

**STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2007

STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

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AGENCY OFFICIALS

LEGISLATIVE PRINTING UNIT

Director

Mr. John Rodems

Fiscal Officer

Ms. Jenna Williams

Agency offices are located at:

105 Stratton Building
Springfield, IL 62706



LEGISLATIVE PRINTING UNIT
105 STRATTON BUILDING
SPRINGFIELD, ILLINOIS 62706
217/782-7312

STATE COMPLIANCE EXAMINATION
MANAGEMENT ASSERTION LETTER

November 26, 2007

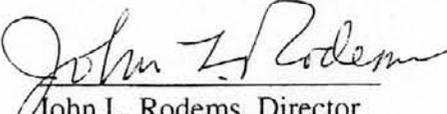
Honorable William G. Holland
Auditor General
State of Illinois
Hes Park Plaza
740 East Ash
Springfield, IL 62703-3154

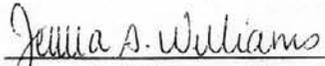
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, or contracts that could have a material effect on the operations of the Illinois Legislative Printing Unit (Agency). We are responsible for and we have established and maintained an effective system of, 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, 2007. Based on this evaluation, we assert that during the years ended June 30, 2007 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.

Yours very truly,

Legislative Printing Unit


John L. Rodems, Director


Jenna A. Williams, 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.

ACCOUNTANT' 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	0	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

SUMMARY OF FINDINGS

The Legislative Printing Unit did not have any current year or prior year findings.

EXIT CONFERENCE

The Legislative Printing Unit declined an exit conference.

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

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 Legislative Printing Unit's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2007. The management of the Legislative Printing Unit is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Legislative Printing Unit's compliance based on our examination.

- A. The Legislative Printing Unit 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 Legislative Printing Unit 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 Legislative Printing Unit has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Legislative Printing Unit 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

We conducted our examination 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 Legislative Printing Unit's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in

the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Legislative Printing Unit's compliance with specified requirements.

In our opinion, the Legislative Printing Unit complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2007.

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

Internal Control

The management of the Legislative Printing Unit is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Legislative Printing Unit's internal control over compliance with the requirements listed in the first paragraph of this report 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, but not for the purpose of expressing an opinion on the effectiveness of the Legislative Printing Unit's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Legislative Printing Unit's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with the requirements listed in the first paragraph of this report such that there is more than a remote likelihood that noncompliance with a requirement that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance with the requirements listed in the first paragraph of this report was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

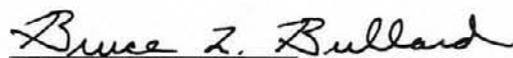
As required by the Audit Guide, immaterial findings relating to internal control deficiencies excluded from this report have been reported in a separate letter.

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 2007 and the 2006 Supplementary Information for State Compliance Purposes, except for 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 2005 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, agency management, and is not intended to be and should not be used by anyone other than these specified parties.


Bruce L. Bullard, CPA
Compliance Audit Director

November 26, 2007

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts and 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
- Service Efforts and Accomplishments (Not Examined)

The accountants' 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, except for information on the Service Efforts and Accomplishments on which they did not perform any procedures. However, the accountants do not express an opinion on the supplementary information.

STATE OF ILLINOIS
 LEGISLATIVE PRINTING UNIT
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For the Fiscal Year Ended June 30, 2007

P. A. 94-798 FISCAL YEAR 2007	Appropriations (Net of Transfers)	Lapse Period		Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
		Expenditures Through June 30	Expenditures July 1 to August 31		
General Revenue Fund 0001					
Personal Services	\$ 1,317,100	\$ 1,263,588	\$ 0	\$ 1,263,588	\$ 53,512
Employee Retirement Contributions Paid by Employer State Contribution to State Employees' Retirement System	53,700	49,451	0	49,451	4,249
State Contributions to Social Security	154,100	145,712	0	145,712	8,388
Contractual Services	102,000	94,609	0	94,609	7,391
Travel	233,100	217,272	8,740	226,012	7,088
Commodities	300	277	17	294	6
Printing	150,700	147,693	1,759	149,452	1,248
Equipment	87,500	80,568	6,843	87,411	89
Telecommunications	305,000	285,690	19,267	304,957	43
	7,500	6,603	555	7,158	342
Total Fiscal Year 2007	\$ 2,411,000	\$ 2,291,463	\$ 37,181	\$ 2,328,644	\$ 82,356

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2006

P.A. 94-0015 FISCAL YEAR 2006	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period		Balances Lapsed August 31
			Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	
General Revenue Fund 0001					
Personal Services	\$ 1,267,500	\$ 1,197,760	\$ 0	\$ 1,197,760	\$ 69,740
Employee Retirement					
Contributions Paid by Employer	50,700	47,192	0	47,192	3,508
State Contribution to State					
Employees' Retirement System	274,700	93,368	0	93,368	181,332
State Contributions to Social Security	97,000	88,945	0	88,945	8,055
Contractual Services	253,720	233,877	19,749	253,626	94
Travel	550	536	10	546	4
Commodities	123,725	122,309	0	122,309	1,416
Printing	81,475	81,005	463	81,468	7
Equipment	182,930	114,930	68,000	182,930	0
Telecommunications	8,700	8,154	363	8,517	183
Total Fiscal Year 2006	\$ 2,341,000	\$ 1,988,076	\$ 88,585	\$ 2,076,661	\$ 264,339

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
 LEGISLATIVE PRINTING UNIT
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For the Fiscal Years Ended June 30,

	Fiscal Year		
	2007	2006	2005
General Revenue Fund 0001	P.A. 94-798	P.A. 94-0015	P.A. 93-0842
<hr/>			
Appropriations (Net of Transfers)	\$ 2,411,000	\$ 2,341,000	\$ 2,229,490
<hr/>			
<u>Expenditures</u>			
Personal Services	\$ 1,263,588	\$ 1,197,760	\$ 1,178,256
Employee Retirement			
Contributions Paid by Employer	49,451	47,192	46,534
State Contribution to State			
Employees' Retirement System	145,712	93,368	189,803
State Contributions to Social Security	94,609	88,945	88,041
Contractual Services	226,012	253,626	210,301
Travel	294	546	424
Commodities	149,452	122,309	135,787
Printing	87,411	81,468	87,729
Equipment	304,957	182,930	233,840
Telecommunications	7,158	8,517	7,017
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 2,328,644	\$ 2,076,661	\$ 2,177,732
	<hr/>	<hr/>	<hr/>
Lapsed Balances	\$ 82,356	\$ 264,339	\$ 51,758
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

STATE OF ILLINOIS
 LEGISLATIVE PRINTING UNIT
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2007

	Equipment
Balance at July 1, 2005	\$ 4,266,517
Additions	294,158
Deletions	(216,755)
Net Transfers	(162,606)
Balance at June 30, 2006	\$ 4,181,314
Balance at July 1, 2006	\$ 4,181,314
Additions	362,864
Deletions	(595,684)
Net Transfers	17,873
Balance at June 30, 2007	\$ 3,966,367

Note: The above schedule has been derived from Agency records which have been reconciled to property reports submitted to the Office of the Comptroller.

STATE OF ILLINOIS
 LEGISLATIVE PRINTING UNIT
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION SCHEDULE OF
 CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER**
 For the Fiscal Years Ended June 30,

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Prior Year Refunds	\$ -	\$ -	\$ 193
Reimbursements/Jury Duty & Recoveries	-	-	78
Miscellaneous	<u>55</u>	<u>-</u>	<u>386</u>
Total Receipts (per agency)	<u>\$ 55</u>	<u>\$ -</u>	<u>\$ 657</u>
Deposits Ordered into State Treasury (per State Comptroller)	<u>\$ 55</u>	<u>\$ -</u>	<u>\$ 657</u>

STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2007

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2006 AND 2007

PERSONAL SERVICES:

The increase in personal services expenditures was due to overtime expenditures of approximately \$20,000 due to a longer legislative session.

STATE CONTRIBUTION TO STATE EMPLOYEES' RETIREMENT SYSTEM:

The increase in State contributions to State Employees' Retirement System was due to the State employer contribution rate rising in FY07 to 11.525% from the FY06 rate of 7.792%.

TRAVEL:

The decrease in travel expenditures was due to the LPU not incurring travel costs for travel outside of Springfield during FY07. During FY06, six employees traveled to a trade show in Chicago.

COMMODITIES:

The increase in commodities expenditures was due to an increased need for supplies to handle the larger workload resulting from the legislative overtime session.

EQUIPMENT:

The increase in equipment expenditures was due to the LPU purchasing larger dollar equipment items during FY07, including a new forklift and two platesetters.

STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2007

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2005 AND 2006

STATE CONTRIBUTION TO STATE EMPLOYEES' RETIREMENT SYSTEM:

The decrease in State contributions to State Employees' Retirement System was due to the State employer contribution rate dropping in FY06 from the original rate of 21.675% to 7.792%. The FY05 rate was 16.107%.

CONTRACTUAL SERVICES:

The increase in contractual service expenditures was due to a contract for consulting work and implementation of changes to the Job Tracking System database.

TRAVEL:

The increase in travel expenditures was due to the LPU beginning to reimburse the Inventory Clerk for running errands as in-headquarters travel during FY06.

EQUIPMENT:

The decrease in equipment expenditures was due to the LPU purchasing smaller dollar equipment items during FY06. In FY05, more significant pieces of printing equipment were purchased, including a \$130,000 folder and embossing machine for which a \$50,000 installment payment was made.

TELECOMMUNICATIONS:

The increase in telecommunications expenditures was due to the installation of fiber cable from room 705 (LIS) to the basement (LPU) for external modem capabilities.

STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2007

The Agency receives minimal receipts. During Fiscal Year 2007 the Agency received money for recycling scrap printing equipment materials. No receipts were received by the Agency in Fiscal Year 2006. During Fiscal Year 2005 the Agency received monies for telephone reimbursement, jury duty, a prior year refund and miscellaneous receipts.

STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2007

FISCAL YEAR 2007

No significant lapse period spending was noted in FY07.

FISCAL YEAR 2006

EQUIPMENT:

Invoice for a platemaker ordered prior to June 30 was received and paid during the lapse period.

STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT
ANALYSIS OF OPERATIONS

AGENCY FUNCTIONS AND PLANNING PROGRAM

The Legislative Printing Unit (LPU) was established as a legislative support service agency by the Legislative Commission Reorganization Act of 1984 (25 ILCS 130/9-1). The Act empowers the Legislative Printing Unit to “provide printing services to members of the General Assembly, legislative committees and commissions and other legislative agencies in accordance with the policies established by the Joint Committee on Legislative Support Services and with reasonable rules promulgated by the Legislative Printing Unit”.

The LPU may also provide emergency printing services to other State agencies subject to the prior approval of the Department of Central Management Services. The LPU may make and collect reasonable charges for these services and shall pay any amounts so collected into the General Revenue Fund in the State Treasury (25 ILCS 130/9-2).

The Legislative Printing Unit is mandated to be governed by a bipartisan Board of twelve members of the General Assembly. The appointed Board members as of June 30, 2007 were as follows:

SENATE	HOUSE
Larry Bomke	Sandra Pihos
John Millner	Michael McAuliffe
Carole Pankau	Raymond Poe
Jacqueline Collins	
Kimberly Lightford	
Antonio Muñoz	

AUTHORITY

The Legislative Printing Unit is responsible for the designing and printing of a wide range of materials. During legislative sessions, the LPU is responsible for the printing of the Senate and House Daily Calendars, Senate and House Final Journals, Publish House Journals to CD, Budget Amendment and the Legislative Digest. For the Legislative Commissions, the LPU is responsible for the printing of a wide range of materials which include newsletters, annual reports, informational books, audits, reports, stationery, envelopes, forms, business cards, etc. The LPU has adopted rules for printing by the Legislative Printing Unit Board and follows strict adherence to the policy requiring no print job be performed by the Agency that is political in content (such as campaign material), or private business items. Other materials designed and printed by the Legislative Printing Unit must also follow the printing rules. For example, the Legislative Printing Unit uses soy bean inks manufactured in Illinois. The Agency also uses

50% recycled paper with 50% post consumer waste content, of various colors and weights, for the requests from the Members and Legislative Commissions.

PLANNING PROGRAM

The LPU's short-term planning consists of completing an "Annual Narrative Statement on Specific Programs" report each fiscal year. Any new legislation initiated by the LPU for consideration by the General Assembly, along with applicable cost factors, are identified. Recently enacted State and federal laws, executive orders, court orders, State or federal regulations, or newly mandated changes in organizational structure or operational responsibilities, etc. that will have an impact on the LPU's budget are reported. A notation is also made of implementation plans including dates and cost factors for expansions in areas such as equipment and electronic data processing. Short-term planning also consists of annual budget requests which are submitted to the General Assembly – Joint Committee on Legislative Support Services (JCLSS) for approval.

The LPU's long-term goal is to accomplish the ongoing requests of the General Assembly, committees, commission, and legislative agencies in a cost-effective manner without diminishing the quality of printing products.

STATE OF ILLINOIS
 LEGISLATIVE PRINTING UNIT
AVERAGE NUMBER OF EMPLOYEES
 For the Two Years Ended June 30, 2007

AVERAGE NUMBER OF EMPLOYEES

The following table, prepared from Agency records, presents the average number of employees, by function, for the Fiscal Years ended June 30,

<u>Division</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Administration	4	4	4
Layout Dept.	5	5	5
Printing Dept.	<u>20</u>	<u>21</u>	<u>21</u>
Total average full-time employees	<u><u>29</u></u>	<u><u>30</u></u>	<u><u>30</u></u>

STATE OF ILLINOIS
 LEGISLATIVE PRINTING UNIT
SERVICE EFFORTS AND ACCOMPLISHMENTS
 (NOT EXAMINED)

The Legislative Printing Unit was created as a support services agency for the General Assembly pursuant to the Legislative Commission Reorganization Act of 1984 (25 ILCS 130/9-1 et seq.). The primary function of the Legislative Printing Unit is to provide printing services to the General Assembly, its members, legislative committees, commissions and other legislative agencies.

The following operating statistics were prepared from Agency records by calendar year:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Jobs Completed	<u>4,589</u>	<u>3,028</u>	<u>3,435</u>
Member	18,069,849	27,311,779	19,112,944
Support Staff	456,767	1,985,598	1,345,058
Legislative Printing Unit	3,876,787	5,791,432	1,573,487
Legislative Agencies	<u>3,058,967</u>	<u>5,283,507</u>	<u>3,807,897</u>
Total all sheets	<u>25,462,370</u>	<u>40,372,316</u>	<u>25,839,386</u>

Note: Sheets refers to the number of sheets of paper going through the printing process.