



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

OFFICE OF THE SECRETARY OF STATE

FINANCIAL AUDIT
For the Year Ended: June 30, 2012

Release Date: May 14, 2013

Summary of Financial Audit

Findings:

Total this audit:	1
Total last audit:	0
Repeated from last audit:	0

SYNOPSIS

- The Illinois Office of the Secretary of State did not identify required adjustments necessary to ensure the Office's financial statements were accurately prepared.

{Expenditures and Activity Measures are summarized on the reverse page.}

**OFFICE OF THE SECRETARY OF STATE
FINANCIAL AUDIT
For the Year Ended June 30, 2012**

STATEMENT OF NET ASSETS (in thousands)	2012	2011
Assets		
Unexpended appropriations.....	\$ 20,722	\$ 33,195
Cash equity with State Treasurer.....	303,182	264,654
Securities lending collateral of State Treasurer.....	7,286	6,669
Taxes and other receivables, net.....	9,248	8,901
Intergovernmental receivables, net.....	317	1,280
Due from other State funds.....	333	8,225
Inventories.....	4,994	4,792
Capital assets.....	176,425	181,196
Other.....	3,856	4,529
Total assets.....	<u>526,363</u>	<u>513,441</u>
Liabilities		
Accounts payable and accrued liabilities.....	17,947	24,670
Intergovernmental payables.....	19,627	25,012
Due to other State funds or component units.....	2,538	2,455
Unearned revenue.....	20,758	21,120
Obligations under securities lending of State Treasurer.....	7,286	6,669
Long-term obligations.....	21,272	22,219
Total liabilities.....	<u>89,428</u>	<u>102,145</u>
Net assets		
Invested in capital assets, net of related debt.....	176,425	181,196
Restricted.....	3,303	12,546
Unrestricted.....	257,207	217,554
Total net assets.....	<u>\$ 436,935</u>	<u>\$ 411,296</u>
STATEMENT OF ACTIVITIES (in thousands)	2012	2011
Expenses		
General government.....	\$ 360,546	\$ 359,676
Program revenues		
Charges for Services.....	1,936,590	1,916,463
Operating grant revenues.....	6,729	7,016
Net program revenues	<u>1,582,773</u>	<u>1,563,803</u>
General revenues		
Interest and investment income.....	75	92
Other taxes.....	193,872	210,431
Other.....	7,210	6,642
Total general revenues.....	<u>201,157</u>	<u>217,165</u>
Other sources (uses).....		
Appropriations from State resources.....	270,159	269,716
Receipts collected & transmitted to Treasurer.....	(2,047,440)	(2,045,530)
Other.....	18,990	18,056
Total other sources (uses).....	<u>(1,758,291)</u>	<u>(1,757,758)</u>
Change in net assets.....	<u>\$ 25,639</u>	<u>\$ 23,210</u>
AGENCY DIRECTOR		
During Examination Period: The Honorable Jesse White		
Currently: The Honorable Jesse White		

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**PREPARATION OF FINANCIAL STATEMENT
REPORT NEEDS IMPROVEMENT**

**Financial statements required
adjustments**

The Illinois Office of the Secretary of State did not identify required adjustments necessary to ensure the Office's financial statements were accurately prepared.

The Office's financial statements were adjusted for the following reporting errors as identified during our audit:

**Unrestricted net assets improperly
classified as restricted**

- An adjustment was made to reclassify assets improperly classified as restricted net assets to unrestricted net assets as of June 30, 2012. The amount of the reclassification was \$ 8.711 million.
- An error was identified in the July 1, 2011 beginning fund balance on the June 30, 2012 Statement of Activities and Governmental Revenues, Expenditures, and Changes in Fund Balance. The amount was improperly reported resulting in an overstatement of beginning net assets of \$ 8.172 million.

Beginning net assets overstated

**Internal controls did not detect
errors**

Agency officials stated that the financial statements as originally prepared contained these errors. The internal controls did not provide for the detection of the errors by management in the preparation of the Office's financial statements. These errors have been corrected on the audited financial statements. (Finding #1, pages 54-55)

We recommended the Office implement internal control procedures to assess the risk of material misstatements of the Office's financial statements and to identify such misstatements during the financial statement preparation process.

**Office officials accepted auditors'
recommendation**

Office officials accepted our recommendation and indicated they would look for ways to improve control procedures over the preparation and review of its financial statements.

AUDITORS' OPINION

Our auditors stated the financial statements of the Illinois Office of the Secretary of State as of June 30, 2012, and for the year then ended are fairly stated in all material respects.



WILLIAM G. HOLLAND
Auditor General

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SPECIAL ASSISTANT AUDITORS

Our special assistant auditors for this audit were Kerber, Eck & Braeckel LLP.