, the Illinois State Historical Library, all State-owned historic sites, and the State's preservation program, which assists owners of historic properties with rehabilitation and preservation. A seven-member board of trustees, appointed by the Governor is responsible for the governing of the Agency, establishing its policies, and the appointment of its director.

The Agency's operations are divided into the following divisions: Administrative Services, Executive Office, Public Affairs and Development, Historic Sites, Preservation Services, and the Abraham Lincoln Presidential Library and Museum.

Administrative Services Division

The Administrative Services Division is responsible for various areas of operation including accounting, personnel, budgeting, fiscal management, physical plant operations, labor relations, and general services.

Executive Office

The Executive Office is responsible for research; education; publications; information services and data processing; constituent services industry; and the coordination of special programs and events.

Public Affairs and Development Division

The Public Affairs and Development Division is responsible for publishing six regularly scheduled Agency publications including Illinois History, Illinois Historical Journal, Historic Illinois, Historic Illinois Calendar, Illinois Preservation Series, and Illinois History Teacher. The Division also oversees the Agency's educational services programs, operation of the Chicago office, grant coordination, and public relations.

Historic Sites Division

The Historic Sites Division administers a total of 52 historic sites, memorials, and miscellaneous properties owned by the State. According to the Agency's records, the sites have been visited by two to three million tourists each year. Many of these sites pertain to the life of Abraham Lincoln or were prominent during his lifetime. The division also conducts many special events, which attract large numbers of visitors and serve an important local function in both economics and community pride.

Preservation Services Division

The Preservation Services Division oversees the federal historic preservation program in Illinois and is responsible for the identification, protection, and promotion of historically important sites throughout the State. The Division also reviews plans, examines specifications, and inspects historic buildings undergoing rehabilitation for the National Register; reviews compliance of federal projects dealing with historic preservation; and provides oversight of grants awarded to local governments for historic preservation efforts.

Abraham Lincoln Presidential Library and Museum (formerly Historical Library Division)

Until December 31, 2003, the Historical Library was a research facility holding over 170,000 bound volumes and thousands of microfilm reels, broadsides, maps, photographs, and manuscripts. However, since January 1, 2004, the Historical Library Division has merged with and incorporated all functions of the division with the Abraham Lincoln Presidential Library and Museum. It is the first single institution devoted to the life of Abraham Lincoln, The United States 16th president and will house the state's 12-million-piece historical library collection which includes 46,000 Lincoln-related holdings. During fiscal years 2003 and 2004, the Division performed preliminary planning for start-up, recruiting, and staffing. The library opened in October 2004 and the museum opened in April 2005.

<u>Director</u>	<u>Date Appointed</u>
Maynard Crossland	June 1, 2002 (Resigned August 31, 2004)
Robert Coomer	September 1, 2004

<u>Location of Agency Operations</u>	<u>Divisions</u>
313 South Sixth Street Springfield, IL 62701	Administrative Services Historic Sites Administration
Old State Capitol Springfield, IL 62701	Preservation Services
112 North Sixth Street Springfield, IL 62701	Abraham Lincoln Presidential Library and Museum
100 W Randolph Suite 2-029, JRTC Chicago, IL 60601	Public Affairs & Development

Historic Sites and Memorials

Abraham Lincoln Presidential Library and Museum Springfield, IL 62701	Lincoln Log Cabin Lerna, IL 62440
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Apple River
Elizabeth, IL 61028

Bishop Hill
Bishop Hill, IL 61419

Black Hawk
Rock Island, IL 61201

Bryant Cottage
Bement, IL 61813

Cahokia Courthouse
Cahokia, IL 62206

Cahokia Mounds
Collinsville, IL 62234

Carl Sandburg Home
Galesburg, IL 61401

Dana- Thomas House
Springfield, IL 62704

David Davis Mansion
Bloomington, IL 61701

Douglas Tomb
Chicago, IL 60616

Fort De Chartres
Prairie Du Rocher, IL 62277

Fort Kaskaskia
Ellis Grove, IL 62241

Illinois Vietnam Veterans Memorial
Springfield, IL 62701

Jubilee College
Brimfield, IL 61517

Lincoln's New Salem
Petersburg, IL 62675

Lincoln's Tomb
Springfield, IL 62702

Lincoln-Herndon Law Office
Springfield, IL 62701

Metamora Courthouse
Metamora, IL 61548

Mt. Pulaski Courthouse
Mt. Pulaski, IL 62656

Old Market House
Galena, IL 61036

Old State Capitol
Springfield, IL 62701

Pierre Martin/Boismenu House
Dupo, IL 62239

Pierre Menard Home
Ellis Grove, IL 62241

Postville Courthouse
Lincoln, IL 62656

Shawneetown Bank
Old Shawneetown, IL 62984

U.S. Grant Home
Galena, IL 61036

Vachel Lindsay Home
Springfield, IL 62701

Vandalia Statehouse
Vandalia, IL 62471

Other sites maintained by the Agency which are not staffed include:

Albany Mounds
Albany, IL 61230

Lincoln Monument
Dixon, IL 61021

Buel House
Golconda, IL 62938

Campbell's Island
Rock Island, IL 61204

Crenshaw House
Equality, IL 62934

Florence Hotel
Chicago, IL 60616

Governor Bond Memorial
Chester, IL 62233

Grand Village of the Illinois
Utica, IL 61373

Jarrot Mansion
Cahokia, IL 62206

Kaskaskia Bell
Kaskaskia Island, IL

Lewis and Clark Memorial
Hartford, IL 62048

Lincoln Trail Memorial
Lawrenceville, IL 62439

Lovejoy Monument
Alton, IL 62002

Moore Home
Lerna, IL 62440

Norwegian Settlers Memorial
Norway, IL Vicinity

Pullman Car Works
Chicago, IL 60628

Rose Hotel
Elizabethtown, IL 62931

Sugar Loaf/Fox Mounds
Collinsville, IL 62234

Washburn House
Galena, IL 61036

Wild Bill Hickok Memorial
Troy Grove, IL 61372

Board of Trustees

Term

Ms. Julie Cellini, Chair	1985 – 2006
Ms. Pamela Daniels, Trustee	1990 – 2006
Mr. Edward Genson, Trustee	1998 – 2006
Ms. Laurie Ann Hoffman, Trustee	2003 – 2006
Ms. Elizabeth Smith, Trustee	2003 – 2006
Mr. J. Douglas Donenfeld, Trustee	2003 – 2006
Mr. Roger Taylor, Trustee	2002 – 2006

AGENCY PLANNING PROGRAM

HPA considers its upper management to include the Director, all Division Managers, and senior staff in the Administrative Services Division and Fiscal Management. Upper management participates in the key management decisions for budgeting, purchases, hiring and firing of employees. The Agency is under the direct supervision of a seven-member board of trustees appointed by the Governor. This board is the ultimate decision-maker concerning major policies of the Agency. Meetings are held approximately every quarter and are attended by board members, the Agency Director, and all Division Managers and are documented by minutes of each meeting.

During fiscal year 2005 and 2006, the Agency maintained long and short-term goals and objectives, which were reviewed annually, and updated if appropriate. Due to budget restrictions, upper management took a serious look at what programs and services were the most significant through evaluation of the Agency's mission and statutory requirements. Representatives from each division, both management and staff, were involved in the development of the goals. A quarterly report was accessible to all employees via HPA's intranet that monitors and reports the progress toward the goals. Eddy Fisher completed the FY05 and FY06 Fiscal Control and Internal Audit Act Certification.

Auditor's Assessment of Planning Program

Based on our review of the Agency's planning documents and interviews with Agency personnel, the planning program in place through fiscal year 2006 appeared to be adequately formalized to measure the Agency's ability to meet its goals and fulfill its duties.

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
AVERAGE NUMBER OF EMPLOYEES
For the Two Years Ended June 30, 2006**

AVERAGE NUMBER OF EMPLOYEES

The following information was prepared from the Agency's records and presents the average number of agency employees, by division.

<u>For the Fiscal Year Ended June 30</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>Division</u>			
Executive Office	26	24	21
Abraham Lincoln Presidential Library and Museum	81	61	29
Preservation Services	18	18	19
Administrative Services	33	32	24
Historic Sites	<u>92</u>	<u>93</u>	<u>101</u>
Agency Totals	<u>250</u>	<u>228</u>	<u>194</u>

**STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
EMERGENCY PURCHASES
For the Two Years Ended June 30, 2006**

The Agency made nine emergency purchases for fiscal years 2005 and 2006. However, not all of the emergency purchase affidavits were filed with the Auditor General. See Finding Code No. 06-6 for details.

FY	Vendor (Description)	Actual Amount	Estimated Amount
2005	MBA Worldwide, Exton, PA – Temporary exhibit cases for the Abraham Lincoln Presidential Library and Museum	\$ 106,137	\$ 104,900
2005	CGT (Novanis) – Storage area network (SAN) for IHPA	125,512	120,000
2005	SBC Datacom – Switch system upgrade	74,840	83,500
2005	Shelby Williams – Banquet chairs (300) for the Museum.	64,770	67,000
2005	Siciliano Construction – Special artifact display cases and TV monitor cabinets for special exhibits.	35,465	35,500
2005	Dickson Unigage – Temperature and humidity monitor for the Abraham Lincoln Presidential Library and Museum.	27,084	33,700
2006	Henson Robinson – Boiler unit to replace failed unit.	36,850	50,000
2006	Austin Plastics – Temporary exhibit cases for the Museum.	23,076	115,000
2006	Dave Brent – Theatrical stage and lighting elements for the Union Station Park.	<u>80,857</u>	<u>62,900</u>
Totals		<u>\$ 575,591</u>	<u>\$ 672,500</u>

STATE OF ILLINOIS
HISTORIC PRESERVATION AGENCY
SERVICES EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2006
(Not Examined)

The following table details the number of visitors to State-owned historic sites and donations collected:

Year Ended June 30, Site	2006		2005	
	Number of Visitors	Cash Donations Collected	Number of Visitors	Cash Donations Collected
Apple River Fort	26,190	\$ 3,413	27,455	\$ 3,852
Bishop Hill	37,704	8,314	41,213	7,870
Black Hawk	142,942	4,051	156,148	4,543
Bryant Cottage	5,729	959	1,795	197
Cahokia Courthouse	11,520	-	15,811	493
Cahokia Mounds	309,181	45,510	299,554	44,989
Carl Sandburg Home	17,062	4,509	9,437	4,540
Dana-Thomas House	41,888	84,352	35,551	57,919
David Davis Mansion	44,477	11,149	42,360	10,486
Douglas Tomb	13,192	-	13,900	-
Fort De Chartres	38,287	2,325	41,579	4,008
Galena Complex	-	89,652	-	94,241
Grant's Home	103,378	-	131,056	-
Illinois Vietnam Veterans Memorial	283,334	-	240,201	-
Jubilee College	74,881	2,245	73,156	3,538
Lewis and Clark Memorial	111,250	20,522	126,328	30,084
Lincoln Log Cabin	73,751	6,029	99,234	5,596
Lincoln's New Salem	499,443	62,977	461,226	50,559
Lincoln's Tomb	377,645	-	387,685	-
Lovejoy Monument	6,715	-	11,017	-
Metamora Courthouse	8,916	938	7,960	1,107
Old Market House	27,114	-	93,989	-
Old State Capitol/Lincoln Herndon	161,051	53,779	153,898	31,340
Pierre Mendard/Ft. Kaskaskia	28,280	4,317	51,660	7,602
Postville/Mt. Pulaski	6,434	-	5,445	-
Pullman	9,341	-	6,790	-
Vachel Lindsay House	3,031	511	2,700	902
Vandalia State House	33,905	6,680	31,218	7,741
Washburne House	1,085	-	612	-
Totals	2,497,726	\$ 412,232	2,568,978	\$ 371,607