

STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

FINANCIAL AUDIT

For the Year Ended June 30, 2016

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

STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

FINANCIAL AUDIT

For the Year Ended June 30, 2016

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STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

AGENCY OFFICIALS

For the Year Ended June 30, 2016

|  |                           |
|--|---------------------------|
| Secretary of State   | The Honorable Jesse White |
| Deputy Secretary of State/Chief of Staff                         | Thomas N. Benigno         |
| Acting Director of Internal Audit                                | Stell Mallios             |
| General Counsel  | Irene Lyons               |
| Inspector General  | James B. Burns            |
| Director of Budget and Fiscal<br>Management/Chief Fiscal Officer | Jacqueline Price          |
| Chief Deputy Director/Acting Director of<br>Accounting Revenue   | John Grzymiski            |

The Secretary of State offices are located throughout the State of Illinois. The Secretary of State financial records are processed and maintained in the Howlett Building, Springfield, Illinois, 62756. Executive Offices of the Secretary of State are located at Room 213, Capitol Building, Springfield, Illinois, 62756 and Suite 5-400, 100 W. Randolph, Chicago, Illinois, 60601.

STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

FINANCIAL STATEMENT REPORT

For the Year Ended June 30, 2016

**Summary**

The audit of the accompanying financial statements of the State of Illinois, Office of the Secretary of State was performed by Kerber, Eck & Braeckel LLP.

Based on their audit, the auditors expressed an unmodified opinion on the agency's basic financial statements.

**SUMMARY OF FINDINGS**

The auditors identified a matter involving the Agency's internal control over financial reporting that they considered to be a significant deficiency. The significant deficiency is described in the accompanying Schedule of Findings listed in the table of contents as finding 2016-001 Failure to Identify Financial Statement Report Error.

**EXIT CONFERENCE**

The Illinois Office of the Secretary of State waived an exit conference in correspondence dated November 22, 2016.



## Independent Auditor's Report

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

### **Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Office of the Secretary of State, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the State of Illinois, Office of the Secretary of State's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we

express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the State of Illinois, Office of the Secretary of State, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 2, the financial statements of the State of Illinois, Office of the Secretary of State are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the State of Illinois, Office of the Secretary of State. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2016, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Management has omitted management's discussion and analysis, employer-related pension required supplementary information, and budgetary comparison information for the General Fund, Road Fund, and the State Construction Account that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Illinois, Office of the Secretary of State's basic financial statements. The accompanying supplementary information in the combining general fund schedules and combining nonmajor and agency fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information in the combining general fund schedules and combining nonmajor and agency fund financial statements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2016, in the combining general fund schedules and combining nonmajor and agency fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2017, on our consideration of the State of Illinois, Office of the Secretary of State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Office of the Secretary of State's internal control over financial reporting and compliance.

### **Restricted Use of this Auditor's Report**

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

**SIGNED ORIGINAL ON FILE**

Springfield, Illinois  
January 4, 2017

State of Illinois  
Office of the Secretary of State

Statement of Net Position and Governmental Funds Balance Sheet  
June 30, 2016 (Expressed in Thousands)

|  | General Fund     | Road Fund        | State<br>Construction<br>Account | Other<br>Nonmajor<br>Funds | Total<br>Governmental<br>Funds | Adjustments         | Statement of<br>Net Position |
|--|------------------|------------------|----------------------------------|----------------------------|--------------------------------|---------------------|------------------------------|
| <b>ASSETS</b>  |                  |                  |                                  |                            |                                |                     |                              |
| Unexpended appropriations  | \$ 10,719        | \$ 270           | \$ -                             | \$ 6                       | \$ 10,995                      | \$ -                | \$ 10,995                    |
| Cash equity with State Treasurer   | 68,046           | 26,087           | 77,741                           | 123,894                    | 295,768                        | -                   | 295,768                      |
| Cash and cash equivalents  | 94               | -                | -                                | 9                          | 103                            | -                   | 103                          |
| Securities lending collateral of State Treasurer                                       | -                | -                | -                                | 2,417                      | 2,417                          | -                   | 2,417                        |
| Taxes receivable, net  | 1,748            | -                | -                                | -                          | 1,748                          | -                   | 1,748                        |
| Intergovernmental receivables, net   | -                | -                | -                                | 18                         | 18                             | -                   | 18                           |
| Other receivables, net   | 70               | 2,938            | 1,727                            | 132                        | 4,867                          | -                   | 4,867                        |
| Due from other State funds   | 1                | -                | -                                | 1                          | 2                              | -                   | 2                            |
| Due from other Office funds  | 8,623            | 30,857           | 2,716                            | -                          | 42,196                         | (42,196)            | -                            |
| Inventories  | 452              | -                | -                                | 2,756                      | 3,208                          | -                   | 3,208                        |
| Prepaid expenses   | -                | -                | -                                | -                          | -                              | 4,260               | 4,260                        |
| Capital assets not being depreciated   | -                | -                | -                                | -                          | -                              | 6,737               | 6,737                        |
| Capital assets being depreciated, net  | -                | -                | -                                | -                          | -                              | 191,533             | 191,533                      |
| <b>Total assets</b>  | <u>89,753</u>    | <u>60,152</u>    | <u>82,184</u>                    | <u>129,233</u>             | <u>361,322</u>                 | <u>160,334</u>      | <u>521,656</u>               |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>  |                  |                  |                                  |                            |                                |                     |                              |
| Pensions   | -                | -                | -                                | -                          | -                              | 119,240             | 119,240                      |
| <b>Total assets and deferred outflows of resources</b>                                 | <u>\$ 89,753</u> | <u>\$ 60,152</u> | <u>\$ 82,184</u>                 | <u>\$ 129,233</u>          | <u>\$ 361,322</u>              | <u>279,574</u>      | <u>640,896</u>               |
| <b>LIABILITIES</b>   |                  |                  |                                  |                            |                                |                     |                              |
| Accounts payable and accrued liabilities   | \$ 15,711        | \$ 267           | \$ -                             | \$ 5,022                   | \$ 21,000                      | -                   | 21,000                       |
| Intergovernmental payables   | 9,111            | -                | -                                | 93                         | 9,204                          | -                   | 9,204                        |
| Due to other State fiduciary funds   | 159              | -                | -                                | 620                        | 779                            | -                   | 779                          |
| Due to other Office funds  | 8,623            | 3,769            | 22,234                           | 7,570                      | 42,196                         | (42,196)            | -                            |
| Due to other State funds   | 1,886            | -                | -                                | 335                        | 2,221                          | -                   | 2,221                        |
| Due to State of Illinois component units   | 63               | -                | -                                | -                          | 63                             | -                   | 63                           |
| Unearned revenue   | 3,239            | 8,641            | 4,987                            | 251                        | 17,118                         | -                   | 17,118                       |
| Obligations under securities lending of State Treasurer                                | -                | -                | -                                | 2,417                      | 2,417                          | -                   | 2,417                        |
| Long-term obligations:   |                  |                  |                                  |                            |                                |                     |                              |
| Net pension liability  | -                | -                | -                                | -                          | -                              | 1,224,257           | 1,224,257                    |
| Compensated absences due within one year   | -                | -                | -                                | -                          | -                              | 1,995               | 1,995                        |
| Compensated absences due subsequent to one year  | -                | -                | -                                | -                          | -                              | 14,843              | 14,843                       |
| <b>Total liabilities</b>   | <u>38,792</u>    | <u>12,677</u>    | <u>27,221</u>                    | <u>16,308</u>              | <u>94,998</u>                  | <u>1,198,899</u>    | <u>1,293,897</u>             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                  |                  |                                  |                            |                                |                     |                              |
| Pensions   | -                | -                | -                                | -                          | -                              | 74,319              | 74,319                       |
| <b>Total liabilities and deferred inflows of resources</b>                             | <u>38,792</u>    | <u>12,677</u>    | <u>27,221</u>                    | <u>16,308</u>              | <u>94,998</u>                  | <u>1,273,218</u>    | <u>1,368,216</u>             |
| <b>FUND BALANCES/NET POSITION</b>  |                  |                  |                                  |                            |                                |                     |                              |
| Nonspendable:  |                  |                  |                                  |                            |                                |                     |                              |
| Inventories  | 452              | -                | -                                | 2,756                      | 3,208                          | (3,208)             | -                            |
| Restricted for:  |                  |                  |                                  |                            |                                |                     |                              |
| General government   | 5                | -                | -                                | 5,833                      | 5,838                          | (5,838)             | -                            |
| Committed to:  |                  |                  |                                  |                            |                                |                     |                              |
| General government   | 259              | 47,475           | 54,963                           | 102,320                    | 205,017                        | (205,017)           | -                            |
| Assigned to:   |                  |                  |                                  |                            |                                |                     |                              |
| General government   | -                | -                | -                                | 950                        | 950                            | (950)               | -                            |
| Unassigned   | 50,245           | -                | -                                | 1,066                      | 51,311                         | (51,311)            | -                            |
| Net investment in capital assets   | -                | -                | -                                | -                          | -                              | 198,270             | 198,270                      |
| Restricted assets  | -                | -                | -                                | -                          | -                              | 5,890               | 5,890                        |
| Unrestricted net position  | -                | -                | -                                | -                          | -                              | (931,480)           | (931,480)                    |
| <b>Total fund balances/net position</b>  | <u>50,961</u>    | <u>47,475</u>    | <u>54,963</u>                    | <u>112,925</u>             | <u>266,324</u>                 | <u>(931,480)</u>    | <u>(727,320)</u>             |
| <b>Total liabilities, deferred inflows of resources and fund balances/net position</b> | <u>\$ 89,753</u> | <u>\$ 60,152</u> | <u>\$ 82,184</u>                 | <u>\$ 129,233</u>          | <u>\$ 361,322</u>              | <u>\$ (931,480)</u> | <u>\$ (727,320)</u>          |

The accompanying notes to the financial statements are an integral part of this statement.



**Reconciliation of Governmental Funds Balance Sheet  
to Statement of Net Position**

June 30, 2016 (Expressed in Thousands)

**Total fund balances-governmental funds** \$ 266,324

Amounts reported for governmental activities in the  
Statement of Net Position are different because:

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds. 198,270

Prepaid expenses for governmental activities are current uses  
of financial resources for funds. 4,260

Deferred outflows of resources for pensions that do not use  
current financial resources are deferred in the funds. 119,240

Deferred inflows of resources for pensions do not require the  
use of current financial resources in the funds. (74,319)

Some liabilities reported in the Statement of Net Position do not  
require the use of current financial resources and therefore are  
not reported as liabilities in governmental funds. These  
liabilities consist of:

Net pension liability (1,224,257)  
Compensated absences (16,838)

**Net position of governmental activities** \$ (727,320)

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois  
Office of the Secretary of State

**Statement of Activities and Governmental Revenues,  
Expenditures and Changes in Fund Balances**  
For the Year Ended June 30, 2016 (Expressed in Thousands)

|  | <u>General Fund</u> | <u>Road Fund</u> | <u>State<br/>Construction<br/>Account</u> | <u>Other<br/>Nonmajor<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> | <u>Adjustments</u>  | <u>Statement of<br/>Activities</u> |
|--|---------------------|------------------|---|-------------------------------------|---|---------------------|------------------------------------|
| Expenditures/expenses:                               |                     |                  |   |                                     |   |                     |                                    |
| General government                                   | \$ 237,507          | \$ -             | \$ -                                      | \$ 89,445                           | \$ 326,952                              | \$ 122,399          | \$ 449,351                         |
| Capital outlays                                      | 567                 | -                | -   | 608                                 | 1,175                                   | (1,175)             | -                                  |
| <b>Total expenditures/expenses</b>                   | <u>238,074</u>      | <u>-</u>         | <u>-</u>                                  | <u>90,053</u>                       | <u>328,127</u>                          | <u>121,224</u>      | <u>449,351</u>                     |
| Program revenues:                                    |                     |                  |   |                                     |   |                     |                                    |
| Charges for services:                                |                     |                  |   |                                     |   |                     |                                    |
| Licenses and fees                                    | 586,853             | 870,697          | 510,819                                   | 99,536                              | 2,067,905                               | -                   | 2,067,905                          |
| Other  | 1                   | -                | -   | 10                                  | 11                                      | -                   | 11                                 |
| Total charges for services                           | <u>586,854</u>      | <u>870,697</u>   | <u>510,819</u>                            | <u>99,546</u>                       | <u>2,067,916</u>                        | <u>-</u>            | <u>2,067,916</u>                   |
| Operating grant revenue:                             |                     |                  |   |                                     |   |                     |                                    |
| Federal  | -                   | -                | -   | 6,136                               | 6,136                                   | -                   | 6,136                              |
| Other  | -                   | -                | -   | 20                                  | 20                                      | -                   | 20                                 |
| Total operating grant revenue                        | <u>-</u>            | <u>-</u>         | <u>-</u>                                  | <u>6,156</u>                        | <u>6,156</u>                            | <u>-</u>            | <u>6,156</u>                       |
| <b>Net program revenues</b>                          | <u>348,780</u>      | <u>870,697</u>   | <u>510,819</u>                            | <u>15,649</u>                       | <u>1,745,945</u>                        | <u>(121,224)</u>    | <u>1,624,721</u>                   |
| General revenues:                                    |                     |                  |   |                                     |   |                     |                                    |
| Interest and other investment income                 | -                   | -                | -   | 37                                  | 37                                      | -                   | 37                                 |
| Other taxes  | 208,054             | -                | -   | -                                   | 208,054                                 | -                   | 208,054                            |
| Other  | 93                  | -                | -   | 633                                 | 726                                     | (9)                 | 717                                |
| <b>Total general revenues</b>                        | <u>208,147</u>      | <u>-</u>         | <u>-</u>                                  | <u>670</u>                          | <u>208,817</u>                          | <u>(9)</u>          | <u>208,808</u>                     |
| Other sources (uses):                                |                     |                  |   |                                     |   |                     |                                    |
| Appropriations from State resources                  | 232,380             | 2,500            | -   | 4,053                               | 238,933                                 | 71,524              | 310,457                            |
| Lapsed appropriations                                | (33,694)            | (1,134)          | -   | (1,048)                             | (35,876)                                | -                   | (35,876)                           |
| Receipts collected and transmitted to State Treasury | (800,886)           | (866,335)        | (528,644)                                 | (18,068)                            | (2,213,933)                             | -                   | (2,213,933)                        |
| Reappropriations to future year(s)                   | -                   | -                | -   | (1,001)                             | (1,001)                                 | -                   | (1,001)                            |
| Capital transfers from other State agencies          | -                   | -                | -   | -                                   | -                                       | 1,066               | 1,066                              |
| Amount of SAMS transfers-in                          | (8,861)             | -                | -   | -                                   | (8,861)                                 | -                   | (8,861)                            |
| Amount of SAMS transfers-out                         | 20,904              | -                | -   | -                                   | 20,904                                  | -                   | 20,904                             |
| Transfers-in   | 8,126               | -                | -   | 27                                  | 8,153                                   | (8,126)             | 27                                 |
| Transfers-out  | -                   | -                | -   | (18,126)                            | (18,126)                                | 8,126               | (10,000)                           |
| <b>Total other sources (uses)</b>                    | <u>(582,031)</u>    | <u>(864,969)</u> | <u>(528,644)</u>                          | <u>(34,163)</u>                     | <u>(2,009,807)</u>                      | <u>72,590</u>       | <u>(1,937,217)</u>                 |
| Change in fund balance/net position                  | (25,104)            | 5,728            | (17,825)                                  | (17,844)                            | (55,045)                                | (48,643)            | (103,688)                          |
| Fund balance/net position, July 1, 2015              | 76,292              | 41,747           | 72,788                                    | 129,608                             | 320,435                                 | (944,067)           | (623,632)                          |
| Increase (decrease) for changes in inventories       | (227)               | -                | -   | 1,161                               | 934                                     | (934)               | -                                  |
| Fund balance/net position, June 30, 2016             | <u>\$ 50,961</u>    | <u>\$ 47,475</u> | <u>\$ 54,963</u>                          | <u>\$ 112,925</u>                   | <u>\$ 266,324</u>                       | <u>\$ (993,644)</u> | <u>\$ (727,320)</u>                |

The accompanying notes to the financial statements are an integral part of this statement.

*State of Illinois*  
*Office of the Secretary of State*

**Reconciliation of Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to Statement of Activities**

For the Year Ended June 30, 2016 (Expressed in Thousands)

|                                    |                 |
|------------------------------------|-----------------|
| <b>Net change in fund balances</b> | \$ (55,045)     |
| Change in inventories              | 934             |
|                                    | <u>(54,111)</u> |

Amounts reported for governmental activities in the Statement of  
Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities  
report depreciation expense to allocate those expenditures over the life of the assets.  
This is the amount by which depreciation in the current period exceeded capital outlays. (13,300)

Some capital assets were transferred in from other State agencies and therefore, were  
received at no cost and some were transferred out to other State agencies and therefore,  
no proceeds were received. 1,066

Gains and losses for capital assets no longer in use are not recorded in governmental funds  
but are reported as other reserves and expenses in the Statement of Activities.  
In the current year, these transactions include losses on capital assets damaged. (9)

Prepaid expenses in the Statement of Activities are not reported as expenses  
in governmental funds. This amount represents the increase in prepaid expenses  
over the prior year. 1,474

Some expenses reported in the Statement of Activities do not require the use of current  
financial resources and therefore are not reported as expenditures in governmental funds.  
Also, some expenditures reported in governmental funds decrease the amount of certain  
long-term liabilities reported on the Statement of Net Position and are therefore  
not reported as expenses in the Statement of Activities.

|   |                 |
|---|-----------------|
| Increase in net pension liability   | (47,285)        |
| Decrease in deferred outflows of resources - pensions   | (6,996)         |
| Decrease in deferred inflows of resources - pensions  | 14,087          |
| Decrease in compensated absences obligation   | 1,386           |
| Net decrease in expenses for net changes in long-term liabilities not reported in<br>governmental funds | <u>(38,808)</u> |

**Change in net position of governmental activities** \$ (103,688)

The accompanying notes to the financial statements are an integral part of this statement.

*State of Illinois*  
*Office of the Secretary of State*

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**Statement of Fiduciary Net Position**  
June 30, 2016 (Expressed in Thousands)

|                                  | <u>Agency Funds</u>    |
|----------------------------------|------------------------|
| <b>ASSETS</b>                    |                        |
| Cash equity with State Treasurer | \$ 1,650               |
| Cash and cash equivalents        | 390                    |
| Investments                      | 119                    |
| <b>Total assets</b>              | <u><u>\$ 2,159</u></u> |
| <b>LIABILITIES</b>               |                        |
| Other liabilities                | <u>\$ 2,159</u>        |
| <b>Total liabilities</b>         | <u><u>\$ 2,159</u></u> |

The accompanying notes to the financial statements are an integral part of this statement.

STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements

June 30, 2016

**(1) Organization**

The Office of the Secretary of State (the Office) is a part of the executive branch of government of the State of Illinois (State) and operates under the authority of and review by the Illinois General Assembly. The Office operates under a budget approved by the General Assembly in which resources primarily from the General Revenue Fund are appropriated for the use of the Office. Activities of the Office are subject to the authority of the Office of the Governor, the State's chief executive officer, and other departments of the executive and legislative branches of government (such as the Department of Central Management Services, the Governor's Office of Management and Budget, the State Treasurer's Office, and the State Comptroller's Office) as defined by the Illinois General Assembly. All funds appropriated to the Office and all other cash received are under the custody and control of the State Treasurer, with the exception of the Secretary of State Antique Vehicle Show fund, a nonmajor special governmental fund, the Go-Back Fund and the Safekeeping Fund, fiduciary funds, and the Special Advance Fund, a subaccount of the General Revenue Fund, which are all locally held funds, and various petty cash funds, which are under the direct control of the Office.

The Office has a broad range of responsibilities for the maintenance of official records of the acts of the General Assembly and of the Executive Branch as provided by law as well as to perform other duties as may be prescribed by law, including administration of the Illinois Vehicle Code. The Office is organized into twenty-five departments under three broad operating divisions to carry out its responsibilities. The operating divisions of the Office are the Executive, General and Administrative, and Motor Vehicle divisions.

**(2) Summary of Significant Accounting Policies**

The financial statements of the Office have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate the understanding of data included in the financial statements, summarized below are the more significant accounting policies.

**(a) Financial Reporting Entity**

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board and either (a) the primary government's ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government.

Based upon the required criteria, the Office has no component units and is not a component unit of any other entity. However, because the Office is not legally separate from the State of Illinois, the financial statements of the Office are included in the financial statements of the State of Illinois. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871.

STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements

June 30, 2016

(2) **Summary of Significant Accounting Policies - Continued**

**(b) Basis of Presentation**

The financial statements of the State of Illinois, Office of the Secretary of State, are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund of the State of Illinois, and the aggregate remaining fund information of the State of Illinois that is attributable to the transactions of the Office. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2016 and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial activities of the Office, which consist only of governmental activities, are reported under the general government function in the State of Illinois' Comprehensive Annual Financial Report. For reporting purposes, the Office has combined the fund and government-wide financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column. A brief description of the Office's government-wide and fund financial statements is as follows:

**Government-wide Statements.** The government-wide statement of net position and statement of activities report the overall financial activity of the Office, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the Office. The financial activities of the Office consist only of governmental activities, which are primarily supported by taxes, charges for services, and other nonexchange transactions.

The statement of net position presents the assets and liabilities of the Office's governmental activities with the difference being reported as net position. The assets and liabilities are presented in order of their relative liquidity by class of asset or liability with liabilities whose average maturities are greater than one year reported in two components - the amount due within one year and the amount due in more than one year.

The statement of activities presents a comparison between direct expenses and program revenues for the general government function of the Office's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements.** The fund financial statements provide information about the Office's funds, including fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Office administers the following major governmental funds (or portions thereof in the case of shared funds – see the State of Illinois Comprehensive Annual Financial Report):

STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements

June 30, 2016

(2) **Summary of Significant Accounting Policies - Continued**

*(b) Basis of Presentation - Continued*

**General** - This is the State's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the Office and accounted for in the general fund include, among others, the operations of various Executive, General and Administrative and Motor Vehicle departments throughout the Office. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements. The Office's portion of the General Fund is composed of two primary sub-accounts (General Revenue and Common School) and five secondary sub-accounts (Live and Learn, Corporate Franchise Tax Refund, Capital Projects, Vehicle Inspection and Special Advance).

**Road** - This fund accounts for the activities of the State highway programs including highway maintenance and construction, traffic control and safety, and administering motor vehicle laws and regulations. Funding sources include federal aid, State motor fuel taxes and various license and fee charges.

**State Construction Account** - This fund accounts for the construction, reconstruction, and maintenance of the State maintained highway system. Funding sources include a portion of motor vehicle registration fees, weight taxes, and transfers from the Motor Fuel Tax Fund.

Additionally, the Office administers the following fund types:

**Governmental Funds:**

**Special Revenue** - These funds account for resources obtained from specific revenue sources that are legally restricted to expenditures for specified purposes. Special revenue funds account for, among other things, federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

**Capital Projects** - These funds account for resources obtained and used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general and special obligation bond issues and certificates of participation.

**Fiduciary Funds:**

**Agency** - These funds account for the following activities in which the Office acts in the capacity of an agent and distributes any revenue collected to other governmental units or designated beneficiaries: collection of registration fees from truckers of other states and disbursement of funds to other states under reciprocity agreements; collection of deposits from uninsured motorists as proof of financial responsibility and reimbursement of those funds in the absence of a court judgment; and the repayment of fees collected by the Office in excess of the required fees.

STATE OF ILLINOIS  
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Notes to the Financial Statements

June 30, 2016

**(2) Summary of Significant Accounting Policies - Continued**

***(c) Measurement Focus and Basis of Accounting***

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Office gives (or receives) value without directly receiving (or giving) equal value in exchange, include corporate taxes and intergovernmental grants. Revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on formal debt issues, claims and judgments, and compensated absences are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Significant revenue sources which are susceptible to accrual include corporate taxes and certain fees. All other revenue sources including licenses, fines, and certain fees, are considered to be measurable and available only when cash is received.

***(d) Shared Fund Presentation***

The financial statement presentation for the General Revenue Account, Common School Account, Capital Projects Account and Vehicle Inspection Account of the General Fund and the Road Fund, Motor Fuel Tax Fund, Drivers Education Fund, Capital Development Fund, State College and University Trust Fund, Alternative Fuels Fund, Off Highway Vehicle Trails Fund, State Parking Facility Maintenance Fund, Cycle Rider Safety Training Fund and State Construction Account Fund represents only the portion of the shared fund that can be directly attributed to the operations of the Office. Financial statements for total fund operations of the shared State funds are presented in the State of Illinois' Comprehensive Annual Financial Report.

In presenting these financial statements, certain unique accounts are used for the presentation of shared funds. The following accounts are used in these financial statements to present the Office's portion of shared funds:

Unexpended Appropriations

This "asset" account represents lapse period warrants issued between July and August for fiscal year 2016 in accordance with the Statewide Accounting Management System (SAMS) records plus any liabilities relating to obligations re-appropriated to the subsequent fiscal year.



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Notes to the Financial Statements

June 30, 2016

(2) **Summary of Significant Accounting Policies - Continued**

*(d) Shared Fund Presentation - Continued*

Appropriations from State Resources

This “other financing source” account represents the final legally adopted appropriation according to SAMS records.

Lapsed Appropriations

Lapsed appropriations are the legally adopted appropriations less net warrants issued during the 14 month period from July to August of the following year and re-appropriations to subsequent years according to SAMS records.

Receipts Collected and Transmitted to State Treasury

This “other financing use” account represents all cash receipts received during the fiscal year from SAMS records.

Reappropriations to Future Year(s)

This contra revenue account reduces current year appropriations by the amount of the reappropriation to reflect the State’s realignment of the budgetary needs to the subsequent year and avoid double counting of a portion of the appropriation in more than one fiscal year.

Amount of SAMS Transfers-In

This “other financing use” account represents cash transfers made by the Office of the Comptroller in accordance with statutory provisions to the corresponding fund during the fiscal year per SAMS records in which the Office did not make a deposit into the State Treasury.

Amount of SAMS Transfers-Out

This “other financing source” account represents cash transfers made by the Office of the Comptroller in accordance with statutory provision from the corresponding fund during the fiscal year per SAMS records in which a legally adopted appropriation was not charged.

*(e) Eliminations*

Eliminations have been made in the government-wide statement of net position to minimize the “grossing-up” effect on assets and liabilities within the governmental activities column of the Office. As a result, amounts reported in the governmental funds balance sheet as interdepartmental interfund receivables and payables have been eliminated in the government-wide statement of net assets. Amounts reported in the governmental funds balance sheet as receivable from or payable to fiduciary funds have been included in the government-wide statement of net assets as receivable from and payable to external parties, rather than as internal balances.

STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements

June 30, 2016

(2) **Summary of Significant Accounting Policies - Continued**

**(f) Cash and Cash Equivalents**

Cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with maturities of less than 90 days at the time of purchase. Cash and cash equivalents consist of cash on hand and cash in banks for locally held funds.

**(g) Inventories**

Inventories, consisting primarily of license plates, are valued at cost, principally on the first-in, first-out (FIFO) method. The cost of inventories is recognized as expenditures when purchased. Significant inventories balances in governmental funds are reported on the balance sheet.

**(h) Interfund Transactions**

The Office has the following types of interfund transactions between Office funds and funds of other State agencies:

**Services provided and used** - sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the governmental fund balance sheets or the government-wide statements of net position.

**Reimbursements** - repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

**Transfers** - flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

The Office also has activity with various component units of the State of Illinois for professional services received and payments of State and Federal programs.

STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements

June 30, 2016

**(2) Summary of Significant Accounting Policies - Continued**

**(i) Capital Assets**

Capital assets, which include property, plant, equipment and software are reported at cost or estimated historical cost based on appraisals. Contributed assets are reported at estimated fair value at the time received. Capital assets are depreciated or amortized using the straight-line method.

Capitalization thresholds and the estimated useful lives are as follows:

| Capital Asset Category             | Capitalization Threshold | Estimated Useful Life (in Years) |
|------------------------------------|--------------------------|----------------------------------|
| Land                               | \$100,000                | N/A                              |
| Land Improvements                  | 25,000                   | N/A                              |
| Site Improvements                  | 25,000                   | 5-20                             |
| Buildings                          | 100,000                  | 30-75                            |
| Building Improvements              | 25,000                   | 10-25                            |
| Equipment                          | 5,000                    | 3-10                             |
| Software                           | 25,000                   | 3-10                             |
| Works of Art, Historical Treasures | 5,000                    | N/A                              |

**(j) Compensated Absences**

The liability for compensated absences reported in the government-wide statement of net position consists of unpaid, accumulated vacation and sick leave balances for Office employees. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary related costs (e.g., Social Security and Medicare taxes).

Legislation that became effective January 1, 1998 capped the paid sick leave for all State Employees' Retirement System members at December 31, 1997. Employees continue to accrue twelve sick days per year, but will not receive monetary compensation for any additional time earned after December 31, 1997. Sick days earned between 1984 and December 31, 1997 (with a 50% cash value) would only be used after all days with no cash value are depleted. Any sick days earned and unused after December 31, 1997 will be converted to service time for purposes of calculating employee pension benefits.

STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements

June 30, 2016

**(2) Summary of Significant Accounting Policies - Continued**

***(k) Fund Balances***

Fund balance is divided into five classifications based primarily on the extent to which the Office is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action of the State legislature and signed into law by the governor. Those committed amounts cannot be used for any other purpose unless the State legislature and governor removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Office for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by the State legislature.

Unassigned - The unassigned fund balance classification is the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications.

The Office applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

***(l) Net Position***

In the government-wide statement of net position, equity is displayed in three components as follows:

***Net Investment in Capital Assets*** - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements

June 30, 2016

(2) **Summary of Significant Accounting Policies - Continued**

*(l) Net Position - Continued*

**Restricted** - This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first, then unrestricted resources when they are needed. As of June 30, 2016, \$5.890 million is restricted by enabling legislation.

**Unrestricted** - This consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

*(m) Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*(n) Pensions*

In accordance with the Office's adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense have been recognized in the government-wide financial statements.

The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of service and the plans' fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liabilities.

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense and expenditures associated with the Office's contribution requirements, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported within the separately issued plan financial statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with terms of the plan. Investments are reported at fair value.

STATE OF ILLINOIS  
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Notes to the Financial Statements

June 30, 2016

**(2) Summary of Significant Accounting Policies - Continued**

***(o) New Accounting Pronouncements***

Effective for the year ended June 30, 2016, the Office adopted GASB Statement No. 72 - *Fair Value Measurement and Application*, which establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. The implementation of this Statement has had a minimal impact on the Office's financial statements and footnote disclosures with the additional disclosures included in the Deposits and Investments in Note 3(b).

Effective for the year ended June 30 2016, the Office also adopted GASB Statement No. 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which clarifies the use of authoritative and nonauthoritative literature in determining the accounting treatment for a transaction and GASB Statement No. 77 - *Tax Abatement Disclosures*, which establishes disclosure requirements for tax abatement agreements. The implementation of these Statements had no impact on the Office's financial statements.

***(p) Future Adoption of GASB Pronouncements***

Effective for the year ending June 30, 2017, the Office will adopt GASB Statement No. 78 - *Pensions Provided through Certain Multi-Employer Defined Benefit Pension Plans*, which answers concerns related to the scope of Statement 68 as it relates to pensions provided by certain multi-employer defined benefit pension plans that are not governmental plans; GASB Statement 80 - *Blending Requirements for Certain Component Units - an amendment of GASB Statement No.14*, which amends the blending requirements for financial statement reporting requirements of component units; and GASB Statement No. 82 - *Pension Issues - an amendment of GASB Statements No. 67, No. 68 and No. 73*, which further establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenses, and expenditures of pensions. The Office has not yet determined the impact on its financial statements as a result of adopting these statements.

STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements

June 30, 2016

**(2) Summary of Significant Accounting Policies - Continued**

***(q) Reliance on Outside Information***

Due to the nature of relationships between the Office and various other State agencies, information related to Pensions and Securities Lending Transactions in these financial statements is provided through the Illinois Office of the Comptroller by the State Employees Retirement System and the State Treasurer, respectively. The Office received information included in the fund financial statements for Securities Lending Transactions and the government-wide financial statements for Pension related transactions. Other details included in Note 3(c) (Securities Lending Collateral), Note 2(n) (Pensions) and Note 8 (Defined Benefit Pension Plan) were also received from these sources.

The Office must rely on the internal controls of these other State agencies to ensure the information presented is accurate. Audits of the State Treasurer and the State Employees' Retirement System can be found on the website of the Illinois Office of the Auditor General. The current locations are <http://www.auditor.illinois.gov/Audit-Reports/THE-ILLINOIS-FUNDS.asp> and <http://www.auditor.illinois.gov/Audit-Reports/STATE-EMPLOYEES-RETIREMENT-SYSTEM.asp>, respectively.

**(3) Deposits and Investments**

***(a) Deposits***

The State Treasurer is the custodian of the State's deposits and investments for funds maintained in the State Treasury. The Office independently manages deposits and investments maintained outside the State Treasury.

Deposits in the custody of the State Treasurer are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Funds held by the State Treasurer have not been categorized as to credit risk because the Office does not own individual securities. Detail on the nature of these deposits and investments is available within the State of Illinois' Comprehensive Annual Financial Report.

Deposits for locally-held funds of governmental activities had a carrying amount and a bank balance of \$14 thousand at June 30, 2016. Deposits of locally-held funds of fiduciary funds had a carrying amount and a bank balance of \$390 thousand at June 30, 2016.

Cash on hand totaled \$89 thousand at June 30, 2016.

STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements

June 30, 2016

**(3) Deposits and Investments - Continued**

**(b) Investments**

As of June 30, 2016, the Office had the following investments outside of the State Treasury which were valued using quoted market prices (Level 1 inputs):

|                               | <u>Fair<br/>Value<br/>(Thousands)</u> | <u>Weighted<br/>Average<br/>Maturity<br/>(Years)</u> |
|-------------------------------|---------------------------------------|--|
| <b><i>Fiduciary Funds</i></b> |                                       |  |
| U.S. Treasury Notes           | \$ 50                                 | 0.88   |

On the fiduciary statement of net position, the Office has an additional amount of \$69 thousand in certificates of deposit which are recorded as investments since their maturity dates were greater than 90 days at the time of purchase.

Interest Rate Risk: The Office does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Office does not have a formal investment policy that limits investment choices. The investments held by the Office are made by customers and held by the Office as collateral/security per the Vehicle Code (625 ILCS 5/3-109, 625 ILCS 5/3-816 and 625 ILCS 5/7-323) and the Illinois Security Law of 1953 (815 ILCS 5/6). The Vehicle Code and Illinois Securities Law of 1953 set the limits of acceptable investments.

**(c) Securities Lending Collateral**

The State Treasurer lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. The State Treasurer has, through a Securities Lending Agreement, authorized Deutsche Bank Group to lend the State Treasurer's securities to broker-dealers and banks pursuant to a form of loan agreement.

During fiscal year 2016, Deutsche Bank Group lent U.S. Agency securities and U.S. Treasury securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregate fair value of the loaned securities. Loans are marked to market daily. If the fair value of collateral falls below 100%, the borrower must provide additional collateral to raise the fair value to 100%.

The State Treasurer did not impose any restrictions during fiscal year 2016 on the amount of the loans of available, eligible securities. In the event of borrower default, Deutsche Bank Group provides the State Treasurer with counterparty default indemnification. In addition, Deutsche Bank Group is obligated to indemnify the State Treasurer if Deutsche Bank Group loses any securities, collateral or investments of the State Treasurer in Deutsche Bank Group's custody. There were no losses during fiscal year 2016 resulting from a default of the borrowers or Deutsche Bank Group.



STATE OF ILLINOIS  
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Notes to the Financial Statements

June 30, 2016

**(3) Deposits and Investments - Continued**

**(c) Securities Lending Collateral - Continued**

During fiscal year 2016, the State Treasurer and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank Group and marked to market daily at no less than 102%. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The State Treasurer had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent.

In accordance with GASB Statement No. 28, paragraph 9, the Office of the State Treasurer has allocated the assets and obligations at June 30, 2016 arising from securities lending agreements to the various funds of the State. The total allocated to the Office of the Secretary of State was \$2.417 million at June 30, 2016.

**(4) Taxes and other Receivable**

Taxes and other receivables (amounts expressed in thousands) at June 30, 2016, are as follows:

|   | <u>Governmental Activities</u> |                  |                                   |                             | <u>Total</u>    |
|---|--------------------------------|------------------|-----------------------------------|-----------------------------|-----------------|
|   | <u>General Fund</u>            | <u>Road Fund</u> | <u>State Construction Account</u> | <u>Other Nonmajor Funds</u> |                 |
| Taxes receivable:                         |                                |                  |                                   |                             |                 |
| Other                                     | \$ 2,965                       | \$ -             | \$ -                              | \$ -                        | \$ 2,965        |
| Less: allowance for uncollectible amounts | <u>(1,217)</u>                 | <u>-</u>         | <u>-</u>                          | <u>-</u>                    | <u>(1,217)</u>  |
| Total taxes receivable, net               | <u>\$ 1,748</u>                | <u>\$ -</u>      | <u>\$ -</u>                       | <u>\$ -</u>                 | <u>\$ 1,748</u> |
| Other receivables:                        |                                |                  |                                   |                             |                 |
| Licenses and fees receivable              | \$ 609                         | \$ 4,165         | \$ 2,448                          | \$ 3,066                    | \$ 10,288       |
| Less: allowance for uncollectible amounts | <u>(539)</u>                   | <u>(1,227)</u>   | <u>(721)</u>                      | <u>(2,938)</u>              | <u>(5,425)</u>  |
| Licenses and fees receivable, net         | <u>70</u>                      | <u>2,938</u>     | <u>1,727</u>                      | <u>128</u>                  | <u>4,863</u>    |
| Interest and other investment income      | <u>-</u>                       | <u>-</u>         | <u>-</u>                          | <u>4</u>                    | <u>4</u>        |
| Total other receivables, net              | <u>\$ 70</u>                   | <u>\$ 2,938</u>  | <u>\$ 1,727</u>                   | <u>\$ 132</u>               | <u>\$ 4,867</u> |

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Notes to the Financial Statements

June 30, 2016

**(5) Interfund Balances and Activity**

**(a) Balances Due to/from Other Funds**

The following balances (amounts expressed in thousands) at June 30, 2016, represent amounts due from other Office and State funds.

| <u>Fund</u>                 | <u>Due from</u>              |                               | <u>Description/Purpose</u>   |
|-----------------------------|------------------------------|-------------------------------|--|
|                             | <u>Other State<br/>Funds</u> | <u>Other Office<br/>Funds</u> |  |
| General                     | \$ 1                         | \$ 8,623                      | Due from other Office funds for transfers of excess balances, statutorily required transfers, repayment from various grant activity and accrual of undistributed International Registration Plan (IRP) fees. |
| Road                        | -                            | 30,857                        | Due from other Office funds for the receipt deposit transfer related to correction of deposit error.   |
| State Construction Account  | -                            | 2,716                         | Due from other Office funds for the accrual of undistributed IRP fees.   |
| Nonmajor governmental funds | 1                            | -                             | Due from other State funds for interfund borrowing and repayment from various grant activities.  |
|                             | <u>\$ 2</u>                  | <u>\$ 42,196</u>              |  |

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Notes to the Financial Statements

June 30, 2016

**(5) Interfund Balances and Activity - Continued**

**(a) Balances Due to/from Other Funds - Continued**

The following balances (amounts expressed in thousands) at June 30, 2016, represent amounts owed to other Office and State of Illinois funds.

| <u>Fund</u>                       | <u>Due to</u>                     |                                  |  | <u>Description/Purpose</u>   |
|-----------------------------------|-----------------------------------|----------------------------------|--|--|
|                                   | <u>Other<br/>Office<br/>Funds</u> | <u>Other<br/>State<br/>Funds</u> | <u>Other<br/>State<br/>Fiduciary<br/>Funds</u> |  |
| General                           | \$ 8,623                          | \$ 1,886                         | \$ 159   | Due to other Office funds for the receipt of deposit transfer related to correction of deposit error. Due to other State funds for purchases of services and Court of Claims awards and to other State fiduciary funds for payment of retirement and health insurance costs.   |
| Road                              | 3,769                             | -                                | -  | Due to other Office Funds for the accrual of undistributed IRP fees.   |
| State<br>Construction<br>Account  | 22,234                            | -                                | -  | Due to other Office funds for the receipt of deposit transfer related to correction of deposit error.  |
| Nonmajor<br>governmental<br>funds | 7,570                             | 335                              | 620  | Due to other Office Funds for transfers of excess balances, statutorily required transfers and repayment of grant activity; to other State funds for Court of Claims awards, repayment of grant activity and purchases of services; and to other State fiduciary funds for payment of retirement and health insurance costs. |
|                                   | <u>\$ 42,196</u>                  | <u>\$ 2,221</u>                  | <u>\$ 779</u>                                  |  |

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Notes to the Financial Statements

June 30, 2016

**(5) Interfund Balances and Activity - Continued**

**(b) Transfers to/from Other Funds**

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2016, were as follows:

| <u>Fund</u>                 | <u>Transfers in from</u>      |                              | <u>Description/Purpose</u>   |
|-----------------------------|-------------------------------|------------------------------|--|
|                             | <u>Other Office<br/>Funds</u> | <u>Other State<br/>Funds</u> |  |
| General                     | \$ 8,126                      | \$ -                         | Transfer from other Office funds of excess balances and statutory transfers. |
| Nonmajor governmental funds | -                             | 27                           | Transfer from other State funds pursuant to State statute.                   |
|                             | <u>\$ 8,126</u>               | <u>\$ 27</u>                 |  |

Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2016, were as follows:

| <u>Fund</u>                 | <u>Transfers out to</u>       |                              | <u>Description/Purpose</u>  |
|-----------------------------|-------------------------------|------------------------------|---|
|                             | <u>Other Office<br/>Funds</u> | <u>Other State<br/>Funds</u> |   |
| Nonmajor governmental funds | \$ 8,126                      | \$ 10,000                    | Transfer to other Office funds and other State funds pursuant to State statute. |

**(c) Balances due from/to State of Illinois Component Units**

The following balances (amounts expressed in thousands) at June 30, 2016 represent amounts due to State of Illinois Component Units for reimbursement of expenses incurred.

| <u>Due to Component Units</u> | <u>General<br/>Fund</u> |
|-------------------------------|-------------------------|
| Toll Highway Authority        | \$ 16                   |
| Illinois State University     | 2                       |
| University of Illinois        | <u>45</u>               |
|                               | <u>\$ 63</u>            |

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**(6) Capital Assets**

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2016, was as follows:

|   | <u>Balance</u><br><u>June 30, 2015</u> | <u>Additions</u>  | <u>Deletions</u> | <u>Net</u><br><u>Transfers</u> | <u>Balance</u><br><u>June 30, 2016</u> |
|---|--|-------------------|------------------|--------------------------------|--|
| <b>Governmental activities:</b>                       |  |                   |                  |                                |  |
| Capital assets not being depreciated:                 |  |                   |                  |                                |  |
| Land and land improvements                            | \$ 6,637                               | \$ -              | \$ -             | \$ -                           | \$ 6,637                               |
| Historical treasures and works of art                 | <u>100</u>                             | <u>-</u>          | <u>-</u>         | <u>-</u>                       | <u>100</u>                             |
| Total capital assets not being depreciated            | <u>6,737</u>                           | <u>-</u>          | <u>-</u>         | <u>-</u>                       | <u>6,737</u>                           |
| Capital assets being depreciated:                     |  |                   |                  |                                |  |
| Site improvements                                     | -                                      | -                 | -                | 449                            | 449                                    |
| Buildings and building improvements                   | 498,867                                | 199               | -                | 645                            | 499,711                                |
| Equipment   | 50,036                                 | 976               | 1,436            | (239)                          | 49,337                                 |
| Software  | <u>29</u>                              | <u>-</u>          | <u>-</u>         | <u>-</u>                       | <u>29</u>                              |
| Total capital assets being depreciated                | <u>548,932</u>                         | <u>1,175</u>      | <u>1,436</u>     | <u>855</u>                     | <u>549,526</u>                         |
| Less accumulated depreciation/amortization:           |  |                   |                  |                                |  |
| Site improvements                                     | -                                      | 102               | -                | 193                            | 295                                    |
| Building and building improvements                    | 299,099                                | 12,353            | -                | (165)                          | 311,287                                |
| Equipment   | 46,028                                 | 2,020             | 1,427            | (239)                          | 46,382                                 |
| Software  | <u>29</u>                              | <u>-</u>          | <u>-</u>         | <u>-</u>                       | <u>29</u>                              |
| Total accumulated depreciation/amortization           | <u>345,156</u>                         | <u>14,475</u>     | <u>1,427</u>     | <u>(211)</u>                   | <u>357,993</u>                         |
| Total capital assets being depreciated/amortized, net | <u>203,776</u>                         | <u>(13,300)</u>   | <u>9</u>         | <u>1,066</u>                   | <u>191,533</u>                         |
| Governmental activity capital assets, net             | <u>\$ 210,513</u>                      | <u>\$(13,300)</u> | <u>\$ 9</u>      | <u>\$ 1,066</u>                | <u>\$ 198,270</u>                      |

Depreciation and amortization expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2016, was charged as follows:

General government \$ 14,475

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**(7) Changes in Long-Term Obligations**

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2016, were as follows:

|                          | <b>Balance<br/>July 1,<br/><u>2015</u></b> | <b><u>Additions</u></b> | <b><u>Deletions</u></b> | <b>Balance<br/>June 30,<br/><u>2016</u></b> | <b>Amounts<br/>Due Within<br/><u>One Year</u></b> |
|--------------------------|--|-------------------------|-------------------------|---|---|
| Governmental activities: |  |                         |                         |   |   |
| Compensated absences     | \$ 18,224                                  | \$ 14,168               | \$ 15,554               | \$ 16,838                                   | \$ 1,995  |
| Net pension liability    | <u>1,176,972</u>                           | <u>47,285</u>           | <u>-</u>                | <u>1,224,257</u>                            | <u>-</u>  |
|                          | <u>\$ 1,195,196</u>                        | <u>\$ 61,453</u>        | <u>\$ 15,554</u>        | <u>\$ 1,241,095</u>                         | <u>\$ 1,995</u>                                   |

Compensated absences will be liquidated by the applicable governmental funds that account for the salaries and wages of the related employees.

**(8) Defined Benefit Pension Plan**

**Plan Description.** Substantially all of the Office's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a single-employer defined benefit pension trust fund in the State of Illinois reporting entity. SERS is governed by article 14 of the Illinois Pension Code (40 ILCS 5/1, et al.). The plan consists of two tiers of contribution requirements and benefit levels based on when an employee was hired. Members who first become an employee and participate under any of the State's retirement plans on or after January 1, 2011 are members of Tier 2, while Tier 1 consists of employees hired before January 1, 2011 or those who have service credit prior to January 1, 2011. The provisions below apply to both Tier 1 and 2 members, except where noted. The SERS issues a separate CAFR available at [www.srs.illinois.gov](http://www.srs.illinois.gov) or that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255.

**Benefit Provisions.** SERS provides retirement benefits based on the member's final average compensation and the number of years of credited service that have been established. The retirement benefit formula available to general State employees is 1.67% for each year of covered service and 2.2% for each year of noncovered service. The maximum retirement annuity payable is 75% of final average compensation as calculated under the regular formula. The minimum monthly retirement annuity payable is \$15.00 for each year of covered employment and \$25.00 for each year of noncovered employment.

Participants in SERS under the regular formula Tier 1 and Tier 2 receive the following levels of benefits based on the respective age and years of service credits.

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**(8) Defined Benefit Pension Plan – Continued**

| <b>Regular Formula Tier 1</b>   | <b>Regular Formula Tier 2</b>   |
|---|---|
| <p>A member must have a minimum of eight years of service credit and may retire at:</p> <ul style="list-style-type: none"> <li>• Age 60, with 8 years of service credit.</li> <li>• Any age, when the member's age (years &amp; whole months) plus years of service credit (years &amp; whole months) equal 85 years (1,020 months) (Rule of 85) with eight years of credited service.</li> <li>• Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60).</li> </ul> <p>The retirement benefit is based on final average compensation and credited service. Final average compensation is the 48 highest consecutive months of service within the last 120 months of service.</p> <p>Under the Rule of 85, a member is eligible for the first 3% increase on January 1 following the first full year of retirement, even if the member is not age 60. If the member retires at age 60 or older, he/she will receive a 3% pension increase every year on January 1, following the first full year of retirement.</p> <p>If the member retires before age 60 with a reduced retirement benefit, he/she will receive a 3% pension increase every January 1 after the member turns age 60 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p> | <p>A member must have a minimum of 10 years of credited service and may retire at:</p> <ul style="list-style-type: none"> <li>• Age 67, with 10 years of credited service.</li> <li>• Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67).</li> </ul> <p>The retirement benefit is based on final average compensation and credited service. For regular formula employees, final average compensation is the average of the 96 highest consecutive months of service within the last 120 months of service. The retirement benefit is calculated on a maximum salary of \$106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less.</p> <p>If the member retires at age 67 or older, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every year on January 1, following the first full year of retirement. The calendar year 2015 rate is \$111,572.</p> <p>If the member retires before age 67 with a reduced retirement benefit, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every January 1 after the member turns age 67 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p> |

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June 30, 2016

**(8) Defined Benefit Pension Plan - Continued**

Additionally, the Plan provides an alternative retirement formula for State employees in high-risk jobs, such as State policemen, fire fighters, and security employees. Employees qualifying for benefits under the alternative formula may retire at an earlier age depending on membership in Tier 1 or Tier 2. The retirement formula is 2.5% for each year of covered service and 3.0% for each year of non-covered service. The maximum retirement annuity payable is 80% of final average compensation as calculated under the alternative formula.

SERS also provides occupational and nonoccupational (including temporary) disability benefits. To be eligible for nonoccupational (including temporary) disability benefits, an employee must have at least eighteen months of credited service to the System. The nonoccupational (including temporary) disability benefit is equal to 50% of the monthly rate of compensation of the employee on the date of removal from the payroll. Occupational disability benefits are provided when the member becomes disabled as a direct result of injuries or diseases arising out of and in the course of State employment. The monthly benefit is equal to 75% of the monthly rate of compensation on the date of removal from the payroll. This benefit amount is reduced by Workers' Compensation or payments under the Occupational Diseases Act.

Occupational and nonoccupational death benefits are also available through the System. Certain nonoccupational death benefits vest after eighteen months of credited service. Occupational death benefits are provided from the date of employment.

**Contributions.** Contribution requirements of active employees and the State are established in accordance with Chapter 40, section 5/14-133 of the Illinois Compiled Statutes. Member contributions are based on fixed percentages of covered payroll ranging between 4.00% and 12.50%. Employee contributions are fully refundable, without interest, upon withdrawal from State employment. Tier 1 members contribute based on total annual compensation. Tier 2 members contribute based on an annual compensation rate not to exceed \$106,800 with limitations for future years increased by the lesser of 3% or one-half of the annual percentage increase in the Consumer Price Index. For 2016, this amount was \$111,572.

The State is required to make payment for the required departmental employer contributions, all allowances, annuities, any benefits granted under Chapter 40, Article 5/14 of the ILCS and all administrative expenses of the System to the extent specified in the ILCS. State law provides that the employer contribution rate be determined based upon the results of each annual actuarial valuation.

For fiscal year 2016, the required employer contributions were computed in accordance with the State's funding plan. This funding legislation provides for a systematic 50-year funding plan with an ultimate goal to achieve 90% funding of the plan's liabilities. In addition, the funding plan provided for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Since the 15-year phase-in period ended June 30, 2010, the State's contribution will remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved. For fiscal year 2016, the employer contribution rate was 45.598%. The Office's contribution amount for fiscal year 2016 was \$8.787 million.



STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements

June 30, 2016

**(8) Defined Benefit Pension Plan - Continued**

*Pension liability, deferred outflows of resources, deferred inflows of resources and expense related to pensions.* At June 30, 2016, the Office reported a liability of \$1.224 billion for its proportionate share of the State's net pension liability for SERS on the statement of net position. The net pension liability was measured as of June 30, 2015 (current year measurement date), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Office's portion of the net pension liability was based on the Office's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2015. As of the current year measurement date of June 30, 2015, the Office's proportion was 4.3711%, which was an increase of .0286% from its proportion measured as of the prior year measurement date of June 30, 2014.

For the year ended June 30, 2016, the Office recognized pension expense of \$120.165 million. At June 30, 2016, the Office reported deferred outflows and deferred inflows of resources related to the pension liability from the following sources (amounts expressed in thousands):

|   | <b><u>Deferred<br/>Outflows of<br/>Resources</u></b> | <b><u>Deferred<br/>Inflows of<br/>Resources</u></b> |
|---|--|---|
| Differences between expected and actual experience  | \$ 3,724   | \$ 15,895   |
| Changes of assumptions  | 89,820   | -   |
| Net difference between projected and actual investment earnings on pension plan investments | -  | 18,542  |
| Changes in proportion   | 16,909   | 39,882  |
| Department contributions subsequent to the measurement date                                 | <u>8,787</u>   | <u>-</u>  |
| Total   | <u>\$ 119,240</u>                                    | <u>\$ 74,319</u>                                    |

\$8.787 million reported as deferred outflows of resources related to pensions resulting from Office contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts expressed in thousands):

Year ended June 30,

|       |                  |
|-------|------------------|
| 2017  | \$ 13,617        |
| 2018  | 13,617           |
| 2019  | 5,266            |
| 2020  | <u>3,634</u>     |
| Total | <u>\$ 36,134</u> |

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Notes to the Financial Statements

June 30, 2016

**(8) Defined Benefit Pension Plan - Continued**

*Actuarial Methods and Assumptions.* The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Mortality: 105 percent of the RP2014 Healthy Annuitant mortality table, sex distinct, with rates projected to 2015.

Inflation: 3.0%

Investment Rate of Return: 7.25%, net of pension plan investment expense, including inflation.

Salary increases: Salary increase rates based on age related productivity and merit rates plus inflation.

Post-retirement benefit increases of 3.00%, compounded, for Tier 1 and the lesser of 3.00% or one-half of the annual increase in the Consumer Price Index for Tier 2.

Retirement Age: Experience-based table of rates specific to the type of eligibility condition. Table was last updated for the June 30, 2014, valuation pursuant to an experience study of the period July 1, 2009 to June 30, 2013.

The long-term expected real rate of return on pension plan investments was determined based on the simulated average 10-year annualized geometric return for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. For each major asset class that is included in the pension plan's target asset allocation, calculated as of the measurement date of June 30, 2015, the best estimates of the geometric real rates of return as summarized in the following table:

| <u>Asset Class</u>   | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|----------------------|------------------------------|---|
| U.S. Equity          | 30%                          | 5.69%   |
| Fixed Income         | 20%                          | 1.62%   |
| Hedge Funds          | 10%                          | 4.00%   |
| International Equity | 20%                          | 6.23%   |
| Real Estate          | 10%                          | 5.50%   |
| Infrastructure       | 5%                           | 6.00%   |
| Private Equity       | <u>5%</u>                    | <u>10.10%</u>   |
| Total                | <u>100%</u>                  | <u>5.03%</u>  |

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June 30, 2016

**(8) Defined Benefit Pension Plan - Continued**

**Discount Rate.** A discount rate of 7.02% was used to measure the total pension liability as of the measurement date of June 30, 2015 as compared to a discount rate of 7.09% used to measure the total pension liability as of the prior year measurement date. The June 30, 2015 single blended discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.80%, based on an index of 20 year general obligation bonds with an average AA credit rating as published by the Federal Reserve. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made based on the statutorily required rates under Illinois law. Based on these assumptions, the pension plan's fiduciary net position and future contributions will be sufficient to finance the benefit payments through the year 2067. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2067, and the municipal bond rate was applied to all benefit payments after that date.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate.** The net pension liability for the plan was calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate as shown below (amounts expressed in thousands):

|  | <b>1%<br/>Decrease<br/><u>6.02%</u></b> | <b>Discount<br/>Rate<br/><u>7.02%</u></b> | <b>1%<br/>Increase<br/><u>8.02%</u></b> |
|--|---|---|---|
| Office's proportionate share of<br>the net pension liability | \$ 1,473,802                            | \$ 1,224,257                              | \$1,017,115                             |

**Payables to the pension plan.** At June 30, 2016, the Office reported a payable of \$362 thousand to SERS for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2016.

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June 30, 2016

**(9) Post-employment Benefits**

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. The remainder of the cost of coverage shall be the responsibility of the annuitant. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expense by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Healthcare and Family Services. A copy of the financial statements of the Department of Healthcare and Family Services may be obtained by writing to the Department of Healthcare and Family Services, 201 South Grand Ave., Springfield, Illinois, 62763-3838.

**(10) Risk Management**

The Office is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation and natural disasters. The State retains the risk of loss (i.e. self insured) for these risks.

The Office's risk management activities for workers' compensation, self-insurance and unemployment insurance are financed through appropriations to the Illinois Department of Central Management Services and are accounted for in the General Fund of the State. The claims are not considered to be a liability of the Office; and accordingly, have not been reported in the Office's financial statements for the year ended June 30, 2016.

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**(11) Commitments and Contingencies**

**(a) Operating leases**

The Office leases certain office facilities and equipment under the terms of noncancelable operating lease agreements that require the Office to make minimum lease payments plus pay a pro rata share of certain operating costs. Rent expense under operating leases was \$11.778 million for the year ended June 30, 2016.

The following is a schedule of future minimum lease payments under the operating lease (amounts expressed in thousands):

| <u>Year ending June 30,</u> | <u>Amount</u>           |
|-----------------------------|-------------------------|
| 2017                        | \$ 8,329                |
| 2018                        | 6,541                   |
| 2019                        | 5,334                   |
| 2020                        | 3,984                   |
| 2021                        | 2,266                   |
| 2022-2026                   | <u>4,197</u>            |
|                             | <u><u>\$ 30,651</u></u> |

**(b) Federal Funding**

The Office receives federal grants which are subject to review and audit by federal grantor agencies. Certain costs could be questioned as not being an eligible expenditure under the terms of the grants. At June 30, 2016, there were no material questioned costs that have not been resolved with the federal awarding agencies. However, questioned costs could still be identified during audits to be conducted in the future. Management of the Office believes there will be no material adjustments to the federal grants and, accordingly, has not recorded a provision for possible repayment.

**(c) Litigation**

The Office is routinely involved in a number of legal proceedings and claims that cover a wide range of matters. In the opinion of management, the outcome of these other matters is not expected to have any material adverse effect on the financial position or operations of the Office.

State of Illinois  
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Combining Schedule of Accounts -  
General Fund

June 30, 2016 (Expressed in Thousands)

|  | General<br>Revenue<br>0001 | Live and<br>Learn<br>0026 | Corporate<br>Franchise Tax<br>Refund<br>0380 | Common<br>School<br>0412 | Capital<br>Projects<br>0694 | Vehicle<br>Inspection<br>0963 | Special<br>Advance<br>1198 | Eliminations      | Total            |
|--|----------------------------|---------------------------|--|--------------------------|-----------------------------|-------------------------------|----------------------------|-------------------|------------------|
| <b>ASSETS</b>                              |                            |                           |  |                          |                             |                               |                            |                   |                  |
| Unexpended appropriations                  | \$ 10,709                  | \$ -                      | \$ -   | \$ -                     | \$ -                        | \$ 10                         | \$ -                       | \$ -              | \$ 10,719        |
| Cash equity with State Treasurer           | 34,118                     | 1,108                     | 3,119  | 42                       | 29,659                      | -                             | -                          | -                 | 68,046           |
| Cash and cash equivalents                  | 89                         | -                         | -  | -                        | -                           | -                             | 5                          | -                 | 94               |
| Taxes receivable, net                      | 1,748                      | -                         | -  | -                        | -                           | -                             | -                          | -                 | 1,748            |
| Other receivables, net                     | 70                         | -                         | -  | -                        | -                           | -                             | -                          | -                 | 70               |
| Due from other State funds                 | 1                          | -                         | -  | -                        | -                           | -                             | -                          | -                 | 1                |
| Due from other Office funds                | 10,813                     | 1,742                     | -  | 670                      | -                           | -                             | -                          | (4,602)           | 8,623            |
| Inventories                                | 452                        | -                         | -  | -                        | -                           | -                             | -                          | -                 | 452              |
| <b>Total assets</b>                        | <b>\$ 58,000</b>           | <b>\$ 2,850</b>           | <b>\$ 3,119</b>                              | <b>\$ 712</b>            | <b>\$ 29,659</b>            | <b>\$ 10</b>                  | <b>\$ 5</b>                | <b>\$ (4,602)</b> | <b>\$ 89,753</b> |
| <b>LIABILITIES</b>                         |                            |                           |  |                          |                             |                               |                            |                   |                  |
| Accounts payable and accrued liabilities   | \$ 15,671                  | \$ 30                     | \$ -   | \$ -                     | \$ -                        | \$ 10                         | \$ -                       | \$ -              | \$ 15,711        |
| Intergovernmental payables                 | 8,818                      | 293                       | -  | -                        | -                           | -                             | -                          | -                 | 9,111            |
| Due to other State fiduciary funds         | 154                        | 5                         | -  | -                        | -                           | -                             | -                          | -                 | 159              |
| Due to other Office funds                  | 10,365                     | -                         | 2,860  | -                        | -                           | -                             | -                          | (4,602)           | 8,623            |
| Due to other State funds                   | 1,886                      | -                         | -  | -                        | -                           | -                             | -                          | -                 | 1,886            |
| Due to State of Illinois component units   | 63                         | -                         | -  | -                        | -                           | -                             | -                          | -                 | 63               |
| Unearned revenue                           | 61                         | -                         | -  | -                        | 3,178                       | -                             | -                          | -                 | 3,239            |
| <b>Total liabilities</b>                   | <b>37,018</b>              | <b>328</b>                | <b>2,860</b>                                 | <b>-</b>                 | <b>3,178</b>                | <b>10</b>                     | <b>-</b>                   | <b>(4,602)</b>    | <b>38,792</b>    |
| <b>FUND BALANCES</b>                       |                            |                           |  |                          |                             |                               |                            |                   |                  |
| Nonspendable:                              |                            |                           |  |                          |                             |                               |                            |                   |                  |
| Inventories                                | 452                        | -                         | -  | -                        | -                           | -                             | -                          | -                 | 452              |
| Restricted for:                            |                            |                           |  |                          |                             |                               |                            |                   |                  |
| General government                         | -                          | -                         | -  | -                        | -                           | -                             | 5                          | -                 | 5                |
| Committed to:                              |                            |                           |  |                          |                             |                               |                            |                   |                  |
| General government                         | -                          | -                         | 259  | -                        | -                           | -                             | -                          | -                 | 259              |
| Unassigned                                 | 20,530                     | 2,522                     | -  | 712                      | 26,481                      | -                             | -                          | -                 | 50,245           |
| <b>Total fund balances</b>                 | <b>20,982</b>              | <b>2,522</b>              | <b>259</b>                                   | <b>712</b>               | <b>26,481</b>               | <b>-</b>                      | <b>5</b>                   | <b>-</b>          | <b>50,961</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 58,000</b>           | <b>\$ 2,850</b>           | <b>\$ 3,119</b>                              | <b>\$ 712</b>            | <b>\$ 29,659</b>            | <b>\$ 10</b>                  | <b>\$ 5</b>                | <b>\$ (4,602)</b> | <b>\$ 89,753</b> |

State of Illinois  
Office of the Secretary of State

**Combining Schedule of Revenues,  
Expenditures and Changes in Fund Balance -  
General Fund**

For the Year Ended June 30, 2016 (Expressed in Thousands)

|  | General<br>Revenue<br>0001 | Live and<br>Learn<br>0026 | Corporate<br>Franchise<br>Tax Refund<br>0380 | Common<br>School<br>0412 | Capital<br>Projects<br>0694 | Vehicle<br>Inspection<br>0963 | Special<br>Advance<br>1198 | Eliminations | Total            |
|--|----------------------------|---------------------------|--|--------------------------|-----------------------------|-------------------------------|----------------------------|--------------|------------------|
| <b>REVENUES</b>  |                            |                           |  |                          |                             |                               |                            |              |                  |
| Licenses and fees  | \$ 278,725                 | \$ -                      | \$ -   | \$ 510                   | \$ 307,618                  | \$ -                          | \$ -                       | \$ -         | \$ 586,853       |
| Other charges for services   | 1                          | -                         | -  | -                        | -                           | -                             | -                          | -            | 1                |
| Other taxes  | 205,116                    | -                         | 2,938  | -                        | -                           | -                             | -                          | -            | 208,054          |
| Other revenue  | 93                         | -                         | -  | -                        | -                           | -                             | -                          | -            | 93               |
| <b>Total revenues</b>  | <b>483,935</b>             | <b>-</b>                  | <b>2,938</b>                                 | <b>510</b>               | <b>307,618</b>              | <b>-</b>                      | <b>-</b>                   | <b>-</b>     | <b>795,001</b>   |
| <b>EXPENDITURES</b>  |                            |                           |  |                          |                             |                               |                            |              |                  |
| General government   | 213,605                    | 20,926                    | -  | -                        | -                           | 2,976                         | -                          | -            | 237,507          |
| Capital outlays  | 567                        | -                         | -  | -                        | -                           | -                             | -                          | -            | 567              |
| <b>Total expenditures</b>  | <b>214,172</b>             | <b>20,926</b>             | <b>-</b>                                     | <b>-</b>                 | <b>-</b>                    | <b>2,976</b>                  | <b>-</b>                   | <b>-</b>     | <b>238,074</b>   |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>269,763</b>             | <b>(20,926)</b>           | <b>2,938</b>                                 | <b>510</b>               | <b>307,618</b>              | <b>(2,976)</b>                | <b>-</b>                   | <b>-</b>     | <b>556,927</b>   |
| <b>OTHER SOURCES (USES) OF<br/>FINANCIAL RESOURCES</b>               |                            |                           |  |                          |                             |                               |                            |              |                  |
| Appropriations from State resources                                  | 228,803                    | -                         | -  | -                        | -                           | 3,577                         | -                          | -            | 232,380          |
| Lapsed appropriations  | (33,092)                   | -                         | -  | -                        | -                           | (602)                         | -                          | -            | (33,694)         |
| Receipts collected and transmitted to State Treasury                 | (493,857)                  | -                         | -  | (507)                    | (306,522)                   | -                             | -                          | -            | (800,886)        |
| Amount of SAMS transfers-in  | (7,723)                    | -                         | -  | (1,138)                  | -                           | -                             | -                          | -            | (8,861)          |
| Amount of SAMS transfers-out   | 20,904                     | -                         | -  | -                        | -                           | -                             | -                          | -            | 20,904           |
| Transfers-in   | 9,742                      | 20,904                    | -  | 1,244                    | -                           | -                             | -                          | (23,764)     | 8,126            |
| Transfers-out  | (20,904)                   | -                         | (2,860)                                      | -                        | -                           | -                             | -                          | 23,764       | -                |
| <b>Net other sources (uses) of<br/>financial resources</b>           | <b>(296,127)</b>           | <b>20,904</b>             | <b>(2,860)</b>                               | <b>(401)</b>             | <b>(306,522)</b>            | <b>2,975</b>                  | <b>-</b>                   | <b>-</b>     | <b>(582,031)</b> |
| <b>Net change in fund balances</b>                                   | <b>(26,364)</b>            | <b>(22)</b>               | <b>78</b>                                    | <b>109</b>               | <b>1,096</b>                | <b>(1)</b>                    | <b>-</b>                   | <b>-</b>     | <b>(25,104)</b>  |
| Fund balances, July 1, 2015  | 47,573                     | 2,544                     | 181  | 603                      | 25,385                      | 1                             | 5                          | -            | 76,292           |
| Decrease for changes in inventories                                  | (227)                      | -                         | -  | -                        | -                           | -                             | -                          | -            | (227)            |
| <b>FUND BALANCES, JUNE 30, 2016</b>                                  | <b>\$ 20,982</b>           | <b>\$ 2,522</b>           | <b>\$ 259</b>                                | <b>\$ 712</b>            | <b>\$ 26,481</b>            | <b>\$ -</b>                   | <b>\$ 5</b>                | <b>\$ -</b>  | <b>\$ 50,961</b> |

State of Illinois  
Office of the Secretary of State

**Combining Balance Sheet -  
Non-major Governmental Funds**  
June 30, 2016 (Expressed in Thousands)

|   | Special Revenue           |                                  |  |                               |                              |   |  |  |
|---|---------------------------|----------------------------------|--|-------------------------------|------------------------------|---|--|--|
|   | Motor Fuel<br>Tax<br>0012 | Alzheimer's<br>Awareness<br>0020 | Illinois<br>Nurses<br>Foundation<br>0028 | American<br>Red Cross<br>0029 | Drivers<br>Education<br>0031 | Illinois Sheriff's<br>Assoc.<br>Scholarship &<br>Training<br>0032 | Illinois State<br>Police<br>Memorial<br>Park<br>0034 | Illinois<br>Police K-9<br>Memorial<br>0038 |
|   |                           |                                  |  |                               |                              |   |  |  |
| <b>ASSETS</b>   |                           |                                  |  |                               |                              |   |  |  |
| Unexpended appropriations                               | \$ -                      | \$ -                             | \$ -                                     | \$ -                          | \$ -                         | \$ -  | \$ -   | \$ -                                       |
| Cash equity with State Treasurer                        | -                         | 8                                | 22                                       | 1                             | 1,063                        | 1   | 16   | 1  |
| Cash and cash equivalents                               | -                         | -                                | -  | -                             | -                            | -   | -  | -  |
| Securities lending collateral of State Treasurer        | -                         | -                                | -  | -                             | -                            | -   | -  | -  |
| Intergovernmental receivables, net                      | -                         | -                                | -  | -                             | -                            | -   | -  | -  |
| Other receivables, net                                  | -                         | -                                | -  | -                             | 3                            | -   | -  | -  |
| Due from other State funds                              | -                         | -                                | -  | -                             | -                            | -   | -  | -  |
| Inventories   | -                         | -                                | -  | -                             | -                            | -   | -  | -  |
| <b>Total assets</b>                                     | <b>\$ -</b>               | <b>\$ 8</b>                      | <b>\$ 22</b>                             | <b>\$ 1</b>                   | <b>\$ 1,066</b>              | <b>\$ 1</b>   | <b>\$ 16</b>   | <b>\$ 1</b>                                |
| <b>LIABILITIES</b>                                      |                           |                                  |  |                               |                              |   |  |  |
| Accounts payable and accrued liabilities                | \$ -                      | \$ -                             | \$ -                                     | \$ -                          | \$ -                         | \$ 1  | \$ -   | \$ -                                       |
| Intergovernmental payables                              | -                         | -                                | -  | -                             | -                            | -   | -  | -  |
| Due to other State fiduciary funds                      | -                         | -                                | -  | -                             | -                            | -   | -  | -  |
| Due to other Office funds                               | -                         | -                                | -  | -                             | -                            | -   | -  | -  |
| Due to other State funds                                | -                         | -                                | -  | -                             | -                            | -   | -  | -  |
| Unearned revenue  | -                         | -                                | -  | -                             | -                            | -   | -  | -  |
| Obligations under securities lending of State Treasurer | -                         | -                                | -  | -                             | -                            | -   | -  | -  |
| <b>Total liabilities</b>                                | <b>-</b>                  | <b>-</b>                         | <b>-</b>                                 | <b>-</b>                      | <b>-</b>                     | <b>1</b>  | <b>-</b>   | <b>-</b>                                   |
| <b>FUND BALANCES</b>                                    |                           |                                  |  |                               |                              |   |  |  |
| Nonspendable:   |                           |                                  |  |                               |                              |   |  |  |
| Inventories   | -                         | -                                | -  | -                             | -                            | -   | -  | -  |
| Restricted for:   |                           |                                  |  |                               |                              |   |  |  |
| General government                                      | -                         | 8                                | 22                                       | 1                             | -                            | -   | 16   | 1  |
| Committed to:   |                           |                                  |  |                               |                              |   |  |  |
| General government                                      | -                         | -                                | -  | -                             | -                            | -   | -  | -  |
| Assigned to:  |                           |                                  |  |                               |                              |   |  |  |
| General government                                      | -                         | -                                | -  | -                             | -                            | -   | -  | -  |
| Unassigned  | -                         | -                                | -  | -                             | 1,066                        | -   | -  | -  |
| <b>Total fund balances</b>                              | <b>-</b>                  | <b>8</b>                         | <b>22</b>                                | <b>1</b>                      | <b>1,066</b>                 | <b>-</b>  | <b>16</b>  | <b>1</b>                                   |
| <b>Total liabilities and fund balances</b>              | <b>\$ -</b>               | <b>\$ 8</b>                      | <b>\$ 22</b>                             | <b>\$ 1</b>                   | <b>\$ 1,066</b>              | <b>\$ 1</b>   | <b>\$ 16</b>   | <b>\$ 1</b>                                |



State of Illinois  
Office of the Secretary of State

**Combining Balance Sheet -  
Non-major Governmental Funds**  
June 30, 2016 (Expressed in Thousands)

|   | Special Revenue                                    |   |                                       |   |                                      |   |   |
|---|--|---|---------------------------------------|---|--------------------------------------|---|---|
|   | Lobbyist<br>Registration<br>Administration<br>0044 | National Wild<br>Turkey<br>Federation<br>0058 | Curing<br>Childhood<br>Cancer<br>0066 | Accessible<br>Electronic<br>Information<br>Services<br>0106 | CDLIS/<br>AAMVA<br>Net Trust<br>0109 | Registered<br>Limited<br>Liability<br>Partnership<br>0167 | Secretary of<br>State Federal<br>Projects<br>0176 |
|   |  |   |                                       |   |                                      |   |   |
| <b>ASSETS</b>   |  |   |                                       |   |                                      |   |   |
| Unexpended appropriations                               | \$ -   | \$ -  | \$ -                                  | \$ -  | \$ -                                 | \$ -  | \$ -  |
| Cash equity with State Treasurer                        | 863  | 1   | 6                                     | 70  | 7,174                                | 637   | 68  |
| Cash and cash equivalents                               | -  | -   | -                                     | -   | -                                    | -   | -   |
| Securities lending collateral of State Treasurer        | -  | -   | -                                     | -   | -                                    | -   | -   |
| Intergovernmental receivables, net                      | -  | -   | -                                     | -   | -                                    | -   | -   |
| Other receivables, net                                  | -  | -   | -                                     | -   | -                                    | -   | -   |
| Due from other State funds                              | -  | -   | -                                     | -   | -                                    | -   | -   |
| Inventories   | -  | -   | -                                     | -   | -                                    | -   | -   |
| <b>Total assets</b>                                     | <b>\$ 863</b>                                      | <b>\$ 1</b>                                   | <b>\$ 6</b>                           | <b>\$ 70</b>  | <b>\$ 7,174</b>                      | <b>\$ 637</b>   | <b>\$ 68</b>                                      |
| <b>LIABILITIES</b>                                      |  |   |                                       |   |                                      |   |   |
| Accounts payable and accrued liabilities                | \$ 2   | \$ -  | \$ -                                  | \$ 13   | \$ 260                               | \$ 5  | \$ -  |
| Intergovernmental payables                              | -  | -   | -                                     | -   | -                                    | -   | -   |
| Due to other State fiduciary funds                      | -  | -   | -                                     | -   | -                                    | 4   | -   |
| Due to other Office funds                               | -  | -   | -                                     | -   | -                                    | 389   | -   |
| Due to other State funds                                | -  | -   | -                                     | -   | -                                    | -   | -   |
| Unearned revenue  | -  | -   | -                                     | -   | -                                    | -   | -   |
| Obligations under securities lending of State Treasurer | -  | -   | -                                     | -   | -                                    | -   | -   |
| <b>Total liabilities</b>                                | <b>2</b>   | <b>-</b>                                      | <b>-</b>                              | <b>13</b>   | <b>260</b>                           | <b>398</b>  | <b>-</b>  |
| <b>FUND BALANCES</b>                                    |  |   |                                       |   |                                      |   |   |
| Nonspendable:   |  |   |                                       |   |                                      |   |   |
| Inventories   | -  | -   | -                                     | -   | -                                    | -   | -   |
| Restricted for:   |  |   |                                       |   |                                      |   |   |
| General government                                      | -  | 1   | 6                                     | -   | -                                    | -   | -   |
| Committed to:   |  |   |                                       |   |                                      |   |   |
| General government                                      | 861  | -   | -                                     | 57  | 6,914                                | 239   | -   |
| Assigned to:  |  |   |                                       |   |                                      |   |   |
| General government                                      | -  | -   | -                                     | -   | -                                    | -   | 68  |
| Unassigned  | -  | -   | -                                     | -   | -                                    | -   | -   |
| <b>Total fund balances</b>                              | <b>861</b>   | <b>1</b>                                      | <b>6</b>                              | <b>57</b>   | <b>6,914</b>                         | <b>239</b>  | <b>68</b>   |
| <b>Total liabilities and fund balances</b>              | <b>\$ 863</b>                                      | <b>\$ 1</b>                                   | <b>\$ 6</b>                           | <b>\$ 70</b>  | <b>\$ 7,174</b>                      | <b>\$ 637</b>   | <b>\$ 68</b>                                      |

State of Illinois  
Office of the Secretary of State

**Combining Balance Sheet -  
Non-major Governmental Funds**  
June 30, 2016 (Expressed in Thousands)

|   | Special Revenue                           |  |  |                              |   |   |  |
|---|---|--|--|------------------------------|---|---|--|
|   | Driver Services<br>Administration<br>0182 | Secretary of<br>State Special<br>License Plate<br>0185 | Securities<br>Investors<br>Education<br>0292 | Interagency<br>Grant<br>0295 | Family<br>Financial<br>Responsibility<br>0322 | Motor<br>Vehicle<br>Review<br>Board<br>0323 | Securities<br>Audit and<br>Enforcement<br>0362 |
| <b>ASSETS</b>   |   |  |  |                              |   |   |  |
| Unexpended appropriations                               | \$ -                                      | \$ -   | \$ -   | \$ -                         | \$ -  | \$ -  | \$ -   |
| Cash equity with State Treasurer                        | 887                                       | 4,555  | 4,713  | 311                          | 574   | 248   | 9,087  |
| Cash and cash equivalents                               | -   | -  | -  | -                            | -   | -   | -  |
| Securities lending collateral of State Treasurer        | -   | -  | -  | -                            | -   | -   | 2,416  |
| Intergovernmental receivables, net                      | -   | -  | -  | -                            | -   | -   | -  |
| Other receivables, net                                  | -   | -  | -  | -                            | -   | -   | 110  |
| Due from other State funds                              | -   | 1  | -  | -                            | -   | -   | -  |
| Inventories   | -   | 393  | -  | -                            | -   | -   | -  |
| <b>Total assets</b>                                     | <b>\$ 887</b>                             | <b>\$ 4,949</b>  | <b>\$ 4,713</b>                              | <b>\$ 311</b>                | <b>\$ 574</b>                                 | <b>\$ 248</b>                               | <b>\$ 11,613</b>                               |
| <b>LIABILITIES</b>                                      |   |  |  |                              |   |   |  |
| Accounts payable and accrued liabilities                | \$ 117                                    | \$ 189   | \$ 101                                       | \$ -                         | \$ 6  | \$ 5  | \$ 172   |
| Intergovernmental payables                              | 9   | 2  | -  | -                            | 1   | -   | 10   |
| Due to other State fiduciary funds                      | 10  | 27   | 2  | -                            | -   | 3   | 126  |
| Due to other Office funds                               | -   | -  | -  | 18                           | -   | -   | -  |
| Due to other State funds                                | -   | -  | -  | -                            | -   | -   | 1  |
| Unearned revenue  | -   | 71   | -  | -                            | -   | -   | -  |
| Obligations under securities lending of State Treasurer | -   | -  | -  | -                            | -   | -   | 2,416  |
| <b>Total liabilities</b>                                | <b>136</b>                                | <b>289</b>   | <b>103</b>                                   | <b>18</b>                    | <b>7</b>                                      | <b>8</b>                                    | <b>2,725</b>                                   |
| <b>FUND BALANCES</b>                                    |   |  |  |                              |   |   |  |
| Nonspendable:   |   |  |  |                              |   |   |  |
| Inventories   | -   | 393  | -  | -                            | -   | -   | -  |
| Restricted for:   |   |  |  |                              |   |   |  |
| General government                                      | 751                                       | -  | -  | -                            | -   | -   | -  |
| Committed to:   |   |  |  |                              |   |   |  |
| General government                                      | -   | 4,267  | 4,610  | -                            | 567   | 240   | 8,888  |
| Assigned to:  |   |  |  |                              |   |   |  |
| General government                                      | -   | -  | -  | 293                          | -   | -   | -  |
| Unassigned  | -   | -  | -  | -                            | -   | -   | -  |
| <b>Total fund balances</b>                              | <b>751</b>                                | <b>4,660</b>   | <b>4,610</b>                                 | <b>293</b>                   | <b>567</b>                                    | <b>240</b>                                  | <b>8,888</b>                                   |
| <b>Total liabilities and fund balances</b>              | <b>\$ 887</b>                             | <b>\$ 4,949</b>  | <b>\$ 4,713</b>                              | <b>\$ 311</b>                | <b>\$ 574</b>                                 | <b>\$ 248</b>                               | <b>\$ 11,613</b>                               |

State of Illinois  
Office of the Secretary of State

**Combining Balance Sheet -  
Non-major Governmental Funds**  
June 30, 2016 (Expressed in Thousands)

|   | Special Revenue                    |                                |                         |                      |                              |                          |             |
|---|------------------------------------|--------------------------------|-------------------------|----------------------|------------------------------|--------------------------|-------------|
|   | Department of<br>Business Services | State College                  |                         |                      | Monitoring<br>Device Driving |                          |             |
|   | Special<br>Operations              | Secretary of State<br>Evidence | and University<br>Trust | Alternative<br>Fuels | Indigent<br>BAIID            | Permit<br>Administration | Rotary Club |
|   | 0363                               | 0374                           | 0417                    | 0422                 | 0451                         | 0453                     | 0454        |
| <b>ASSETS</b>   |                                    |                                |                         |                      |                              |                          |             |
| Unexpended appropriations                               | \$ -                               | \$ -                           | \$ -                    | \$ -                 | \$ -                         | \$ -                     | \$ -        |
| Cash equity with State Treasurer                        | 8,190                              | 19                             | 27                      | 550                  | 51                           | 4,427                    | 5           |
| Cash and cash equivalents                               | -                                  | -                              | -                       | -                    | -                            | -                        | -           |
| Securities lending collateral of State Treasurer        | -                                  | -                              | -                       | -                    | -                            | -                        | -           |
| Intergovernmental receivables, net                      | -                                  | -                              | -                       | -                    | -                            | -                        | -           |
| Other receivables, net                                  | -                                  | -                              | -                       | -                    | 18                           | -                        | -           |
| Due from other State funds                              | -                                  | -                              | -                       | -                    | -                            | -                        | -           |
| Inventories   | -                                  | -                              | -                       | -                    | -                            | -                        | -           |
| <b>Total assets</b>                                     | <b>\$ 8,190</b>                    | <b>\$ 19</b>                   | <b>\$ 27</b>            | <b>\$ 550</b>        | <b>\$ 69</b>                 | <b>\$ 4,427</b>          | <b>\$ 5</b> |
| <b>LIABILITIES</b>                                      |                                    |                                |                         |                      |                              |                          |             |
| Accounts payable and accrued liabilities                | \$ 244                             | \$ -                           | \$ -                    | \$ -                 | \$ 69                        | \$ 32                    | \$ 5        |
| Intergovernmental payables                              | 16                                 | -                              | -                       | -                    | -                            | 2                        | -           |
| Due to other State fiduciary funds                      | 183                                | -                              | -                       | -                    | -                            | 23                       | -           |
| Due to other Office funds                               | 6,493                              | -                              | -                       | -                    | -                            | -                        | -           |
| Due to other State funds                                | 7                                  | -                              | -                       | -                    | -                            | -                        | -           |
| Unearned revenue  | -                                  | -                              | 10                      | 41                   | -                            | -                        | -           |
| Obligations under securities lending of State Treasurer | -                                  | -                              | -                       | -                    | -                            | -                        | -           |
| <b>Total liabilities</b>                                | <b>6,943</b>                       | <b>-</b>                       | <b>10</b>               | <b>41</b>            | <b>69</b>                    | <b>57</b>                | <b>5</b>    |
| <b>FUND BALANCES</b>                                    |                                    |                                |                         |                      |                              |                          |             |
| Nonspendable:   |                                    |                                |                         |                      |                              |                          |             |
| Inventories   | -                                  | -                              | -                       | -                    | -                            | -                        | -           |
| Restricted for:   |                                    |                                |                         |                      |                              |                          |             |
| General government                                      | -                                  | 19                             | -                       | -                    | -                            | 4,370                    | -           |
| Committed to:   |                                    |                                |                         |                      |                              |                          |             |
| General government                                      | 1,247                              | -                              | 17                      | 509                  | -                            | -                        | -           |
| Assigned to:  |                                    |                                |                         |                      |                              |                          |             |
| General government                                      | -                                  | -                              | -                       | -                    | -                            | -                        | -           |
| Unassigned  | -                                  | -                              | -                       | -                    | -                            | -                        | -           |
| <b>Total fund balances</b>                              | <b>1,247</b>                       | <b>19</b>                      | <b>17</b>               | <b>509</b>           | <b>-</b>                     | <b>4,370</b>             | <b>-</b>    |
| <b>Total liabilities and fund balances</b>              | <b>\$ 8,190</b>                    | <b>\$ 19</b>                   | <b>\$ 27</b>            | <b>\$ 550</b>        | <b>\$ 69</b>                 | <b>\$ 4,427</b>          | <b>\$ 5</b> |

State of Illinois  
Office of the Secretary of State

**Combining Balance Sheet -  
Non-major Governmental Funds**  
June 30, 2016 (Expressed in Thousands)

|   | Special Revenue                        |   |                                     |   |   |                             |                          |  |
|---|--|---|-------------------------------------|---|---|-----------------------------|--------------------------|--|
|   | Ovarian<br>Cancer<br>Awareness<br>0459 | Illinois<br>Professional<br>Golfers<br>Association<br>Junior Golf<br>0463 | Boy Scout and<br>Girl Scout<br>0464 | Agriculture in<br>the Classroom<br>0466 | Sheet Metal<br>Workers Int'l<br>Assoc. of<br>Illinois<br>0468 | Library<br>Services<br>0470 | State<br>Library<br>0471 | Secretary of<br>State<br>Identification<br>and Theft<br>Prevention<br>0480 |
|   |  |   |                                     |   |   |                             |                          |  |
| <b>ASSETS</b>   |  |   |                                     |   |   |                             |                          |  |
| Unexpended appropriations                               | \$ -                                   | \$ -  | \$ -                                | \$ -                                    | \$ -  | \$ -                        | \$ -                     | \$ -   |
| Cash equity with State Treasurer                        | 5                                      | 64  | 37                                  | 40                                      | 14  | 33                          | 10                       | 49,442   |
| Cash and cash equivalents                               | -                                      | -   | -                                   | -                                       | -   | -                           | -                        | -  |
| Securities lending collateral of State Treasurer        | -                                      | -   | -                                   | -                                       | -   | -                           | -                        | -  |
| Intergovernmental receivables, net                      | -                                      | -   | -                                   | -                                       | -   | 6                           | -                        | -  |
| Other receivables, net                                  | -                                      | -   | -                                   | -                                       | -   | -                           | 1                        | -  |
| Due from other State funds                              | -                                      | -   | -                                   | -                                       | -   | -                           | -                        | -  |
| Inventories   | -                                      | -   | -                                   | -                                       | -   | -                           | -                        | -  |
| <b>Total assets</b>                                     | <b>\$ 5</b>                            | <b>\$ 64</b>  | <b>\$ 37</b>                        | <b>\$ 40</b>                            | <b>\$ 14</b>  | <b>\$ 39</b>                | <b>\$ 11</b>             | <b>\$ 49,442</b>   |
| <b>LIABILITIES</b>                                      |  |   |                                     |   |   |                             |                          |  |
| Accounts payable and accrued liabilities                | \$ -                                   | \$ -  | \$ -                                | \$ -                                    | \$ -  | \$ 5                        | \$ -                     | \$ 2,193   |
| Intergovernmental payables                              | -                                      | -   | -                                   | -                                       | -   | 16                          | -                        | 3  |
| Due to other State fiduciary funds                      | -                                      | -   | -                                   | -                                       | -   | -                           | -                        | 27   |
| Due to other Office funds                               | -                                      | -   | -                                   | -                                       | -   | -                           | -                        | -  |
| Due to other State funds                                | -                                      | -   | -                                   | -                                       | -   | -                           | -                        | -  |
| Unearned revenue  | -                                      | 2   | 1                                   | 2                                       | -   | 18                          | -                        | -  |
| Obligations under securities lending of State Treasurer | -                                      | -   | -                                   | -                                       | -   | -                           | -                        | -  |
| <b>Total liabilities</b>                                | <b>-</b>                               | <b>2</b>  | <b>1</b>                            | <b>2</b>                                | <b>-</b>  | <b>39</b>                   | <b>-</b>                 | <b>2,223</b>   |
| <b>FUND BALANCES</b>                                    |  |   |                                     |   |   |                             |                          |  |
| Nonspendable:   |  |   |                                     |   |   |                             |                          |  |
| Inventories   | -                                      | -   | -                                   | -                                       | -   | -                           | -                        | -  |
| Restricted for:   |  |   |                                     |   |   |                             |                          |  |
| General government                                      | 5                                      | 62  | 36                                  | 38                                      | 14  | -                           | -                        | -  |
| Committed to:   |  |   |                                     |   |   |                             |                          |  |
| General government                                      | -                                      | -   | -                                   | -                                       | -   | -                           | 11                       | 47,219   |
| Assigned to:  |  |   |                                     |   |   |                             |                          |  |
| General government                                      | -                                      | -   | -                                   | -                                       | -   | -                           | -                        | -  |
| Unassigned  | -                                      | -   | -                                   | -                                       | -   | -                           | -                        | -  |
| <b>Total fund balances</b>                              | <b>5</b>                               | <b>62</b>   | <b>36</b>                           | <b>38</b>                               | <b>14</b>   | <b>-</b>                    | <b>11</b>                | <b>47,219</b>  |
| <b>Total liabilities and fund balances</b>              | <b>\$ 5</b>                            | <b>\$ 64</b>  | <b>\$ 37</b>                        | <b>\$ 40</b>                            | <b>\$ 14</b>  | <b>\$ 39</b>                | <b>\$ 11</b>             | <b>\$ 49,442</b>   |

State of Illinois  
Office of the Secretary of State  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**  
June 30, 2016 (Expressed in Thousands)

|   | Special Revenue                                |                               |                         |                                       |                                  |  |  |  |
|---|--|-------------------------------|-------------------------|---------------------------------------|----------------------------------|--|--|--|
|   | Secretary of State<br>Special Services<br>0483 | Support<br>Our Troops<br>0496 | Master<br>Mason<br>0508 | Off Highway<br>Vehicle Trails<br>0574 | Pan<br>Hellenic<br>Trust<br>0584 | Park<br>District<br>Youth<br>Program<br>0585 | Professional<br>Sports Team<br>Education<br>0587 | Illinois Route<br>66 Heritage<br>Project<br>0594 |
| <b>ASSETS</b>   |  |                               |                         |                                       |                                  |  |  |  |
| Unexpended appropriations                               | \$ -   | \$ -                          | \$ -                    | \$ -                                  | \$ -                             | \$ -   | \$ -   | \$ -   |
| Cash equity with State Treasurer                        | 8,469  | 135                           | 16                      | 30                                    | 82                               | 9  | 695  | 69   |
| Cash and cash equivalents                               | -  | -                             | -                       | -                                     | -                                | -  | -  | -  |
| Securities lending collateral of State Treasurer        | -  | -                             | -                       | -                                     | -                                | -  | -  | -  |
| Intergovernmental receivables, net                      | 12   | -                             | -                       | -                                     | -                                | -  | -  | -  |
| Other receivables, net                                  | -  | -                             | -                       | -                                     | -                                | -  | -  | -  |
| Due from other State funds                              | -  | -                             | -                       | -                                     | -                                | -  | -  | -  |
| Inventories   | -  | -                             | -                       | -                                     | -                                | -  | -  | -  |
| <b>Total assets</b>                                     | <b>\$ 8,481</b>                                | <b>\$ 135</b>                 | <b>\$ 16</b>            | <b>\$ 30</b>                          | <b>\$ 82</b>                     | <b>\$ 9</b>                                  | <b>\$ 695</b>                                    | <b>\$ 69</b>                                     |
| <b>LIABILITIES</b>                                      |  |                               |                         |                                       |                                  |  |  |  |
| Accounts payable and accrued liabilities                | \$ 495   | \$ -                          | \$ 11                   | \$ -                                  | \$ 10                            | \$ 8   | \$ -   | \$ 20  |
| Intergovernmental payables                              | 23   | -                             | -                       | -                                     | -                                | -  | -  | -  |
| Due to other State fiduciary funds                      | 200  | -                             | -                       | -                                     | -                                | -  | -  | -  |
| Due to other Office funds                               | -  | -                             | -                       | -                                     | -                                | -  | 670  | -  |
| Due to other State funds                                | 225  | -                             | -                       | -                                     | -                                | -  | -  | -  |
| Unearned revenue  | -  | -                             | 1                       | -                                     | 1                                | 1  | 25   | 5  |
| Obligations under securities lending of State Treasurer | -  | -                             | -                       | -                                     | -                                | -  | -  | -  |
| <b>Total liabilities</b>                                | <b>943</b>                                     | <b>-</b>                      | <b>12</b>               | <b>-</b>                              | <b>11</b>                        | <b>9</b>                                     | <b>695</b>                                       | <b>25</b>  |
| <b>FUND BALANCES</b>                                    |  |                               |                         |                                       |                                  |  |  |  |
| Nonspendable:   |  |                               |                         |                                       |                                  |  |  |  |
| Inventories   | -  | -                             | -                       | -                                     | -                                | -  | -  | -  |
| Restricted for:   |  |                               |                         |                                       |                                  |  |  |  |
| General government                                      | -  | 135                           | 4                       | -                                     | 71                               | -  | -  | 44   |
| Committed to:   |  |                               |                         |                                       |                                  |  |  |  |
| General government                                      | 7,538  | -                             | -                       | 30                                    | -                                | -  | -  | -  |
| Assigned to:  |  |                               |                         |                                       |                                  |  |  |  |
| General government                                      | -  | -                             | -                       | -                                     | -                                | -  | -  | -  |
| Unassigned  | -  | -                             | -                       | -                                     | -                                | -  | -  | -  |
| <b>Total fund balances</b>                              | <b>7,538</b>                                   | <b>135</b>                    | <b>4</b>                | <b>30</b>                             | <b>71</b>                        | <b>-</b>                                     | <b>-</b>   | <b>44</b>  |
| <b>Total liabilities and fund balances</b>              | <b>\$ 8,481</b>                                | <b>\$ 135</b>                 | <b>\$ 16</b>            | <b>\$ 30</b>                          | <b>\$ 82</b>                     | <b>\$ 9</b>                                  | <b>\$ 695</b>                                    | <b>\$ 69</b>                                     |

State of Illinois  
Office of the Secretary of State

**Combining Balance Sheet -  
Non-major Governmental Funds**  
June 30, 2016 (Expressed in Thousands)

|   | Special Revenue                         |                   |  |  |  |  |                                  |
|---|---|-------------------|--|--|--|--|----------------------------------|
|   | Police<br>Memorial<br>Committee<br>0598 | Mammogram<br>0599 | Motor Vehicle<br>License Plate<br>0622 | Chicago Police<br>Memorial<br>Foundation<br>0639 | Illinois Police<br>Association<br>0655 | Octave<br>Chanute Aero<br>Heritage<br>0662 | Organ Donor<br>Awareness<br>0716 |
| <b>ASSETS</b>   |   |                   |  |  |  |  |                                  |
| Unexpended appropriations                               | \$ -                                    | \$ -              | \$ -                                   | \$ -   | \$ -                                   | \$ -                                       | \$ -                             |
| Cash equity with State Treasurer                        | 72                                      | 51                | 15,110                                 | 34   | 52                                     | 14   | 67                               |
| Cash and cash equivalents                               | -                                       | -                 | -                                      | -  | -                                      | -  | -                                |
| Securities lending collateral of State Treasurer        | -                                       | -                 | -                                      | -  | -                                      | -  | -                                |
| Intergovernmental receivables, net                      | -                                       | -                 | -                                      | -  | -                                      | -  | -                                |
| Other receivables, net                                  | -                                       | -                 | -                                      | -  | -                                      | -  | -                                |
| Due from other State funds                              | -                                       | -                 | -                                      | -  | -                                      | -  | -                                |
| Inventories   | -                                       | -                 | 2,363                                  | -  | -                                      | -  | -                                |
| <b>Total assets</b>                                     | <b>\$ 72</b>                            | <b>\$ 51</b>      | <b>\$ 17,473</b>                       | <b>\$ 34</b>                                     | <b>\$ 52</b>                           | <b>\$ 14</b>                               | <b>\$ 67</b>                     |
| <b>LIABILITIES</b>                                      |   |                   |  |  |  |  |                                  |
| Accounts payable and accrued liabilities                | \$ 44                                   | \$ 32             | \$ 762                                 | \$ -   | \$ -                                   | \$ -                                       | \$ 51                            |
| Intergovernmental payables                              | -                                       | -                 | 10                                     | -  | -                                      | -  | -                                |
| Due to other State fiduciary funds                      | -                                       | -                 | -                                      | -  | -                                      | -  | -                                |
| Due to other Office funds                               | -                                       | -                 | -                                      | -  | -                                      | -  | -                                |
| Due to other State funds                                | -                                       | -                 | 92                                     | -  | -                                      | -  | -                                |
| Unearned revenue  | 3                                       | 3                 | -                                      | 1  | 2                                      | -  | 4                                |
| Obligations under securities lending of State Treasurer | -                                       | -                 | -                                      | -  | -                                      | -  | -                                |
| <b>Total liabilities</b>                                | <b>47</b>                               | <b>35</b>         | <b>864</b>                             | <b>1</b>   | <b>2</b>                               | <b>-</b>                                   | <b>55</b>                        |
| <b>FUND BALANCES</b>                                    |   |                   |  |  |  |  |                                  |
| Nonspendable:   |   |                   |  |  |  |  |                                  |
| Inventories   | -                                       | -                 | 2,363                                  | -  | -                                      | -  | -                                |
| Restricted for:   |   |                   |  |  |  |  |                                  |
| General government                                      | 25                                      | 16                | -                                      | 33   | 50                                     | 14   | -                                |
| Committed to:   |   |                   |  |  |  |  |                                  |
| General government                                      | -                                       | -                 | 14,246                                 | -  | -                                      | -  | 12                               |
| Assigned to:  |   |                   |  |  |  |  |                                  |
| General government                                      | -                                       | -                 | -                                      | -  | -                                      | -  | -                                |
| Unassigned  | -                                       | -                 | -                                      | -  | -                                      | -  | -                                |
| <b>Total fund balances</b>                              | <b>25</b>                               | <b>16</b>         | <b>16,609</b>                          | <b>33</b>  | <b>50</b>                              | <b>14</b>                                  | <b>12</b>                        |
| <b>Total liabilities and fund balances</b>              | <b>\$ 72</b>                            | <b>\$ 51</b>      | <b>\$ 17,473</b>                       | <b>\$ 34</b>                                     | <b>\$ 52</b>                           | <b>\$ 14</b>                               | <b>\$ 67</b>                     |

State of Illinois  
Office of the Secretary of State

**Combining Balance Sheet -  
Non-major Governmental Funds**  
June 30, 2016 (Expressed in Thousands)

|   | Special Revenue                                     |                                   |  |                                     |  |   |  |
|---|---|-----------------------------------|--|-------------------------------------|--|---|--|
|   | Secretary of<br>State DUI<br>Administration<br>0732 | Secretary of<br>State DUI<br>0758 | Secretary of<br>State Police<br>Services<br>0759 | Marine Corps<br>Scholarship<br>0760 | State Parking<br>Facility<br>Maintenance<br>0782 | Illinois EMS<br>Memorial<br>Scholarship and<br>Training<br>0800 | International<br>Brotherhood of<br>Teamsters<br>0803 |
|   |   |                                   |  |                                     |  |   |  |
| <b>ASSETS</b>   |   |                                   |  |                                     |  |   |  |
| Unexpended appropriations                               | \$ -  | \$ -                              | \$ -   | \$ -                                | \$ 4   | \$ -  | \$ -   |
| Cash equity with State Treasurer                        | 3,927   | 12                                | 531  | 66                                  | -  | 12  | 39   |
| Cash and cash equivalents                               | -   | -                                 | -  | -                                   | -  | -   | -  |
| Securities lending collateral of State Treasurer        | -   | -                                 | -  | -                                   | -  | -   | -  |
| Intergovernmental receivables, net                      | -   | -                                 | -  | -                                   | -  | -   | -  |
| Other receivables, net                                  | -   | -                                 | -  | -                                   | -  | -   | -  |
| Due from other State funds                              | -   | -                                 | -  | -                                   | -  | -   | -  |
| Inventories   | -   | -                                 | -  | -                                   | -  | -   | -  |
| <b>Total assets</b>                                     | <b>\$ 3,927</b>                                     | <b>\$ 12</b>                      | <b>\$ 531</b>                                    | <b>\$ 66</b>                        | <b>\$ 4</b>                                      | <b>\$ 12</b>  | <b>\$ 39</b>   |
| <b>LIABILITIES</b>                                      |   |                                   |  |                                     |  |   |  |
| Accounts payable and accrued liabilities                | \$ 112  | \$ -                              | \$ 13  | \$ -                                | \$ 4   | \$ -  | \$ 35  |
| Intergovernmental payables                              | 1   | -                                 | -  | -                                   | -  | -   | -  |
| Due to other State fiduciary funds                      | 15  | -                                 | -  | -                                   | -  | -   | -  |
| Due to other Office funds                               | -   | -                                 | -  | -                                   | -  | -   | -  |
| Due to other State funds                                | 10  | -                                 | -  | -                                   | -  | -   | -  |
| Unearned revenue  | -   | -                                 | -  | 2                                   | -  | -   | -  |
| Obligations under securities lending of State Treasurer | -   | -                                 | -  | -                                   | -  | -   | -  |
| <b>Total liabilities</b>                                | <b>138</b>  | <b>-</b>                          | <b>13</b>  | <b>2</b>                            | <b>4</b>   | <b>-</b>  | <b>35</b>  |
| <b>FUND BALANCES</b>                                    |   |                                   |  |                                     |  |   |  |
| Nonspendable:   |   |                                   |  |                                     |  |   |  |
| Inventories   | -   | -                                 | -  | -                                   | -  | -   | -  |
| Restricted for:   |   |                                   |  |                                     |  |   |  |
| General government                                      | -   | 12                                | -  | -                                   | -  | 12  | 4  |
| Committed to:   |   |                                   |  |                                     |  |   |  |
| General government                                      | 3,789   | -                                 | 518  | 64                                  | -  | -   | -  |
| Assigned to:  |   |                                   |  |                                     |  |   |  |
| General government                                      | -   | -                                 | -  | -                                   | -  | -   | -  |
| Unassigned  | -   | -                                 | -  | -                                   | -  | -   | -  |
| <b>Total fund balances</b>                              | <b>3,789</b>  | <b>12</b>                         | <b>518</b>                                       | <b>64</b>                           | <b>-</b>   | <b>12</b>   | <b>4</b>   |
| <b>Total liabilities and fund balances</b>              | <b>\$ 3,927</b>                                     | <b>\$ 12</b>                      | <b>\$ 531</b>                                    | <b>\$ 66</b>                        | <b>\$ 4</b>                                      | <b>\$ 12</b>  | <b>\$ 39</b>   |

State of Illinois  
Office of the Secretary of State

**Combining Balance Sheet -  
Non-major Governmental Funds**  
June 30, 2016 (Expressed in Thousands)

|   | Special Revenue           |   |   |  |                            |                                     |   |
|---|---------------------------|---|---|--|----------------------------|-------------------------------------|---|
|   | Share the<br>Road<br>0854 | Cycle Rider<br>Safety<br>Training<br>0863 | Fraternal<br>Order of<br>Police<br>0867 | St. Jude<br>Children's<br>Research<br>0899 | Ducks<br>Unlimited<br>0918 | Secretary of<br>State Grant<br>0948 | Secretary of<br>State Antique<br>Vehicle Show<br>1390 |
| <b>ASSETS</b>   |                           |   |   |  |                            |                                     |   |
| Unexpended appropriations                               | \$ -                      | \$ -                                      | \$ -                                    | \$ -                                       | \$ -                       | \$ -                                | \$ -  |
| Cash equity with State Treasurer                        | 31                        | 533                                       | 9                                       | 3  | 16                         | 590                                 | -   |
| Cash and cash equivalents                               | -                         | -   | -                                       | -  | -                          | -                                   | 9   |
| Securities lending collateral of State Treasurer        | -                         | -   | -                                       | 1  | -                          | -                                   | -   |
| Intergovernmental receivables, net                      | -                         | -   | -                                       | -  | -                          | -                                   | -   |
| Other receivables, net                                  | -                         | -   | -                                       | -  | -                          | -                                   | -   |
| Due from other State funds                              | -                         | -   | -                                       | -  | -                          | -                                   | -   |
| Inventories   | -                         | -   | -                                       | -  | -                          | -                                   | -   |
| <b>Total assets</b>                                     | <b>\$ 31</b>              | <b>\$ 533</b>                             | <b>\$ 9</b>                             | <b>\$ 4</b>                                | <b>\$ 16</b>               | <b>\$ 590</b>                       | <b>\$ 9</b>   |
| <b>LIABILITIES</b>                                      |                           |   |   |  |                            |                                     |   |
| Accounts payable and accrued liabilities                | \$ -                      | \$ -                                      | \$ 3                                    | \$ -                                       | \$ -                       | \$ 1                                | \$ -  |
| Intergovernmental payables                              | -                         | -   | -                                       | -  | -                          | -                                   | -   |
| Due to other State fiduciary funds                      | -                         | -   | -                                       | -  | -                          | -                                   | -   |
| Due to other Office funds                               | -                         | -   | -                                       | -  | -                          | -                                   | -   |
| Due to other State funds                                | -                         | -   | -                                       | -  | -                          | -                                   | -   |
| Unearned revenue  | 2                         | 56  | -                                       | -  | -                          | -                                   | -   |
| Obligations under securities lending of State Treasurer | -                         | -   | -                                       | 1  | -                          | -                                   | -   |
| <b>Total liabilities</b>                                | <b>2</b>                  | <b>56</b>                                 | <b>3</b>                                | <b>1</b>                                   | <b>-</b>                   | <b>1</b>                            | <b>-</b>  |
| <b>FUND BALANCES</b>                                    |                           |   |   |  |                            |                                     |   |
| Nonspendable:   |                           |   |   |  |                            |                                     |   |
| Inventories   | -                         | -   | -                                       | -  | -                          | -                                   | -   |
| Restricted for:   |                           |   |   |  |                            |                                     |   |
| General government                                      | 29                        | -   | 6                                       | 3  | 16                         | -                                   | 9   |
| Committed to:   |                           |   |   |  |                            |                                     |   |
| General government                                      | -                         | 477                                       | -                                       | -  | -                          | -                                   | -   |
| Assigned to:  |                           |   |   |  |                            |                                     |   |
| General government                                      | -                         | -   | -                                       | -  | -                          | 589                                 | -   |
| Unassigned  | -                         | -   | -                                       | -  | -                          | -                                   | -   |
| <b>Total fund balances</b>                              | <b>29</b>                 | <b>477</b>                                | <b>6</b>                                | <b>3</b>                                   | <b>16</b>                  | <b>589</b>                          | <b>9</b>  |
| <b>Total liabilities and fund balances</b>              | <b>\$ 31</b>              | <b>\$ 533</b>                             | <b>\$ 9</b>                             | <b>\$ 4</b>                                | <b>\$ 16</b>               | <b>\$ 590</b>                       | <b>\$ 9</b>   |



State of Illinois  
Office of the Secretary of State

**Combining Balance Sheet -  
Non-major Governmental Funds**  
June 30, 2016 (Expressed in Thousands)

|   | <u>Capital Projects</u>                 |                   |
|---|---|-------------------|
|   | <u>Capital<br/>Development<br/>0141</u> | <u>Total</u>      |
| <b>ASSETS</b>   |   |                   |
| Unexpended appropriations                               | \$ 2                                    | \$ 6              |
| Cash equity with State Treasurer                        | -                                       | 123,894           |
| Cash and cash equivalents                               | -                                       | 9                 |
| Securities lending collateral of State Treasurer        | -                                       | 2,417             |
| Intergovernmental receivables, net                      | -                                       | 18                |
| Other receivables, net                                  | -                                       | 132               |
| Due from other State funds                              | -                                       | 1                 |
| Inventories   | -                                       | 2,756             |
| <b>Total assets</b>                                     | <u>\$ 2</u>                             | <u>\$ 129,233</u> |
| <b>LIABILITIES</b>                                      |   |                   |
| Accounts payable and accrued liabilities                | \$ 2                                    | \$ 5,022          |
| Intergovernmental payables                              | -                                       | 93                |
| Due to other State fiduciary funds                      | -                                       | 620               |
| Due to other Office funds                               | -                                       | 7,570             |
| Due to other State funds                                | -                                       | 335               |
| Unearned revenue  | -                                       | 251               |
| Obligations under securities lending of State Treasurer | -                                       | 2,417             |
| <b>Total liabilities</b>                                | <u>2</u>                                | <u>16,308</u>     |
| <b>FUND BALANCES</b>                                    |   |                   |
| Nonspendable:   |   |                   |
| Inventories   | -                                       | 2,756             |
| Restricted for:   |   |                   |
| General government                                      | -                                       | 5,833             |
| Committed to:   |   |                   |
| General government                                      | -                                       | 102,320           |
| Assigned to:  |   |                   |
| General government                                      | -                                       | 950               |
| Unassigned  | -                                       | 1,066             |
| <b>Total fund balances</b>                              | <u>-</u>                                | <u>112,925</u>    |
| <b>Total liabilities and fund balances</b>              | <u>\$ 2</u>                             | <u>\$ 129,233</u> |

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Combining Statement of Revenues,  
Expenditures and Changes in Fund Balance -  
Non-major Governmental Funds

For the Year Ended June 30, 2016 (Expressed in Thousands)

Special Revenue

|  | Motor Fuel<br>Tax<br>0012 | Alzheimer's<br>Awareness<br>0020 | Illinois<br>Nurses<br>Foundation<br>0028 | American<br>Red Cross<br>0029 | Drivers<br>Education<br>0031 | Illinois Sheriff's<br>Assoc.<br>Scholarship &<br>Training<br>0032 | Illinois State<br>Police<br>Memorial<br>Park<br>0034 |
|--|---------------------------|----------------------------------|--|-------------------------------|------------------------------|---|--|
| <b>REVENUES</b>  |                           |                                  |  |                               |                              |   |  |
| Federal government   | \$ -                      | \$ -                             | \$ -                                     | \$ -                          | \$ -                         | \$ -  | \$ -   |
| Licenses and fees  | -                         | 4                                | 19                                       | -                             | 11,738                       | 1   | 15   |
| Interest and other investment income                                 | -                         | -                                | -  | -                             | -                            | -   | -  |
| Other charges for services   | -                         | -                                | -  | -                             | -                            | -   | -  |
| Other revenues   | -                         | -                                | -  | -                             | -                            | -   | -  |
| Other operating grants   | -                         | -                                | -  | -                             | -                            | -   | -  |
| <b>Total revenues</b>  | -                         | 4                                | 19                                       | -                             | 11,738                       | 1   | 15   |
| <b>EXPENDITURES</b>  |                           |                                  |  |                               |                              |   |  |
| General government   | 1,300                     | -                                | -  | -                             | -                            | 1   | 5  |
| Capital outlays  | -                         | -                                | -  | -                             | -                            | -   | -  |
| <b>Total expenditures</b>  | 1,300                     | -                                | -  | -                             | -                            | 1   | 5  |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | (1,300)                   | 4                                | 19                                       | -                             | 11,738                       | -   | 10   |
| <b>OTHER SOURCES (USES) OF<br/>FINANCIAL RESOURCES</b>               |                           |                                  |  |                               |                              |   |  |
| Appropriations from State resources                                  | 1,300                     | -                                | -  | -                             | -                            | -   | -  |
| Lapsed appropriations  | -                         | -                                | -  | -                             | -                            | -   | -  |
| Receipts collected and transmitted to State Treasury                 | -                         | -                                | -  | -                             | (11,767)                     | -   | -  |
| Reappropriations to future year(s)                                   | -                         | -                                | -  | -                             | -                            | -   | -  |
| Transfers-in   | -                         | -                                | -  | -                             | -                            | -   | -  |
| Transfers-out  | -                         | -                                | -  | -                             | -                            | -   | -  |
| <b>Net other sources (uses) of<br/>financial resources</b>           | 1,300                     | -                                | -  | -                             | (11,767)                     | -   | -  |
| <b>Net change in fund balances</b>                                   | -                         | 4                                | 19                                       | -                             | (29)                         | -   | 10   |
| Fund balances, July 1, 2015  | -                         | 4                                | 3  | 1                             | 1,095                        | -   | 6  |
| Increase for changes in inventories                                  | -                         | -                                | -  | -                             | -                            | -   | -  |
| <b>FUND BALANCES, JUNE 30, 2016</b>                                  | \$ -                      | \$ 8                             | \$ 22                                    | \$ 1                          | \$ 1,066                     | \$ -  | \$ 16  |

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Combining Statement of Revenues,  
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Non-major Governmental Funds

For the Year Ended June 30, 2016 (Expressed in Thousands)

|  | Special Revenue                            |  |   |                                       |   |                                      |  |
|--|--|--|---|---------------------------------------|---|--------------------------------------|--|
|  | Illinois<br>Police K-9<br>Memorial<br>0038 | Lobbyist<br>Registration<br>Administration<br>0044 | National Wild<br>Turkey<br>Federation<br>0058 | Curing<br>Childhood<br>Cancer<br>0066 | Accessible<br>Electronic<br>Information<br>Services<br>0106 | CDLIS/<br>AAMVA<br>Net Trust<br>0109 | Registered<br>Limited Liability<br>Partnership<br>0167 |
| <b>REVENUES</b>  |  |  |   |                                       |   |                                      |  |
| Federal government   | \$ -                                       | \$ -   | \$ -  | \$ -                                  | \$ -  | \$ -                                 | \$ -   |
| Licenses and fees  | -  | 1,077  | -   | 1                                     | -   | 5,205                                | 544  |
| Interest and other investment income                                 | -  | -  | -   | -                                     | -   | -                                    | -  |
| Other charges for services   | -  | -  | -   | -                                     | -   | -                                    | -  |
| Other revenues   | -  | 88   | -   | -                                     | -   | -                                    | -  |
| Other operating grants   | -  | -  | -   | -                                     | -   | -                                    | -  |
| <b>Total revenues</b>  | -  | 1,165  | -   | 1                                     | -   | 5,205                                | 544  |
| <b>EXPENDITURES</b>  |  |  |   |                                       |   |                                      |  |
| General government   | -  | 987  | -   | -                                     | 53  | 2,029                                | 169  |
| Capital outlays  | -  | -  | -   | -                                     | -   | 10                                   | -  |
| <b>Total expenditures</b>  | -  | 987  | -   | -                                     | 53  | 2,039                                | 169  |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | -  | 178  | -   | 1                                     | (53)  | 3,166                                | 375  |
| <b>OTHER SOURCES (USES) OF<br/>FINANCIAL RESOURCES</b>               |  |  |   |                                       |   |                                      |  |
| Appropriations from State resources                                  | -  | -  | -   | -                                     | -   | -                                    | -  |
| Lapsed appropriations  | -  | -  | -   | -                                     | -   | -                                    | -  |
| Receipts collected and transmitted to State Treasury                 | -  | -  | -   | -                                     | -   | -                                    | -  |
| Reappropriations to future year(s)                                   | -  | -  | -   | -                                     | -   | -                                    | -  |
| Transfers-in   | -  | -  | -   | -                                     | 27  | -                                    | -  |
| Transfers-out  | -  | (1,000)  | -   | -                                     | -   | -                                    | (389)  |
| <b>Net other sources (uses) of<br/>financial resources</b>           | -  | (1,000)  | -   | -                                     | 27  | -                                    | (389)  |
| <b>Net change in fund balances</b>                                   | -  | (822)  | -   | 1                                     | (26)  | 3,166                                | (14)   |
| Fund balances, July 1, 2015  | 1  | 1,683  | 1   | 5                                     | 83  | 3,748                                | 253  |
| Increase for changes in inventories                                  | -  | -  | -   | -                                     | -   | -                                    | -  |
| <b>FUND BALANCES, JUNE 30, 2016</b>                                  | \$ 1                                       | \$ 861   | \$ 1  | \$ 6                                  | \$ 57   | \$ 6,914                             | \$ 239   |

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Combining Statement of Revenues,  
Expenditures and Changes in Fund Balance -  
Non-major Governmental Funds

For the Year Ended June 30, 2016 (Expressed in Thousands)

|  | Special Revenue                                   |   |  |  |                              |   |   |
|--|---|---|--|--|------------------------------|---|---|
|  | Secretary of<br>State Federal<br>Projects<br>0176 | Driver Services<br>Administration<br>0182 | Secretary of<br>State Special<br>License Plate<br>0185 | Securities<br>Investors<br>Education<br>0292 | Interagency<br>Grant<br>0295 | Family<br>Financial<br>Responsibility<br>0322 | Motor<br>Vehicle<br>Review<br>Board<br>0323 |
| <b>REVENUES</b>  |   |   |  |  |                              |   |   |
| Federal government   | \$ 22   | \$ -                                      | \$ -   | \$ -   | \$ -                         | \$ -  | \$ -  |
| Licenses and fees  | -   | 1,822                                     | 3,928  | -  | -                            | 141   | 235   |
| Interest and other investment income                                 | -   | -   | -  | -  | -                            | -   | -   |
| Other charges for services   | -   | -   | -  | -  | -                            | -   | -   |
| Other revenues   | -   | -   | -  | 55   | -                            | -   | -   |
| Other operating grants   | -   | -   | -  | -  | -                            | -   | -   |
| <b>Total revenues</b>  | <b>22</b>   | <b>1,822</b>                              | <b>3,928</b>   | <b>55</b>                                    | <b>-</b>                     | <b>141</b>                                    | <b>235</b>                                  |
| <b>EXPENDITURES</b>  |   |   |  |  |                              |   |   |
| General government   | 22  | 2,407                                     | 4,097  | 298  | 1                            | 184   | 219   |
| Capital outlays  | -   | -   | -  | -  | -                            | -   | -   |
| <b>Total expenditures</b>  | <b>22</b>   | <b>2,407</b>                              | <b>4,097</b>   | <b>298</b>                                   | <b>1</b>                     | <b>184</b>                                    | <b>219</b>                                  |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>-</b>  | <b>(585)</b>                              | <b>(169)</b>   | <b>(243)</b>                                 | <b>(1)</b>                   | <b>(43)</b>                                   | <b>16</b>                                   |
| <b>OTHER SOURCES (USES) OF<br/>FINANCIAL RESOURCES</b>               |   |   |  |  |                              |   |   |
| Appropriations from State resources                                  | -   | -   | -  | -  | -                            | -   | -   |
| Lapsed appropriations  | -   | -   | -  | -  | -                            | -   | -   |
| Receipts collected and transmitted to State Treasury                 | -   | -   | -  | -  | -                            | -   | -   |
| Reappropriations to future year(s)                                   | -   | -   | -  | -  | -                            | -   | -   |
| Transfers-in   | -   | -   | -  | -  | -                            | -   | -   |
| Transfers-out  | -   | -   | -  | (5,000)                                      | -                            | -   | -   |
| <b>Net other sources (uses) of<br/>financial resources</b>           | <b>-</b>  | <b>-</b>                                  | <b>-</b>   | <b>(5,000)</b>                               | <b>-</b>                     | <b>-</b>                                      | <b>-</b>                                    |
| <b>Net change in fund balances</b>                                   | <b>-</b>  | <b>(585)</b>                              | <b>(169)</b>   | <b>(5,243)</b>                               | <b>(1)</b>                   | <b>(43)</b>                                   | <b>16</b>                                   |
| Fund balances, July 1, 2015  | 68  | 1,336                                     | 4,715  | 9,853  | 294                          | 610   | 224   |
| Increase for changes in inventories                                  | -   | -   | 114  | -  | -                            | -   | -   |
| <b>FUND BALANCES, JUNE 30, 2016</b>                                  | <b>\$ 68</b>                                      | <b>\$ 751</b>                             | <b>\$ 4,660</b>  | <b>\$ 4,610</b>                              | <b>\$ 293</b>                | <b>\$ 567</b>                                 | <b>\$ 240</b>                               |

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Combining Statement of Revenues,  
Expenditures and Changes in Fund Balance -  
Non-major Governmental Funds

For the Year Ended June 30, 2016 (Expressed in Thousands)

Special Revenue

|  | Securities<br>Audit and<br>Enforcement<br>0362 | Department of<br>Business Services<br>Special Operations<br>0363 | Secretary of<br>State Evidence<br>0374 | State College<br>and University<br>Trust<br>0417 | Alternative<br>Fuels<br>0422 | Indigent<br>BAIID<br>0451 | Monitoring<br>Device Driving<br>Permit<br>Administration<br>0453 |
|--|--|--|--|--|------------------------------|---------------------------|--|
| <b>REVENUES</b>  |  |  |  |  |                              |                           |  |
| Federal government   | \$ -   | \$ -   | \$ -                                   | \$ -   | \$ -                         | \$ -                      | \$ -   |
| Licenses and fees  | 10,161   | 17,565   | -                                      | 262  | 1,687                        | 217                       | 1,806  |
| Interest and other investment income                                 | 37   | -  | -                                      | -  | -                            | -                         | -  |
| Other charges for services   | -  | -  | -                                      | -  | -                            | -                         | -  |
| Other revenues   | (284)  | -  | -                                      | -  | -                            | -                         | -  |
| Other operating grants   | -  | -  | -                                      | -  | -                            | -                         | -  |
| <b>Total revenues</b>  | <b>9,914</b>                                   | <b>17,565</b>  | <b>-</b>                               | <b>262</b>                                       | <b>1,687</b>                 | <b>217</b>                | <b>1,806</b>   |
| <b>EXPENDITURES</b>  |  |  |  |  |                              |                           |  |
| General government   | 8,399  | 11,046   | 1                                      | -  | 225                          | 217                       | 1,283  |
| Capital outlays  | -  | -  | -                                      | -  | -                            | -                         | -  |
| <b>Total expenditures</b>  | <b>8,399</b>                                   | <b>11,046</b>  | <b>1</b>                               | <b>-</b>   | <b>225</b>                   | <b>217</b>                | <b>1,283</b>   |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>1,515</b>                                   | <b>6,519</b>   | <b>(1)</b>                             | <b>262</b>                                       | <b>1,462</b>                 | <b>-</b>                  | <b>523</b>   |
| <b>OTHER SOURCES (USES) OF<br/>FINANCIAL RESOURCES</b>               |  |  |  |  |                              |                           |  |
| Appropriations from State resources                                  | -  | -  | -                                      | -  | 225                          | -                         | -  |
| Lapsed appropriations  | -  | -  | -                                      | -  | -                            | -                         | -  |
| Receipts collected and transmitted to State Treasury                 | -  | -  | -                                      | (261)  | (1,597)                      | -                         | -  |
| Reappropriations to future year(s)                                   | -  | -  | -                                      | -  | -                            | -                         | -  |
| Transfers-in   | -  | -  | -                                      | -  | -                            | -                         | -  |
| Transfers-out  | (4,000)  | (6,493)  | -                                      | -  | -                            | -                         | -  |
| <b>Net other sources (uses) of<br/>financial resources</b>           | <b>(4,000)</b>                                 | <b>(6,493)</b>   | <b>-</b>                               | <b>(261)</b>                                     | <b>(1,372)</b>               | <b>-</b>                  | <b>-</b>   |
| <b>Net change in fund balances</b>                                   | <b>(2,485)</b>                                 | <b>26</b>  | <b>(1)</b>                             | <b>1</b>   | <b>90</b>                    | <b>-</b>                  | <b>523</b>   |
| Fund balances, July 1, 2015  | 11,373   | 1,221  | 20                                     | 16   | 419                          | -                         | 3,847  |
| Increase for changes in inventories                                  | -  | -  | -                                      | -  | -                            | -                         | -  |
| <b>FUND BALANCES, JUNE 30, 2016</b>                                  | <b>\$ 8,888</b>                                | <b>\$ 1,247</b>  | <b>\$ 19</b>                           | <b>\$ 17</b>                                     | <b>\$ 509</b>                | <b>\$ -</b>               | <b>\$ 4,370</b>  |

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Combining Statement of Revenues,  
Expenditures and Changes in Fund Balance -  
Non-major Governmental Funds

For the Year Ended June 30, 2016 (Expressed in Thousands)

|  | Special Revenue     |  |   |                                     |   |   |                             |
|--|---------------------|--|---|-------------------------------------|---|---|-----------------------------|
|  | Rotary Club<br>0454 | Ovarian<br>Cancer<br>Awareness<br>0459 | Illinois<br>Professional<br>Golfers<br>Association<br>Junior Golf<br>0463 | Boy Scout and<br>Girl Scout<br>0464 | Agriculture in<br>the Classroom<br>0466 | Sheet Metal<br>Workers Int'l<br>Assoc. of<br>Illinois<br>0468 | Library<br>Services<br>0470 |
| <b>REVENUES</b>  |                     |  |   |                                     |   |   |                             |
| Federal government   | \$ -                | \$ -                                   | \$ -  | \$ -                                | \$ -                                    | \$ -  | \$ 5,930                    |
| Licenses and fees  | 4                   | 13                                     | 46  | 18                                  | 100                                     | 3   | -                           |
| Interest and other investment income                                 | -                   | -                                      | -   | -                                   | -                                       | -   | -                           |
| Other charges for services   | -                   | -                                      | -   | -                                   | -                                       | -   | -                           |
| Other revenues   | -                   | -                                      | -   | -                                   | -                                       | -   | -                           |
| Other operating grants   | -                   | -                                      | -   | -                                   | -                                       | -   | -                           |
| <b>Total revenues</b>  | <b>4</b>            | <b>13</b>                              | <b>46</b>   | <b>18</b>                           | <b>100</b>                              | <b>3</b>  | <b>5,930</b>                |
| <b>EXPENDITURES</b>  |                     |  |   |                                     |   |   |                             |
| General government   | 5                   | 15                                     | -   | 30                                  | 125                                     | -   | 5,843                       |
| Capital outlays  | -                   | -                                      | -   | -                                   | -                                       | -   | 87                          |
| <b>Total expenditures</b>  | <b>5</b>            | <b>15</b>                              | <b>-</b>  | <b>30</b>                           | <b>125</b>                              | <b>-</b>  | <b>5,930</b>                |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>(1)</b>          | <b>(2)</b>                             | <b>46</b>   | <b>(12)</b>                         | <b>(25)</b>                             | <b>3</b>  | <b>-</b>                    |
| <b>OTHER SOURCES (USES) OF<br/>FINANCIAL RESOURCES</b>               |                     |  |   |                                     |   |   |                             |
| Appropriations from State resources                                  | -                   | -                                      | -   | -                                   | -                                       | -   | -                           |
| Lapsed appropriations  | -                   | -                                      | -   | -                                   | -                                       | -   | -                           |
| Receipts collected and transmitted to State Treasury                 | -                   | -                                      | -   | -                                   | -                                       | -   | -                           |
| Reappropriations to future year(s)                                   | -                   | -                                      | -   | -                                   | -                                       | -   | -                           |
| Transfers-in   | -                   | -                                      | -   | -                                   | -                                       | -   | -                           |
| Transfers-out  | -                   | -                                      | -   | -                                   | -                                       | -   | -                           |
| <b>Net other sources (uses) of<br/>financial resources</b>           | <b>-</b>            | <b>-</b>                               | <b>-</b>  | <b>-</b>                            | <b>-</b>                                | <b>-</b>  | <b>-</b>                    |
| <b>Net change in fund balances</b>                                   | <b>(1)</b>          | <b>(2)</b>                             | <b>46</b>   | <b>(12)</b>                         | <b>(25)</b>                             | <b>3</b>  | <b>-</b>                    |
| Fund balances, July 1, 2015  | 1                   | 7                                      | 16  | 48                                  | 63                                      | 11  | -                           |
| Increase for changes in inventories                                  | -                   | -                                      | -   | -                                   | -                                       | -   | -                           |
| <b>FUND BALANCES, JUNE 30, 2016</b>                                  | <b>\$ -</b>         | <b>\$ 5</b>                            | <b>\$ 62</b>  | <b>\$ 36</b>                        | <b>\$ 38</b>                            | <b>\$ 14</b>  | <b>\$ -</b>                 |

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Combining Statement of Revenues,  
Expenditures and Changes in Fund Balance -  
Non-major Governmental Funds

For the Year Ended June 30, 2016 (Expressed in Thousands)

|  | Special Revenue          |  |  |                               |                         |                                       |                                  |
|--|--------------------------|--|--|-------------------------------|-------------------------|---------------------------------------|----------------------------------|
|  | State<br>Library<br>0471 | Secretary of<br>State<br>Identification<br>and Theft<br>Prevention<br>0480 | Secretary of State<br>Special Services<br>0483 | Support<br>Our Troops<br>0496 | Master<br>Mason<br>0508 | Off Highway<br>Vehicle Trails<br>0574 | Pan<br>Hellenic<br>Trust<br>0584 |
| <b>REVENUES</b>  |                          |  |  |                               |                         |                                       |                                  |
| Federal government   | \$ -                     | \$ -   | \$ 184   | \$ -                          | \$ -                    | \$ -                                  | \$ -                             |
| Licenses and fees  | 4                        | -  | 20,370   | 31                            | 39                      | 336                                   | 60                               |
| Interest and other investment income                                 | -                        | -  | -  | -                             | -                       | -                                     | -                                |
| Other charges for services   | 1                        | -  | -  | -                             | -                       | -                                     | -                                |
| Other revenues   | 2                        | -  | 58   | -                             | -                       | -                                     | -                                |
| Other operating grants   | -                        | -  | -  | -                             | -                       | -                                     | -                                |
| <b>Total revenues</b>  | <b>7</b>                 | <b>-</b>   | <b>20,612</b>                                  | <b>31</b>                     | <b>39</b>               | <b>336</b>                            | <b>60</b>                        |
| <b>EXPENDITURES</b>  |                          |  |  |                               |                         |                                       |                                  |
| General government   | 6                        | 10,576   | 22,369   | -                             | 41                      | -                                     | 54                               |
| Capital outlays  | 11                       | -  | 163  | -                             | -                       | -                                     | -                                |
| <b>Total expenditures</b>  | <b>17</b>                | <b>10,576</b>  | <b>22,532</b>                                  | <b>-</b>                      | <b>41</b>               | <b>-</b>                              | <b>54</b>                        |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>(10)</b>              | <b>(10,576)</b>  | <b>(1,920)</b>                                 | <b>31</b>                     | <b>(2)</b>              | <b>336</b>                            | <b>6</b>                         |
| <b>OTHER SOURCES (USES) OF<br/>FINANCIAL RESOURCES</b>               |                          |  |  |                               |                         |                                       |                                  |
| Appropriations from State resources                                  | -                        | -  | -  | -                             | -                       | -                                     | -                                |
| Lapsed appropriations  | -                        | -  | -  | -                             | -                       | -                                     | -                                |
| Receipts collected and transmitted to State Treasury                 | -                        | -  | -  | -                             | -                       | (338)                                 | -                                |
| Reappropriations to future year(s)                                   | -                        | -  | -  | -                             | -                       | -                                     | -                                |
| Transfers-in   | -                        | -  | -  | -                             | -                       | -                                     | -                                |
| Transfers-out  | -                        | -  | -  | -                             | -                       | -                                     | -                                |
| <b>Net other sources (uses) of<br/>financial resources</b>           | <b>-</b>                 | <b>-</b>   | <b>-</b>                                       | <b>-</b>                      | <b>-</b>                | <b>(338)</b>                          | <b>-</b>                         |
| <b>Net change in fund balances</b>                                   | <b>(10)</b>              | <b>(10,576)</b>  | <b>(1,920)</b>                                 | <b>31</b>                     | <b>(2)</b>              | <b>(2)</b>                            | <b>6</b>                         |
| Fund balances, July 1, 2015  | 21                       | 57,795   | 9,458  | 104                           | 6                       | 32                                    | 65                               |
| Increase for changes in inventories                                  | -                        | -  | -  | -                             | -                       | -                                     | -                                |
| <b>FUND BALANCES, JUNE 30, 2016</b>                                  | <b>\$ 11</b>             | <b>\$ 47,219</b>   | <b>\$ 7,538</b>                                | <b>\$ 135</b>                 | <b>\$ 4</b>             | <b>\$ 30</b>                          | <b>\$ 71</b>                     |

State of Illinois  
Office of the Secretary of State

Combining Statement of Revenues,  
Expenditures and Changes in Fund Balance -  
Non-major Governmental Funds

For the Year Ended June 30, 2016 (Expressed in Thousands)

|  | Special Revenue                              |  |  |   |                   |  |
|--|--|--|--|---|-------------------|--|
|  | Park<br>District<br>Youth<br>Program<br>0585 | Professional<br>Sports Team<br>Education<br>0587 | Illinois Route<br>66 Heritage<br>Project<br>0594 | Police<br>Memorial<br>Committee<br>0598 | Mammogram<br>0599 | Motor Vehicle<br>License Plate<br>0622 |
| <b>REVENUES</b>  |  |  |  |   |                   |  |
| Federal government   | \$ -   | \$ -   | \$ -   | \$ -                                    | \$ -              | \$ -                                   |
| Licenses and fees  | 28   | 1,244  | 171  | 183                                     | 127               | 13,214                                 |
| Interest and other investment income                                 | -  | -  | -  | -                                       | -                 | -                                      |
| Other charges for services   | -  | -  | -  | -                                       | -                 | -                                      |
| Other revenues   | -  | -  | -  | -                                       | -                 | 611                                    |
| Other operating grants   | -  | -  | -  | -                                       | -                 | -                                      |
| <b>Total revenues</b>  | <u>28</u>                                    | <u>1,244</u>                                     | <u>171</u>                                       | <u>183</u>                              | <u>127</u>        | <u>13,825</u>                          |
| <b>EXPENDITURES</b>  |  |  |  |   |                   |  |
| General government   | 28   | -  | 170  | 175                                     | 130               | 13,522                                 |
| Capital outlays  | -  | -  | -  | -                                       | -                 | 11                                     |
| <b>Total expenditures</b>  | <u>28</u>                                    | <u>-</u>   | <u>170</u>                                       | <u>175</u>                              | <u>130</u>        | <u>13,533</u>                          |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>-</u>                                     | <u>1,244</u>                                     | <u>1</u>   | <u>8</u>                                | <u>(3)</u>        | <u>292</u>                             |
| <b>OTHER SOURCES (USES) OF<br/>FINANCIAL RESOURCES</b>               |  |  |  |   |                   |  |
| Appropriations from State resources                                  | -  | -  | -  | -                                       | -                 | -                                      |
| Lapsed appropriations  | -  | -  | -  | -                                       | -                 | -                                      |
| Receipts collected and transmitted to State Treasury                 | -  | -  | -  | -                                       | -                 | -                                      |
| Reappropriations to future year(s)                                   | -  | -  | -  | -                                       | -                 | -                                      |
| Transfers-in   | -  | -  | -  | -                                       | -                 | -                                      |
| Transfers-out  | -  | (1,244)  | -  | -                                       | -                 | -                                      |
| <b>Net other sources (uses) of<br/>financial resources</b>           | <u>-</u>                                     | <u>(1,244)</u>                                   | <u>-</u>   | <u>-</u>                                | <u>-</u>          | <u>-</u>                               |
| <b>Net change in fund balances</b>                                   | <u>-</u>                                     | <u>-</u>   | <u>1</u>   | <u>8</u>                                | <u>(3)</u>        | <u>292</u>                             |
| Fund balances, July 1, 2015  | -  | -  | 43   | 17                                      | 19                | 15,270                                 |
| Increase for changes in inventories                                  | -  | -  | -  | -                                       | -                 | 1,047                                  |
| <b>FUND BALANCES, JUNE 30, 2016</b>                                  | <u>\$ -</u>                                  | <u>\$ -</u>                                      | <u>\$ 44</u>                                     | <u>\$ 25</u>                            | <u>\$ 16</u>      | <u>\$ 16,609</u>                       |



State of Illinois  
Office of the Secretary of State

Combining Statement of Revenues,  
Expenditures and Changes in Fund Balance -  
Non-major Governmental Funds

For the Year Ended June 30, 2016 (Expressed in Thousands)

|  | Special Revenue                                  |  |   |                                  |   |                                   |
|--|--|--|---|----------------------------------|---|-----------------------------------|
|  | Chicago Police<br>Memorial<br>Foundation<br>0639 | Illinois Police<br>Association<br>0655 | Octave Chanute<br>Aero Heritage<br>0662 | Organ Donor<br>Awareness<br>0716 | Secretary of<br>State DUI<br>Administration<br>0732 | Secretary of<br>State DUI<br>0758 |
| <b>REVENUES</b>  |  |  |   |                                  |   |                                   |
| Federal government   | \$ -   | \$ -                                   | \$ -                                    | \$ -                             | \$ -  | \$ -                              |
| Licenses and fees  | 33   | 90                                     | 9                                       | 161                              | 2,098   | -                                 |
| Interest and other investment income                                 | -  | -                                      | -                                       | -                                | -   | -                                 |
| Other charges for services   | -  | -                                      | -                                       | -                                | -   | 9                                 |
| Other revenues   | -  | -                                      | -                                       | -                                | -   | -                                 |
| Other operating grants   | -  | -                                      | -                                       | -                                | -   | -                                 |
| <b>Total revenues</b>  | <u>33</u>  | <u>90</u>                              | <u>9</u>                                | <u>161</u>                       | <u>2,098</u>  | <u>9</u>                          |
| <b>EXPENDITURES</b>  |  |  |   |                                  |   |                                   |
| General government   | 30   | 90                                     | -                                       | 161                              | 2,143   | 23                                |
| Capital outlays  | -  | -                                      | -                                       | -                                | -   | -                                 |
| <b>Total expenditures</b>  | <u>30</u>  | <u>90</u>                              | <u>-</u>                                | <u>161</u>                       | <u>2,143</u>  | <u>23</u>                         |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>3</u>   | <u>-</u>                               | <u>9</u>                                | <u>-</u>                         | <u>(45)</u>   | <u>(14)</u>                       |
| <b>OTHER SOURCES (USES) OF<br/>FINANCIAL RESOURCES</b>               |  |  |   |                                  |   |                                   |
| Appropriations from State resources                                  | -  | -                                      | -                                       | -                                | -   | -                                 |
| Lapsed appropriations  | -  | -                                      | -                                       | -                                | -   | -                                 |
| Receipts collected and transmitted to State Treasury                 | -  | -                                      | -                                       | -                                | -   | -                                 |
| Reappropriations to future year(s)                                   | -  | -                                      | -                                       | -                                | -   | -                                 |
| Transfers-in   | -  | -                                      | -                                       | -                                | -   | -                                 |
| Transfers-out  | -  | -                                      | -                                       | -                                | -   | -                                 |
| <b>Net other sources (uses) of<br/>financial resources</b>           | <u>-</u>   | <u>-</u>                               | <u>-</u>                                | <u>-</u>                         | <u>-</u>  | <u>-</u>                          |
| <b>Net change in fund balances</b>                                   | <u>3</u>   | <u>-</u>                               | <u>9</u>                                | <u>-</u>                         | <u>(45)</u>   | <u>(14)</u>                       |
| Fund balances, July 1, 2015  | 30   | 50                                     | 5                                       | 12                               | 3,834   | 26                                |
| Increase for changes in inventories                                  | -  | -                                      | -                                       | -                                | -   | -                                 |
| <b>FUND BALANCES, JUNE 30, 2016</b>                                  | <u>\$ 33</u>                                     | <u>\$ 50</u>                           | <u>\$ 14</u>                            | <u>\$ 12</u>                     | <u>\$ 3,789</u>                                     | <u>\$ 12</u>                      |

State of Illinois  
Office of the Secretary of State

Combining Statement of Revenues,  
Expenditures and Changes in Fund Balance -  
Non-major Governmental Funds

For the Year Ended June 30, 2016 (Expressed in Thousands)

Special Revenue

|  | Secretary of<br>State Police<br>Services<br>0759 | Marine Corps<br>Scholarship<br>0760 | State Parking<br>Facility<br>Maintenance<br>0782 | Illinois EMS<br>Memorial<br>Scholarship and<br>Training<br>0800 | International<br>Brotherhood of<br>Teamsters<br>0803 | Share the<br>Road<br>0854 | Cycle Rider<br>Safety<br>Training<br>0863 |
|--|--|-------------------------------------|--|---|--|---------------------------|---|
| <b>REVENUES</b>  |  |                                     |  |   |  |                           |   |
| Federal government   | \$ -   | \$ -                                | \$ -   | \$ -  | \$ -   | \$ -                      | \$ -                                      |
| Licenses and fees  | 376  | 122                                 | 9  | -   | 4  | 39                        | 4,141                                     |
| Interest and other investment income                                 | -  | -                                   | -  | -   | -  | -                         | -   |
| Other charges for services   | -  | -                                   | -  | -   | -  | -                         | -   |
| Other revenues   | 91   | -                                   | -  | -   | -  | -                         | -   |
| Other operating grants   | -  | -                                   | -  | -   | -  | -                         | -   |
| <b>Total revenues</b>  | <b>467</b>                                       | <b>122</b>                          | <b>9</b>   | <b>-</b>  | <b>4</b>   | <b>39</b>                 | <b>4,141</b>                              |
| <b>EXPENDITURES</b>  |  |                                     |  |   |  |                           |   |
| General government   | 390  | 125                                 | 11   | -   | 35   | 45                        | -   |
| Capital outlays  | 108  | -                                   | 15   | -   | -  | -                         | -   |
| <b>Total expenditures</b>  | <b>498</b>                                       | <b>125</b>                          | <b>26</b>  | <b>-</b>  | <b>35</b>  | <b>45</b>                 | <b>-</b>                                  |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>(31)</b>                                      | <b>(3)</b>                          | <b>(17)</b>                                      | <b>-</b>  | <b>(31)</b>  | <b>(6)</b>                | <b>4,141</b>                              |
| <b>OTHER SOURCES (USES) OF<br/>FINANCIAL RESOURCES</b>               |  |                                     |  |   |  |                           |   |
| Appropriations from State resources                                  | -  | -                                   | 200  | -   | -  | -                         | -   |
| Lapsed appropriations  | -  | -                                   | (174)  | -   | -  | -                         | -   |
| Receipts collected and transmitted to State Treasury                 | -  | -                                   | (9)  | -   | -  | -                         | (4,096)                                   |
| Reappropriations to future year(s)                                   | -  | -                                   | -  | -   | -  | -                         | -   |
| Transfers-in   | -  | -                                   | -  | -   | -  | -                         | -   |
| Transfers-out  | -  | -                                   | -  | -   | -  | -                         | -   |
| <b>Net other sources (uses) of<br/>financial resources</b>           | <b>-</b>   | <b>-</b>                            | <b>17</b>  | <b>-</b>  | <b>-</b>   | <b>-</b>                  | <b>(4,096)</b>                            |
| <b>Net change in fund balances</b>                                   | <b>(31)</b>                                      | <b>(3)</b>                          | <b>-</b>   | <b>-</b>  | <b>(31)</b>  | <b>(6)</b>                | <b>45</b>                                 |
| Fund balances, July 1, 2015  | 549  | 67                                  | -  | 12  | 35   | 35                        | 432                                       |
| Increase for changes in inventories                                  | -  | -                                   | -  | -   | -  | -                         | -   |
| <b>FUND BALANCES, JUNE 30, 2016</b>                                  | <b>\$ 518</b>                                    | <b>\$ 64</b>                        | <b>\$ -</b>                                      | <b>\$ 12</b>  | <b>\$ 4</b>  | <b>\$ 29</b>              | <b>\$ 477</b>                             |

State of Illinois  
Office of the Secretary of State

Combining Statement of Revenues,  
Expenditures and Changes in Fund Balance -  
Non-major Governmental Funds

For the Year Ended June 30, 2016 (Expressed in Thousands)

|  | Special Revenue                         |  |                            |                                     |   | Capital Projects               | Total             |
|--|---|--|----------------------------|-------------------------------------|---|--------------------------------|-------------------|
|  | Fraternal<br>Order of<br>Police<br>0867 | St. Jude<br>Children's<br>Research<br>0899 | Ducks<br>Unlimited<br>0918 | Secretary of<br>State Grant<br>0948 | Secretary of<br>State Antique<br>Vehicle Show<br>1390 | Capital<br>Development<br>0141 |                   |
| <b>REVENUES</b>  |   |  |                            |                                     |   |                                |                   |
| Federal government   | \$ -                                    | \$ -                                       | \$ -                       | \$ -                                | \$ -  | \$ -                           | \$ 6,136          |
| Licenses and fees  | 15                                      | -  | 16                         | -                                   | 4   | -                              | 99,536            |
| Interest and other investment income                                 | -                                       | -  | -                          | -                                   | -   | -                              | 37                |
| Other charges for services   | -                                       | -  | -                          | -                                   | -   | -                              | 10                |
| Other revenues   | -                                       | -  | -                          | 12                                  | -   | -                              | 633               |
| Other operating grants   | -                                       | -  | -                          | 20                                  | -   | -                              | 20                |
| <b>Total revenues</b>  | <u>15</u>                               | <u>-</u>                                   | <u>16</u>                  | <u>32</u>                           | <u>4</u>  | <u>-</u>                       | <u>106,372</u>    |
| <b>EXPENDITURES</b>  |   |  |                            |                                     |   |                                |                   |
| General government   | 15                                      | -  | 10                         | 54                                  | 11  | 270                            | 89,445            |
| Capital outlays  | -                                       | -  | -                          | 20                                  | -   | 183                            | 608               |
| <b>Total expenditures</b>  | <u>15</u>                               | <u>-</u>                                   | <u>10</u>                  | <u>74</u>                           | <u>11</u>   | <u>453</u>                     | <u>90,053</u>     |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>-</u>                                | <u>-</u>                                   | <u>6</u>                   | <u>(42)</u>                         | <u>(7)</u>  | <u>(453)</u>                   | <u>16,319</u>     |
| <b>OTHER SOURCES (USES) OF<br/>FINANCIAL RESOURCES</b>               |   |  |                            |                                     |   |                                |                   |
| Appropriations from State resources                                  | -                                       | -  | -                          | -                                   | -   | 2,328                          | 4,053             |
| Lapsed appropriations  | -                                       | -  | -                          | -                                   | -   | (874)                          | (1,048)           |
| Receipts collected and transmitted to State Treasury                 | -                                       | -  | -                          | -                                   | -   | -                              | (18,068)          |
| Reappropriations to future year(s)                                   | -                                       | -  | -                          | -                                   | -   | (1,001)                        | (1,001)           |
| Transfers-in   | -                                       | -  | -                          | -                                   | -   | -                              | 27                |
| Transfers-out  | -                                       | -  | -                          | -                                   | -   | -                              | (18,126)          |
| <b>Net other sources (uses) of<br/>financial resources</b>           | <u>-</u>                                | <u>-</u>                                   | <u>-</u>                   | <u>-</u>                            | <u>-</u>  | <u>453</u>                     | <u>(34,163)</u>   |
| <b>Net change in fund balances</b>                                   | <u>-</u>                                | <u>-</u>                                   | <u>6</u>                   | <u>(42)</u>                         | <u>(7)</u>  | <u>-</u>                       | <u>(17,844)</u>   |
| Fund balances, July 1, 2015  | 6                                       | 3  | 10                         | 631                                 | 16  | -                              | 129,608           |
| Increase for changes in inventories                                  | -                                       | -  | -                          | -                                   | -   | -                              | 1,161             |
| <b>FUND BALANCES, JUNE 30, 2016</b>                                  | <u>\$ 6</u>                             | <u>\$ 3</u>                                | <u>\$ 16</u>               | <u>\$ 589</u>                       | <u>\$ 9</u>   | <u>\$ -</u>                    | <u>\$ 112,925</u> |

*State of Illinois*  
*Office of the Secretary of State*

**Combining Statement of Fiduciary Net Position -  
Agency Funds**

June 30, 2016 (Expressed in Thousands)

|                                  | Safety<br>Responsibility<br>0436 | International<br>Registration<br>Plan<br>0890 | Go-Back<br>1110 | Safekeeping<br>1344 | Total           |
|----------------------------------|----------------------------------|---|-----------------|---------------------|-----------------|
| <b>ASSETS</b>                    |                                  |   |                 |                     |                 |
| Cash equity with State Treasurer | \$ 1,604                         | \$ 46   | \$ -            | \$ -                | \$ 1,650        |
| Cash and cash equivalents        | -                                | -   | -               | 390                 | 390             |
| Investments                      | -                                | -   | -               | 119                 | 119             |
| <b>Total assets</b>              | <b>\$ 1,604</b>                  | <b>\$ 46</b>                                  | <b>\$ -</b>     | <b>\$ 509</b>       | <b>\$ 2,159</b> |
| <b>LIABILITIES</b>               |                                  |   |                 |                     |                 |
| Other liabilities                | \$ 1,604                         | \$ 46   | \$ -            | \$ 509              | \$ 2,159        |
| <b>Total liabilities</b>         | <b>\$ 1,604</b>                  | <b>\$ 46</b>                                  | <b>\$ -</b>     | <b>\$ 509</b>       | <b>\$ 2,159</b> |

*State of Illinois*  
*Office of the Secretary of State*

**Combining Statement of Changes in Assets and Liabilities -**

**Agency Funds**

For the Year Ended June 30, 2016 (Expressed in Thousands)

|   | Balance at June |                   |                   | Balance at June |
|---|-----------------|-------------------|-------------------|-----------------|
|   | 30, 2015        | Additions         | Deletions         | 30, 2016        |
| <b>Safety Responsibility (0436)</b>           |                 |                   |                   |                 |
| <b>ASSETS</b>                                 |                 |                   |                   |                 |
| Cash equity with State Treasurer              | \$ 1,496        | \$ 108            | \$ -              | \$ 1,604        |
| <b>Total assets</b>                           | <b>\$ 1,496</b> | <b>\$ 108</b>     | <b>\$ -</b>       | <b>\$ 1,604</b> |
| <b>LIABILITIES</b>                            |                 |                   |                   |                 |
| Other liabilities                             | \$ 1,496        | \$ 108            | \$ -              | \$ 1,604        |
| <b>Total liabilities</b>                      | <b>\$ 1,496</b> | <b>\$ 108</b>     | <b>\$ -</b>       | <b>\$ 1,604</b> |
| <b>International Registration Plan (0890)</b> |                 |                   |                   |                 |
| <b>ASSETS</b>                                 |                 |                   |                   |                 |
| Cash equity with State Treasurer              | \$ 62           | \$ 106,463        | \$ 106,479        | \$ 46           |
| <b>Total assets</b>                           | <b>\$ 62</b>    | <b>\$ 106,463</b> | <b>\$ 106,479</b> | <b>\$ 46</b>    |
| <b>LIABILITIES</b>                            |                 |                   |                   |                 |
| Other liabilities                             | \$ 62           | \$ 106,463        | \$ 106,479        | \$ 46           |
| <b>Total liabilities</b>                      | <b>\$ 62</b>    | <b>\$ 106,463</b> | <b>\$ 106,479</b> | <b>\$ 46</b>    |
| <b>Go-Back (1110)</b>                         |                 |                   |                   |                 |
| <b>ASSETS</b>                                 |                 |                   |                   |                 |
| Cash and cash equivalents                     | \$ -            | \$ 25             | \$ 25             | \$ -            |
| <b>Total assets</b>                           | <b>\$ -</b>     | <b>\$ 25</b>      | <b>\$ 25</b>      | <b>\$ -</b>     |
| <b>LIABILITIES</b>                            |                 |                   |                   |                 |
| Other liabilities                             | \$ -            | \$ 25             | \$ 25             | \$ -            |
| <b>Total liabilities</b>                      | <b>\$ -</b>     | <b>\$ 25</b>      | <b>\$ 25</b>      | <b>\$ -</b>     |
| <b>Safekeeping (1344)</b>                     |                 |                   |                   |                 |
| <b>ASSETS</b>                                 |                 |                   |                   |                 |
| Cash and cash equivalents                     | \$ 264          | \$ 162            | \$ 36             | \$ 390          |
| Investments                                   | 121             | 69                | 71                | 119             |
| <b>Total assets</b>                           | <b>\$ 385</b>   | <b>\$ 231</b>     | <b>\$ 107</b>     | <b>\$ 509</b>   |
| <b>LIABILITIES</b>                            |                 |                   |                   |                 |
| Other liabilities                             | \$ 385          | \$ 231            | \$ 107            | \$ 509          |
| <b>Total liabilities</b>                      | <b>\$ 385</b>   | <b>\$ 231</b>     | <b>\$ 107</b>     | <b>\$ 509</b>   |
| <b>Total - All Agency Funds</b>               |                 |                   |                   |                 |
| <b>ASSETS</b>                                 |                 |                   |                   |                 |
| Cash equity with State Treasurer              | \$ 1,558        | \$ 106,571        | \$ 106,479        | \$ 1,650        |
| Cash and cash equivalents                     | 264             | 187               | 61                | 390             |
| Investments                                   | 121             | 69                | 71                | 119             |
| <b>Total assets</b>                           | <b>\$ 1,943</b> | <b>\$ 106,827</b> | <b>\$ 106,611</b> | <b>\$ 2,159</b> |
| <b>LIABILITIES</b>                            |                 |                   |                   |                 |
| Other liabilities                             | \$ 1,943        | \$ 106,827        | \$ 106,611        | \$ 2,159        |
| <b>Total liabilities</b>                      | <b>\$ 1,943</b> | <b>\$ 106,827</b> | <b>\$ 106,611</b> | <b>\$ 2,159</b> |

Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Office of the Secretary of State, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the State of Illinois, Office of the Secretary of State's basic financial statements, and have issued our report thereon dated January 4, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered State of Illinois, Office of the Secretary of State's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Office of the Secretary of State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Office of the Secretary of State's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2016-001, that we consider to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State of Illinois, Office of the Secretary of State's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **State of Illinois, Office of the Secretary of State's Response to Finding**

The State of Illinois, Office of the Secretary of State's response to the finding identified in our audit is described in the accompanying schedule of findings. The State of Illinois, Office of the Secretary of State's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Illinois, Office of the Secretary of State's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Office of the Secretary of State's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

Springfield, Illinois  
January 4, 2017

STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

SCHEDULE OF FINDINGS

For the Year Ended June 30, 2016

2016-001 Finding: Failure to Identify Financial Statement Report Error

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

The Office's financial statements were adjusted for a reporting error identified during our audit. A correction was made to increase the adjustment for deferred outflows for pensions on the Statement of Net Position and Governmental Funds Balance Sheet and to decrease the adjustment for general government expenditures on the Statement of Activities and Governmental Revenues, Expenditures and Changes in Fund Balances. The Office's pension contributions subsequent to the measurement date were improperly excluded from the deferred outflow calculation, resulting in an understatement of the deferred outflow balance of \$ 8.787 million as of June 30, 2016 and an overstatement of general government expenditures of \$ 8.787 million for the year ended June 30, 2016.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires State agencies to establish and maintain a system of fiscal internal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. Good internal control procedures require adequate management oversight and review of accounting policies and procedures as well as an overall review of financial reporting for accuracy and compliance with generally accepted accounting principles.

Agency officials stated that the item noted above represented an oversight. The Office's records accurately accounted for the above noted item; however, the financial statements as originally prepared contained this error.

Failure to implement the appropriate internal control procedures over financial reporting could lead to future misstatement of the Office's financial statements. (Finding Code No. 2016-001)



STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

SCHEDULE OF FINDINGS

For the Year Ended June 30, 2016

2016-001 Finding: Failure to Identify Financial Statement Report Error - Continued

Recommendation

We recommend 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.

Agency Response

Accepted. The office will review internal control procedures designed to ensure accurate financial statements are prepared and will implement changes as necessary in order to assess and mitigate the risk of material misstatement.