

STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

Financial Audit

For the Year Ended June 30, 2009

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

STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

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STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

AGENCY OFFICIALS

|  |                                      |
|--|--------------------------------------|
| Secretary of State                           | Honorable Jesse White                |
| Deputy Secretary of State and Chief of Staff | Thomas N. Benigno                    |
| Chief Auditor                                | Nancy Bowyer                         |
| General Counsel                              | Irene Lyons                          |
| Inspector General                            | Jim Burns                            |
| Accounting Revenue, Director                 | Carl Forn                            |
| Budget and Fiscal Management, Director       | Carol Lampard (through May 15, 2009) |

Secretary of State offices are located throughout the State of Illinois. Secretary of State financial records are processed and maintained at 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.

## FINANCIAL STATEMENT REPORT

### SUMMARY

The audit of the accompanying financial statements of the State of Illinois, Office of the Secretary of State was performed by Sikich LLP.

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

### SUMMARY OF FINDINGS

The auditors identified matters involving the Office's internal control over financial reporting that they considered to be significant deficiencies. The significant deficiencies are described in the accompanying Schedule of Findings on pages 49-50 of this report, as finding 09-1, lack of financial reporting review procedures, and finding 09-2, inadequate controls over reporting of accounts receivable. The auditors also consider finding 09-1 to be a material weakness.

### EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Office personnel at an exit conference on April 12, 2010. Attending were:

#### OFFICE OF THE SECRETARY OF STATE

|                    |   |
|--------------------|---|
| Terri Coombes      | Deputy Chief of Staff                   |
| Nancy Bowyer       | Chief Auditor                           |
| Amanda Trimmer     | Acting Chief Fiscal Officer             |
| Jeffrey Carter     | Director - Information Technology       |
| Stephan Roth       | Director - Personnel                    |
| Ernie Dannenberger | Director - Vehicle Services             |
| Stell Mallios      | Deputy Director - Internal Audit        |
| James Busick       | Internal Auditor                        |
| Joseph McDonald    | Accountant - Budget & Fiscal Management |

#### OFFICE OF THE AUDITOR GENERAL

|               |               |
|---------------|---------------|
| Jon Fox       | Audit Manager |
| Joseph Gudgel | Audit Manager |

#### SIKICH LLP

|              |         |
|--------------|---------|
| Thomas Leach | Partner |
|--------------|---------|

The responses to the recommendations were provided by Joseph McDonald in a letter dated April 15, 2010.



250 North Water, Suite 501, P.O. Box 1460 • Decatur, Illinois 62525-1460

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

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, 2009, which collectively comprise the Office of the Secretary of State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Illinois, Office of the Secretary of State's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 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, 2009, and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 of the State of Illinois, Office of the Secretary of State, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 19, 2010 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The State of Illinois, Office of the Secretary of State has not presented a management's discussion and analysis and budgetary comparison information for any of its funds that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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 combining General Fund, Road Fund and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining General Fund, Road Fund and nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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 Office management, and is not intended to be and should not be used by anyone other than these specified parties.

*Likich LLP*

Decatur, Illinois  
April 19, 2010

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

**Statement of Net Assets and Governmental Funds Balance Sheet**

June 30, 2009 (Expressed in Thousands)

|   | General Fund     | Road Fund        | State Construction Account 0902 | Other Nonmajor Funds | Total Governmental Funds | Adjustments       | Statement of Net Assets |
|---|------------------|------------------|---------------------------------|----------------------|--------------------------|-------------------|-------------------------|
| <b>ASSETS</b>                                   |                  |                  |                                 |                      |                          |                   |                         |
| Unexpended appropriations                       | \$ 9,302         | \$ 5,732         | \$ -                            | \$ 3,202             | \$ 18,236                | \$ -              | \$ 18,236               |
| Cash equity with State Treasurer                | 30,789           | 24,734           | 65,936                          | 66,627               | 188,086                  | -                 | 188,086                 |
| Cash and cash equivalents                       | -                | 86               | -                               | 13                   | 99                       | -                 | 99                      |
| Taxes receivable, net                           | 4,127            | -                | -                               | -                    | 4,127                    | -                 | 4,127                   |
| Intergovernmental receivables, net              | -                | -                | -                               | 1,655                | 1,655                    | -                 | 1,655                   |
| Other receivables, net                          | 2,644            | 6,132            | 3,607                           | 22                   | 12,405                   | -                 | 12,405                  |
| Due from other Office funds                     | 101              | -                | -                               | -                    | 101                      | (101)             | -                       |
| Due from other State funds                      | -                | -                | -                               | 5                    | 5                        | -                 | 5                       |
| Inventories                                     | -                | -                | -                               | 6,039                | 6,039                    | -                 | 6,039                   |
| Prepaid expenses                                | -                | -                | -                               | -                    | -                        | -                 | -                       |
| Capital assets not being depreciated            | -                | -                | -                               | -                    | -                        | 5,337             | 5,337                   |
| Capital assets being depreciated, net           | -                | -                | -                               | -                    | -                        | 6,679             | 6,679                   |
| <b>Total assets</b>                             | <b>\$ 46,963</b> | <b>\$ 36,684</b> | <b>\$ 69,543</b>                | <b>\$ 77,563</b>     | <b>\$ 230,753</b>        | <b>191,958</b>    | <b>191,958</b>          |
|   |                  |                  |                                 |                      |                          | <b>203,873</b>    | <b>434,626</b>          |
| <b>LIABILITIES</b>                              |                  |                  |                                 |                      |                          |                   |                         |
| Accounts payable and accrued liabilities        | \$ 5,105         | \$ 5,269         | \$ -                            | \$ 4,022             | \$ 14,396                | -                 | \$ 14,396               |
| Intergovernmental payables                      | 5,655            | 328              | -                               | 2,323                | 8,306                    | -                 | 8,306                   |
| Due to other State fiduciary funds              | 1,681            | 89               | -                               | 256                  | 2,026                    | -                 | 2,026                   |
| Due to other Office funds                       | -                | -                | -                               | 101                  | 101                      | (101)             | -                       |
| Due to other State funds                        | 190              | 2                | -                               | 1,900                | 2,092                    | -                 | 2,092                   |
| Due to State of Illinois component units        | -                | -                | -                               | 245                  | 245                      | -                 | 245                     |
| Unavailable revenue                             | -                | -                | -                               | 1,086                | 1,086                    | (1,086)           | -                       |
| Unearned revenue                                | 105              | 9,125            | 5,268                           | 176                  | 14,674                   | -                 | 14,674                  |
| Long-term obligations:                          |                  |                  |                                 |                      |                          |                   |                         |
| Due within one year                             | -                | -                | -                               | -                    | -                        | 2,632             | 2,632                   |
| Due subsequent to one year                      | -                | -                | -                               | -                    | -                        | 18,841            | 18,841                  |
| <b>Total liabilities</b>                        | <b>12,736</b>    | <b>14,813</b>    | <b>5,268</b>                    | <b>10,109</b>        | <b>42,926</b>            | <b>20,286</b>     | <b>63,212</b>           |
| <b>FUND BALANCES/NET ASSETS</b>                 |                  |                  |                                 |                      |                          |                   |                         |
| Reserved for:                                   |                  |                  |                                 |                      |                          |                   |                         |
| Encumbrances                                    | 1,212            | 38               | -                               | 2,935                | 4,185                    | (4,185)           | -                       |
| Inventories                                     | -                | -                | -                               | 6,039                | 6,039                    | (6,039)           | -                       |
| Unreserved:                                     |                  |                  |                                 |                      |                          |                   |                         |
| General fund                                    | 33,015           | -                | -                               | -                    | 33,015                   | (33,015)          | -                       |
| Special revenue funds                           | -                | 21,833           | 64,275                          | 58,480               | 144,588                  | (144,588)         | -                       |
| Invested in capital assets, net of related debt | -                | -                | -                               | -                    | -                        | 198,637           | 198,637                 |
| Unrestricted net assets                         | -                | -                | -                               | -                    | -                        | 172,777           | 172,777                 |
| <b>Total fund balances/net assets</b>           | <b>34,227</b>    | <b>21,871</b>    | <b>64,275</b>                   | <b>67,454</b>        | <b>187,827</b>           | <b>\$ 183,587</b> | <b>\$ 371,414</b>       |
| <b>Total liabilities and fund balances</b>      | <b>\$ 46,963</b> | <b>\$ 36,684</b> | <b>\$ 69,543</b>                | <b>\$ 77,563</b>     | <b>\$ 230,753</b>        |                   |                         |

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 Governmental Funds Balance Sheet**  
**to Statement of Net Assets**  
**June 30, 2009**  
**(Expressed in Thousands)**

|  |           |                       |
|--|-----------|-----------------------|
| <b>Total fund balances-governmental funds</b>  | \$        | 187,827               |
| <p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>  |           |                       |
| <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>   |           | 198,637               |
| <p>Prepaid expenses for governmental activities are current uses of financial resources for funds.</p>   |           | 5,337                 |
| <p>Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.</p>  |           | 1,086                 |
| <p>Some liabilities reported in the Statement of Net Assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:</p> |           |                       |
| Compensated absences   |           | (21,473)              |
| <b>Net assets of governmental activities</b>   | <b>\$</b> | <b><u>371,414</u></b> |

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, 2009 (Expressed in Thousands)

|  | General Fund     | Road Fund        | State Construction Account 0902 | Other Nonmajor Funds | Total Governmental Funds | Adjustments     | Statement of Activities |
|--|------------------|------------------|---------------------------------|----------------------|--------------------------|-----------------|-------------------------|
| Expenditures/expenses:                               |                  |                  |                                 |                      |                          |                 |                         |
| General government                                   | \$ 160,047       | \$ 128,147       | \$ -                            | \$ 73,848            | \$ 362,042               | \$ 23,430       | \$ 385,472              |
| Capital outlays                                      | 3,663            | 31               | -                               | 3,765                | 7,459                    | (7,459)         | -                       |
| <b>Total expenditures/expenses</b>                   | <u>163,710</u>   | <u>128,178</u>   | <u>-</u>                        | <u>77,613</u>        | <u>369,501</u>           | <u>15,971</u>   | <u>385,472</u>          |
| Program revenues:                                    |                  |                  |                                 |                      |                          |                 |                         |
| Charges for services:                                |                  |                  |                                 |                      |                          |                 |                         |
| Licenses and fees                                    | 238,991          | 818,659          | 477,657                         | 80,314               | 1,615,621                | -               | 1,615,621               |
| Other  | 19               | -                | -                               | 1,865                | 1,884                    | -               | 1,884                   |
| Total charges for services                           | <u>239,010</u>   | <u>818,659</u>   | <u>477,657</u>                  | <u>82,179</u>        | <u>1,617,505</u>         | <u>-</u>        | <u>1,617,505</u>        |
| Operating grant revenue:                             |                  |                  |                                 |                      |                          |                 |                         |
| Federal  | -                | -                | -                               | 6,149                | 6,149                    | 762             | 6,911                   |
| Other  | -                | -                | -                               | 28                   | 28                       | -               | 28                      |
| Total operating grant revenue                        | <u>-</u>         | <u>-</u>         | <u>-</u>                        | <u>6,177</u>         | <u>6,177</u>             | <u>762</u>      | <u>6,939</u>            |
| <b>Net program revenues</b>                          | <u>75,300</u>    | <u>690,481</u>   | <u>477,657</u>                  | <u>10,743</u>        | <u>1,254,181</u>         | <u>(15,209)</u> | <u>1,238,972</u>        |
| General revenues:                                    |                  |                  |                                 |                      |                          |                 |                         |
| Interest and investment income                       | -                | -                | -                               | 102                  | 102                      | -               | 102                     |
| Other taxes  | 204,621          | -                | -                               | -                    | 204,621                  | -               | 204,621                 |
| Other  | 642              | 15               | -                               | 704                  | 1,361                    | -               | 1,361                   |
| <b>Total general revenues</b>                        | <u>205,263</u>   | <u>15</u>        | <u>-</u>                        | <u>806</u>           | <u>206,084</u>           | <u>-</u>        | <u>206,084</u>          |
| Other sources (uses):                                |                  |                  |                                 |                      |                          |                 |                         |
| Appropriations from State resources                  | 146,465          | 130,500          | -                               | 17,535               | 294,500                  | -               | 294,500                 |
| Lapsed appropriations                                | (2,485)          | (47)             | -                               | (1,251)              | (3,783)                  | -               | (3,783)                 |
| Receipts collected and transmitted to State Treasury | (442,239)        | (849,595)        | (481,976)                       | (18,412)             | (1,792,222)              | -               | (1,792,222)             |
| Capital transfers from other State agencies          | -                | -                | -                               | -                    | -                        | 5,080           | 5,080                   |
| Amount of SAMS transfers-in                          | (162)            | -                | -                               | -                    | (162)                    | -               | (162)                   |
| Amount of SAMS transfers-out                         | 15,678           | -                | -                               | 100                  | 15,778                   | -               | 15,778                  |
| Transfers-in   | 101              | -                | -                               | 12,577               | 12,678                   | (12,601)        | 77                      |
| Transfers-out  | (3,200)          | -                | -                               | (9,601)              | (12,801)                 | 12,601          | (200)                   |
| <b>Total other sources (uses)</b>                    | <u>(285,842)</u> | <u>(719,142)</u> | <u>(481,976)</u>                | <u>948</u>           | <u>(1,486,012)</u>       | <u>5,080</u>    | <u>(1,480,932)</u>      |
| Change in fund balance/net assets                    | (5,279)          | (28,646)         | (4,319)                         | 12,497               | (25,747)                 | (10,129)        | (35,876)                |
| Fund balance/net assets, July 1, 2008                | 39,506           | 50,517           | 68,594                          | 55,201               | 213,818                  | 193,472         | 407,290                 |
| Increase (decrease) for changes in inventories       | -                | -                | -                               | (244)                | (244)                    | 244             | -                       |
| Fund balance/net assets, June 30, 2009               | \$ 34,227        | \$ 21,871        | \$ 64,275                       | \$ 67,454            | \$ 187,827               | \$ 183,587      | \$ 371,414              |

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, 2009**  
**(Expressed in Thousands)**

|  |  |                    |
|--|--|--------------------|
| <b>Net change in fund balances</b>   |  | \$ (25,747)        |
| Change in inventories  |  | (244)              |
|  |  | \$ (25,991)        |
| <br>   |  |                    |
| Amounts reported for governmental activities in the Statement of Activities are different because:   |  |                    |
| <br>   |  |                    |
| 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. |  | (14,960)           |
| Some capital assets were transferred in from other State agencies and therefore, were received at no cost.   |  | 5,080              |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the increase in unavailable revenue over the prior year.   |  | 762                |
| Prepaid expenses in the Statement of Activities are not reported as expenses in governmental funds. This amount represents the decrease in prepaid expenses over the prior year.   |  | (1,121)            |
| 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. Below are such activities:   |  |                    |
| Decrease in compensated absences obligation  |  | 354                |
|  |  | 354                |
| <b>Change in net assets of governmental activities</b>   |  | <b>\$ (35,876)</b> |

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 Assets**  
June 30, 2009 (Expressed in Thousands)

|                                  | <u>Agency Funds</u> |
|----------------------------------|---------------------|
| <b>ASSETS</b>                    |                     |
| Cash equity with State Treasurer | \$ 5,598            |
| Cash and cash equivalents        | 117                 |
| Investments                      | 1,248               |
| Other receivables, net           | 19                  |
| <b>Total assets</b>              | <u>\$ 6,982</u>     |
| <b>LIABILITIES</b>               |                     |
| Other liabilities                | \$ 6,982            |
| <b>Total liabilities</b>         | <u>\$ 6,982</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 Financial Statements

June 30, 2009

**(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 Road Fund and 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 Go-Back Fund, a fiduciary fund, and the Special Advance Fund, a subaccount of the Road Fund, which are both 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 Financial Statements

June 30, 2009

**(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, 2009 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 assets 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 assets presents the assets and liabilities of the Office's governmental activities with the difference being reported as net assets. 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 note 2(d)) of the State:

**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

**STATE OF ILLINOIS  
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services which are administered by the Office and accounted for in the general fund include, among others, the operations of various Executive and General and Administrative 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 two secondary sub-accounts (Live and Learn and Corporate Franchise Tax Refund).

**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. The Office's portion of the Road Fund is composed of a primary sub-account (Road) and a secondary sub-account (Special Advance).

**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.

**Debt Service** – These funds account for governmental resources obtained and accumulated to pay interest and principal on general long-term debt (other than capital leases, workers' compensation and unfunded retirement costs).

**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.

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**(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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

The financial statement presentation for the General Revenue Account and Common School Account of the General Fund and the Road Fund, Motor Fuel Tax Fund, Drivers Education Fund, General Obligation Bond Retirement and Interest Fund, Capital Development Fund, Build Illinois Bond 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, Vehicle Inspection 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:

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Unexpended Appropriations

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

Appropriations from State Resources

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

Lapsed Appropriations

Lapsed appropriations are the legally adopted appropriations less net warrants issued for 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.

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 assets 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

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statement of net assets as receivable from and payable to external parties, rather than as internal balances.

**(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 assets.

***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.

**(i) Capital Assets**

Capital assets, which include property, plant, and equipment, 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 using the straight-line method.

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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                             |
| 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 assets 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.

**(k) *Fund Balances***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties as to use for specific purposes. Designations of fund balances represent tentative State plans that are subject to change.

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**(l) Net Assets**

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

***Invested in Capital Assets, Net of Related Debt*** – 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.

***Restricted*** – This consists of net assets that are 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.

***Unrestricted*** – This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**(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) Future Adoption of GASB Statements**

Effective for the year ending June 30, 2010 the Office will adopt GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, which establishes guidance for recognition and amortization of intangible assets in the financial statements of governments. The Office has not yet determined the impact of the Office’s financial statements as a result of adopting this statement.

**(3) Deposits**

**(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.

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Deposits for locally-held funds of governmental activities had a carrying amount and a bank balance of \$22 thousand at June 30, 2009, respectively. Deposits of locally-held funds of fiduciary funds had a carrying amount and a bank balance of \$1.315 million and \$1.314 million at June 30, 2009, respectively.

Cash on hand totaled \$77 thousand at June 30, 2009.

**(b) Investments**

As of June 30, 2009, the Office had the following investments outside of the State Treasury:

|                               | <b>Fair<br/>Value<br/><u>(Thousands)</u></b> | <b>Weighted<br/>Average<br/>Maturity<br/><u>(Years)</u></b> |
|-------------------------------|--|---|
| <b><i>Fiduciary Funds</i></b> |  |   |
| U.S. Treasury Notes           | \$ 50  | 4.92  |

On the fiduciary statement of net assets, the Office has an additional amount of \$1.198 million 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.

**(4) Taxes Receivable**

Taxes receivable (amounts expressed in thousands) at June 30, 2009 are as follows:

|                    |                                |
|--------------------|--------------------------------|
|                    | <b><u>General<br/>Fund</u></b> |
| Taxes receivables: |                                |
| Other              | \$ <u>4,127</u>                |

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**(5) Interfund Balances and Activity**

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

The following balances (amounts expressed in thousands) at June 30, 2009 represent amounts due from other Office and State funds.

| <u>Fund</u>                 | <u>Due from</u>               |                              | <u>Description/Purpose</u>  |
|-----------------------------|-------------------------------|------------------------------|---|
|                             | <u>Other Office<br/>Funds</u> | <u>Other State<br/>Funds</u> |   |
| General                     | \$ 101                        | \$ -                         | Due from other State funds for transfers of excess balances.                                  |
| Nonmajor governmental funds | -                             | 5                            | Due from other State funds for reimbursements of expenditures incurred and refunds of grants. |
|                             | <u>\$ 101</u>                 | <u>\$ 5</u>                  |   |

The following balances (amounts expressed in thousands) at June 30, 2009 represent amounts due 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 State<br/>Funds</u> | <u>Other State<br/>Fiduciary<br/>Funds</u> |   |
| General                     | \$ -                              | \$ 190                       | \$ 1,681                                   | Due to other State funds for purchases of services and to other State fiduciary funds for payment of retirement costs.  |
| Road                        | -                                 | 2                            | 89   | Due to other State funds for purchases of services and to other State fiduciary funds for payment of retirement costs.  |
| Nonmajor governmental funds | 101                               | 1,900                        | 256  | Due to other Office Funds for transfers of excess balances; to other State funds for statutorily required transfers, unspent grant proceeds, and purchases of services; and to other State fiduciary funds for payment of retirement costs. |
|                             | <u>\$ 101</u>                     | <u>\$ 2,092</u>              | <u>\$ 2,026</u>                            |   |

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

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2009, were as follows:

| Fund                        | Transfers in from         |                   | Description/Purpose   |
|-----------------------------|---------------------------|-------------------|---|
|                             | Other Department<br>Funds | Other State Funds |   |
| General                     | \$ 101                    | \$ -              | Transfer from other Office funds of excess balances.                              |
| Nonmajor governmental funds | 12,500                    | 77                | Transfer from other Office funds and other State funds pursuant to State statute. |
|                             | \$ 12,601                 | \$ 77             |   |

Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2009, were as follows:

| Fund                        | Transfers out to          |                      |
|-----------------------------|---------------------------|----------------------|
|                             | Other Department<br>Funds | Other State<br>Funds |
| General                     | \$ 3,000                  | \$ 200               |
| Nonmajor governmental funds | 9,601                     | -                    |
|                             | \$ 12,601                 | \$ 200               |

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

The following balances (amounts expressed in thousands) at June 30, 2009 represent amounts due to State of Illinois Component Units for reimbursement of expenses incurred.

| <u>Component Unit</u>       | <u>Due to<br/>Nonmajor<br/>Governmental<br/>Funds</u> |
|-----------------------------|---|
| Eastern Illinois University | 58  |
| Illinois State University   | 29  |
| University of Illinois      | 158   |
|                             | <u>\$ 245</u>   |

**STATE OF ILLINOIS  
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June 30, 2009

**(6) Capital Assets**

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2009 was as follows:

|   | <u>Balance<br/>June 30, 2008</u> | <u>Additions</u>  | <u>Deletions</u> | <u>Net<br/>Transfers</u> | <u>Balance<br/>June 30, 2009</u> |
|---|----------------------------------|-------------------|------------------|--------------------------|----------------------------------|
| <b>Governmental activities:</b>             |                                  |                   |                  |                          |                                  |
| Capital assets not being depreciated:       |                                  |                   |                  |                          |                                  |
| Land and land improvements                  | \$ 6,579                         | \$ -              | \$ -             | \$ -                     | \$ 6,579                         |
| Historical treasures & works of art         | 100                              | -                 | -                | -                        | 100                              |
| Total capital assets not being depreciated  | <u>6,679</u>                     | <u>-</u>          | <u>-</u>         | <u>-</u>                 | <u>6,679</u>                     |
| Capital assets being depreciated:           |                                  |                   |                  |                          |                                  |
| Buildings and building improvements         | 407,607                          | 523               | -                | 5,194                    | 413,324                          |
| Equipment                                   | 43,803                           | 6,936             | 984              | 112                      | 49,867                           |
| Total capital assets being depreciated      | <u>451,410</u>                   | <u>7,459</u>      | <u>984</u>       | <u>5,306</u>             | <u>463,191</u>                   |
| Less accumulated depreciation:              |                                  |                   |                  |                          |                                  |
| Buildings and building improvements         | 212,535                          | 12,655            | -                | 114                      | 225,304                          |
| Equipment                                   | 37,037                           | 9,764             | 984              | 112                      | 45,929                           |
| Total accumulated depreciation              | <u>249,572</u>                   | <u>22,419</u>     | <u>984</u>       | <u>226</u>               | <u>271,233</u>                   |
| Total capital assets being depreciated, net | <u>201,838</u>                   | <u>(14,960)</u>   | <u>-</u>         | <u>5,080</u>             | <u>191,958</u>                   |
| Governmental activity capital assets, net   | <u>\$ 208,517</u>                | <u>\$(14,960)</u> | <u>\$ -</u>      | <u>\$ 5,080</u>          | <u>\$ 198,637</u>                |

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June 30, 2009

Depreciation expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2009 was charged as follows:

|                    |                  |
|--------------------|------------------|
| General government | \$ <u>22,419</u> |
|--------------------|------------------|

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

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2009 were as follows:

|                                      | <b>Balance<br/>July 1,<br/>2008</b> | <b>Additions</b> | <b>Deletions</b> | <b>Balance<br/>June 30,<br/>2009</b> | <b>Amounts<br/>Due Within<br/>One Year</b> |
|--------------------------------------|-------------------------------------|------------------|------------------|--------------------------------------|--|
| <b>Governmental activities:</b>      |                                     |                  |                  |                                      |  |
| Compensated absences                 | \$ 21,827                           | \$ 14,287        | \$ 14,641        | \$21,473                             | \$ 2,632                                   |
| <b>Total governmental activities</b> | <b>\$ 21,827</b>                    | <b>\$ 14,287</b> | <b>\$ 14,641</b> | <b>\$21,473</b>                      | <b>\$ 2,632</b>                            |

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

**(8) Pension Plan**

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 pension trust fund in the State of Illinois reporting entity. The SERS is a single-employer defined benefit public employee retirement system (PERS) in which State employees participate, except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. The financial position and results of operations of the SERS for fiscal year 2009 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2009. The SERS issues a separate CAFR that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255.

A summary of SERS 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 SERS' CAFR. Also included is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

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The Office pays employer retirement contributions based upon an actuarially determined percentage of their payrolls. For fiscal year 2009, the employer contribution rate was 21.049%. Effective for pay periods beginning after December 31, 1991, the State opted to pay the employee portion of retirement for most State agencies (including the Office) with employees covered by the State Employees' and Teachers' Retirement Systems. However, effective with the fiscal year 2004 budget, the State opted to stop paying the portion or a part of the portion of retirement for many State agencies (including the Office) for certain classes of employees covered by the State Employees' and Teachers' Retirement Systems. The pickup, when applicable, is subject to sufficient annual appropriations and those employees covered may vary across employee groups and State agencies.

**(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 Healthcare and Family Services along with 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. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. 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 expenditure 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.

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**(11) 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, 2009.

**(12) 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 \$13.759 million for the year ended June 30, 2009.

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>    |
|-----------------------------|------------------|
| 2010                        | \$ 7,075         |
| 2011                        | 6,000            |
| 2012                        | 4,792            |
| 2013                        | 3,909            |
| 2014                        | 2,503            |
| 2015-2019                   | <u>4,382</u>     |
|                             | \$ <u>28,661</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, 2009, 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.

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**(c) *Litigation***

The Office is a defendant in two class action suits – one in Federal court and the other in State court. The cases are *The American Civil Liberties Union of Illinois v. Jess White*, Case No. 09 CV 7706 and *Illinois Society of Association of Executives V. Jess White*, Case No. 09 MR-892, respectively, and are constitutional challenges to the recently amended Lobbyist Registration Act. The Federal Court permanently enjoined the Office from charging the \$1,000 fee as provided in the amended Lobbyist Registration Act thereby ruling in the plaintiffs' favor and retained jurisdiction of unresolved claims, including the plaintiffs' claims for attorneys' fees and costs. The aggregate claims, including plaintiffs' claims for attorneys' fees and costs, involve an unknown significant exposure to the Office. The State court case challenges, among other things, the fee structure and fees that the Office collected and recognized revenue of approximately \$3.863 million from the beginning of fiscal year 2004 through June 30, 2009. At this time, the size of any award is unknown. In the opinion of management, the outcome of these matters is expected to have a material adverse effect on the financial position of the Office.

Additionally, 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 matters is not expected to have any material adverse effect on the financial position or results of operations of the Office.

**State of Illinois**  
**Office of the Secretary of State**  
**Combining Schedule of Accounts**  
**General Fund**

June 30, 2009 (Expressed in Thousands)

|  | General Revenue<br>0001 | Live and Learn<br>0026 | Corporate Franchise Tax Refund<br>0380 | Common School<br>0412 | Eliminations      | Total            |
|--|-------------------------|------------------------|--|-----------------------|-------------------|------------------|
| <b>ASSETS</b>                            |                         |                        |  |                       |                   |                  |
| Unexpended appropriations                | \$ 9,302                | \$ -                   | \$ -                                   | \$ -                  | \$ -              | \$ 9,302         |
| Cash equity with State Treasurer         | 27,762                  | 180                    | 2,815                                  | 32                    | -                 | 30,789           |
| Taxes receivable, net                    | 4,127                   | -                      | -                                      | -                     | -                 | 4,127            |
| Other receivables, net                   | 2,644                   | -                      | -                                      | -                     | -                 | 2,644            |
| Due from other Office funds              | 101                     | 5,226                  | -                                      | -                     | (5,226)           | 101              |
| <b>Total assets</b>                      | <b>\$ 43,936</b>        | <b>\$ 5,406</b>        | <b>\$ 2,815</b>                        | <b>\$ 32</b>          | <b>\$ (5,226)</b> | <b>\$ 46,963</b> |
| <b>LIABILITIES</b>                       |                         |                        |  |                       |                   |                  |
| Accounts payable and accrued liabilities | \$ 4,866                | \$ 239                 | \$ -                                   | \$ -                  | \$ -              | \$ 5,105         |
| Intergovernmental payables               | 1,395                   | 4,260                  | -                                      | -                     | -                 | 5,655            |
| Due to other State fiduciary funds       | 1,679                   | 2                      | -                                      | -                     | -                 | 1,681            |
| Due to other Office funds                | 5,226                   | -                      | -                                      | -                     | (5,226)           | -                |
| Due to other State funds                 | 188                     | 2                      | -                                      | -                     | -                 | 190              |
| Unearned revenue                         | 105                     | -                      | -                                      | -                     | -                 | 105              |
| <b>Total liabilities</b>                 | <b>13,459</b>           | <b>4,503</b>           | <b>-</b>                               | <b>-</b>              | <b>(5,226)</b>    | <b>12,736</b>    |

**FUND BALANCES (DEFICITS)**

Reserved for:

|   |                  |                 |                 |              |                   |                  |
|---|------------------|-----------------|-----------------|--------------|-------------------|------------------|
| Encumbrances  | 1,176            | 36              | -               | -            | -                 | 1,212            |
| Unreserved, undesignated                              | 29,301           | 867             | 2,815           | 32           | -                 | 33,015           |
| <b>Total fund balances (deficits)</b>                 | <b>30,477</b>    | <b>903</b>      | <b>2,815</b>    | <b>32</b>    | <b>-</b>          | <b>34,227</b>    |
| <b>Total liabilities and fund balances (deficits)</b> | <b>\$ 43,936</b> | <b>\$ 5,406</b> | <b>\$ 2,815</b> | <b>\$ 32</b> | <b>\$ (5,226)</b> | <b>\$ 46,963</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, 2009 (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 | Eliminations | Total            |
|--|----------------------------|---------------------------|--|--------------------------|--------------|------------------|
| <b>REVENUES</b>  |                            |                           |  |                          |              |                  |
| Licenses and fees  | \$ 238,581                 | -                         | -  | 410                      | -            | \$ 238,991       |
| Other charges for services   | 19                         | -                         | -  | -                        | -            | 19               |
| Other taxes  | 200,979                    | -                         | 3,642  | -                        | -            | 204,621          |
| Other revenue  | 642                        | -                         | -  | -                        | -            | 642              |
| <b>Total revenues</b>  | <b>440,221</b>             | <b>-</b>                  | <b>3,642</b>                                 | <b>410</b>               | <b>-</b>     | <b>444,273</b>   |
| <b>EXPENDITURES</b>  |                            |                           |  |                          |              |                  |
| General government   | 139,914                    | 20,133                    | -  | -                        | -            | 160,047          |
| Capital outlays  | 3,662                      | 1                         | -  | -                        | -            | 3,663            |
| <b>Total expenditures</b>  | <b>143,576</b>             | <b>20,134</b>             | <b>-</b>                                     | <b>-</b>                 | <b>-</b>     | <b>163,710</b>   |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>296,645</b>             | <b>(20,134)</b>           | <b>3,642</b>                                 | <b>410</b>               | <b>-</b>     | <b>280,563</b>   |
| <b>OTHER SOURCES (USES) OF<br/>FINANCIAL RESOURCES</b>               |                            |                           |  |                          |              |                  |
| Appropriations from State resources                                  | 146,465                    | -                         | -  | -                        | -            | 146,465          |
| Lapsed appropriations  | (2,485)                    | -                         | -  | -                        | -            | (2,485)          |
| Receipts collected and transmitted to State Treasury                 | (441,834)                  | -                         | -  | (405)                    | -            | (442,239)        |
| Amount of SAMS Transfers-in  | (162)                      | -                         | -  | -                        | -            | (162)            |
| Amount of SAMS Transfers-out   | 15,678                     | -                         | -  | -                        | -            | 15,678           |
| Transfers-in   | 101                        | 20,904                    | -  | -                        | (20,904)     | 101              |
| Transfers-out  | (20,904)                   | -                         | (3,200)                                      | -                        | 20,904       | (3,200)          |
| <b>Net other sources (uses) of<br/>financial resources</b>           | <b>(303,141)</b>           | <b>20,904</b>             | <b>(3,200)</b>                               | <b>(405)</b>             | <b>-</b>     | <b>(285,842)</b> |
| <b>Net change in fund balances</b>                                   | <b>(6,496)</b>             | <b>770</b>                | <b>442</b>                                   | <b>5</b>                 | <b>-</b>     | <b>(5,279)</b>   |
| Fund balances (deficits), July 1, 2008                               | 36,973                     | 133                       | 2,373  | 27                       | -            | 39,506           |
| <b>FUND BALANCES (DEFICITS), JUNE 30, 2009</b>                       | <b>\$ 30,477</b>           | <b>\$ 903</b>             | <b>\$ 2,815</b>                              | <b>\$ 32</b>             | <b>\$ -</b>  | <b>\$ 34,227</b> |

**State of Illinois**  
**Office of the Secretary of State**  
**Combining Schedule of Accounts -**  
**Road Fund**

June 30, 2009 (Expressed in Thousands)

|   | Road<br>0011     | Special Advance<br>1198 | Eliminations  | Total            |
|---|------------------|-------------------------|---------------|------------------|
| <b>ASSETS</b>   |                  |                         |               |                  |
| Unexpended appropriations                             | 5,732            | -                       | -             | 5,732            |
| Cash equity with State Treasurer                      | 24,734           | -                       | -             | 24,734           |
| Cash and cash equivalents                             | 77               | 9                       | -             | 86               |
| Other receivables, net                                | 6,132            | -                       | -             | 6,132            |
| Due from other Office funds                           | -                | 6                       | (6)           | -                |
| <b>Total assets</b>                                   | <b>\$ 36,675</b> | <b>\$ 15</b>            | <b>\$ (6)</b> | <b>\$ 36,684</b> |
| <b>LIABILITIES</b>                                    |                  |                         |               |                  |
| Accounts payable and accrued liabilities              | 5,269            | -                       | -             | 5,269            |
| Intergovernmental payables                            | 328              | -                       | -             | 328              |
| Due to other State fiduciary funds                    | 89               | -                       | -             | 89               |
| Due to other Office funds                             | 6                | -                       | (6)           | -                |
| Due to other State funds                              | 2                | -                       | -             | 2                |
| Unearned revenue                                      | 9,125            | -                       | -             | 9,125            |
| <b>Total liabilities</b>                              | <b>14,819</b>    | <b>-</b>                | <b>(6)</b>    | <b>14,813</b>    |
| <b>FUND BALANCES (DEFICITS)</b>                       |                  |                         |               |                  |
| Reserved for encumbrances                             | 38               | -                       | -             | 38               |
| Unreserved, undesignated                              | 21,818           | 15                      | -             | 21,833           |
| <b>Total fund balances (deficits)</b>                 | <b>21,856</b>    | <b>15</b>               | <b>-</b>      | <b>21,871</b>    |
| <b>Total liabilities and fund balances (deficits)</b> | <b>\$ 36,675</b> | <b>\$ 15</b>            | <b>(6)</b>    | <b>\$ 36,684</b> |

**State of Illinois**  
**Office of the Secretary of State**  
**Combining Schedule of Revenues,**  
**Expenditures and Changes in Fund Balance -**  
**Road Fund**

For the Year Ended June 30, 2009 (Expressed in Thousands)

|  | Road<br>0011     | Special Advance<br>1198 | Total            |
|--|------------------|-------------------------|------------------|
| <b>REVENUES</b>  |                  |                         |                  |
| Licenses and fees  | 818,659          | -                       | 818,659          |
| Other  | 15               | -                       | 15               |
| <b>Total revenues</b>  | <b>818,674</b>   | <b>-</b>                | <b>818,674</b>   |
| <b>EXPENDITURES</b>  |                  |                         |                  |
| General government   | 128,147          | -                       | 128,147          |
| Capital outlays  | 31               | -                       | 31               |
| <b>Total expenditures</b>  | <b>128,178</b>   | <b>-</b>                | <b>128,178</b>   |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>690,496</b>   | <b>-</b>                | <b>690,496</b>   |
| <b>OTHER SOURCES (USES) OF<br/>FINANCIAL RESOURCES</b>               |                  |                         |                  |
| Appropriations from State resources                                  | 130,500          | -                       | 130,500          |
| Lapsed appropriations  | (47)             | -                       | (47)             |
| Receipts collected and transmitted to State Treasury                 | (849,595)        | -                       | (849,595)        |
| <b>Net other sources (uses) of<br/>financial resources</b>           | <b>(719,142)</b> | <b>-</b>                | <b>(719,142)</b> |
| <b>Net change in fund balances</b>                                   | <b>(28,646)</b>  | <b>-</b>                | <b>(28,646)</b>  |
| Fund balances (deficits), July 1, 2008                               | 50,502           | 15                      | 50,517           |
| <b>FUND BALANCES (DEFICITS), JUNE 30, 2009</b>                       | <b>\$ 21,856</b> | <b>\$ 15</b>            | <b>\$ 21,871</b> |

**State of Illinois**  
**Office of the Secretary of State**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**  
 June 30, 2009 (Expressed in Thousands)

|   |                     | Special Revenue        |   |   |                             |   |  |   |             |             |             |             |
|---|---------------------|------------------------|---|---|-----------------------------|---|--|---|-------------|-------------|-------------|-------------|
|   | Motor Fuel Tax 0012 | Drivers Education 0031 | Lobbyist Registration Administration 0044 | Accessible Electronic Information Services 0106 | CDLIS/ AAMVA Net Trust 0109 | Registered Limited Liability Partnership 0167 | Secretary of State Federal Projects 0176 | Secretary of State Special License Plate 0185 |             |             |             |             |
| <b>ASSETS</b>   |                     |                        |   |   |                             |   |  |   |             |             |             |             |
| Unexpended appropriations                             | \$ -                | \$ -                   | \$ -                                      | \$ -  | \$ -                        | \$ -  | \$ -                                     | \$ -  | \$ -        | \$ -        | \$ -        | \$ -        |
| Cash equity with State Treasurer                      | -                   | 1,068                  | 570                                       | 82  | 299                         | 503   | 68                                       | 2,013   | -           | -           | -           | -           |
| Cash and cash equivalents                             | -                   | -                      | -   | -   | -                           | -   | -  | -   | -           | -           | -           | -           |
| Intergovernmental receivables, net                    | -                   | -                      | -   | -   | -                           | -   | -  | -   | -           | -           | -           | -           |
| Other receivables, net                                | -                   | 15                     | -   | -   | -                           | -   | -  | -   | -           | -           | -           | -           |
| Due from other State funds                            | -                   | -                      | -   | -   | -                           | -   | -  | 5   | -           | -           | -           | -           |
| Inventories   | -                   | -                      | -   | -   | -                           | -   | -  | 2,692   | -           | -           | -           | -           |
| <b>Total assets</b>                                   | <b>\$ -</b>         | <b>\$ 1,083</b>        | <b>\$ 570</b>                             | <b>\$ 82</b>                                    | <b>\$ 299</b>               | <b>\$ 503</b>                                 | <b>\$ 68</b>                             | <b>\$ 4,710</b>                               | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> |
| <b>LIABILITIES</b>                                    |                     |                        |   |   |                             |   |  |   |             |             |             |             |
| Accounts payable and accrued liabilities              | \$ -                | \$ -                   | \$ 27                                     | \$ -  | \$ 65                       | \$ 3  | \$ -                                     | \$ 26   | \$ -        | \$ -        | \$ -        | \$ -        |
| Intergovernmental payables                            | -                   | -                      | 1   | -   | -                           | -   | -  | 2   | -           | -           | -           | -           |
| Due to other State fiduciary funds                    | -                   | -                      | 3   | -   | -                           | 1   | -  | 5   | -           | -           | -           | -           |
| Due to other Office funds                             | -                   | -                      | -   | -   | -                           | 101   | -  | -   | -           | -           | -           | -           |
| Due to other State funds                              | -                   | -                      | 8   | -   | -                           | 1   | -  | 9   | -           | -           | -           | -           |
| Due to State of Illinois component units              | -                   | -                      | -   | -   | -                           | -   | -  | -   | -           | -           | -           | -           |
| Unavailable revenue                                   | -                   | -                      | -   | -   | -                           | -   | -  | -   | -           | -           | -           | -           |
| Unearned revenue                                      | -                   | -                      | -   | -   | -                           | -   | -  | 88  | -           | -           | -           | -           |
| <b>Total liabilities</b>                              | <b>-</b>            | <b>-</b>               | <b>39</b>                                 | <b>-</b>  | <b>65</b>                   | <b>106</b>                                    | <b>-</b>                                 | <b>130</b>                                    | <b>-</b>    | <b>-</b>    | <b>-</b>    | <b>130</b>  |
| <b>FUND BALANCES (DEFICITS)</b>                       |                     |                        |   |   |                             |   |  |   |             |             |             |             |
| Reserved for encumbrances                             | -                   | -                      | -   | -   | 52                          | -   | -  | 89  | -           | -           | -           | -           |
| Reserved for inventories                              | -                   | -                      | -   | -   | -                           | -   | -  | 2,692   | -           | -           | -           | -           |
| Unreserved, undesignated                              | -                   | 1,083                  | 531                                       | 82  | 182                         | 397   | 68                                       | 1,799   | -           | -           | -           | -           |
| <b>Total fund balances</b>                            | <b>-</b>            | <b>1,083</b>           | <b>531</b>                                | <b>82</b>                                       | <b>234</b>                  | <b>397</b>                                    | <b>68</b>                                | <b>4,580</b>                                  | <b>-</b>    | <b>-</b>    | <b>-</b>    | <b>-</b>    |
| <b>Total liabilities and fund balances (deficits)</b> | <b>\$ -</b>         | <b>\$ 1,083</b>        | <b>\$ 570</b>                             | <b>\$ 82</b>                                    | <b>\$ 299</b>               | <b>\$ 503</b>                                 | <b>\$ 68</b>                             | <b>\$ 4,710</b>                               | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> |

**State of Illinois**  
**Office of the Secretary of State**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**  
 June 30, 2009 (Expressed in Thousands)

|   | Special Revenue                        |                          |   |                                    |  |  |             | Secretary of State Evidence<br>0374 |
|---|--|--------------------------|---|------------------------------------|--|--|-------------|-------------------------------------|
|   | Securities Investors Education<br>0292 | Intergency Grant<br>0295 | Family Financial Responsibility<br>0322 | Motor Vehicle Review Board<br>0323 | Securities Audit and Enforcement<br>0362 | Department of Business Services Special Operations<br>0363 |             |                                     |
| <b>ASSETS</b>   |  |                          |   |                                    |  |  |             |                                     |
| Unexpended appropriations                             | \$ -                                   | \$ -                     | \$ -                                    | \$ -                               | \$ -                                     | \$ -   | \$ -        | \$ -                                |
| Cash equity with State Treasurer                      | 2,995                                  | 586                      | 27                                      | 171                                | 7,531                                    | 2,186  |             |                                     |
| Cash and cash equivalents                             | -                                      | -                        | -                                       | -                                  | -  | -  | -           | -                                   |
| Intergovernmental receivables, net                    | -                                      | -                        | -                                       | -                                  | -  | -  | -           | -                                   |
| Other receivables, net                                | -                                      | -                        | -                                       | -                                  | 5  | -  | -           | -                                   |
| Due from other State funds                            | -                                      | -                        | -                                       | -                                  | -  | -  | -           | -                                   |
| Inventories   | -                                      | -                        | -                                       | -                                  | -  | -  | -           | -                                   |
| <b>Total assets</b>                                   | <b>\$ 2,995</b>                        | <b>\$ 586</b>            | <b>\$ 27</b>                            | <b>\$ 171</b>                      | <b>\$ 7,536</b>                          | <b>\$ 2,186</b>  | <b>\$ -</b> | <b>\$ -</b>                         |
| <b>LIABILITIES</b>                                    |  |                          |   |                                    |  |  |             |                                     |
| Accounts payable and accrued liabilities              | \$ 21                                  | \$ 42                    | \$ -                                    | \$ 4                               | \$ 318                                   | \$ 129   | \$ -        | \$ -                                |
| Intergovernmental payables                            | 2                                      | 2                        | -                                       | -                                  | 1  | 97   | -           | -                                   |
| Due to other State fiduciary funds                    | 5                                      | 6                        | -                                       | 5                                  | -  | 23   | -           | -                                   |
| Due to other Office funds                             | -                                      | -                        | -                                       | -                                  | -  | -  | -           | -                                   |
| Due to other State funds                              | 5                                      | 283                      | -                                       | -                                  | 22                                       | 28   | -           | -                                   |
| Due to State of Illinois component units              | -                                      | -                        | -                                       | -                                  | -  | -  | -           | -                                   |
| Unavailable revenue                                   | -                                      | -                        | -                                       | -                                  | -  | -  | -           | -                                   |
| Unearned revenue                                      | -                                      | -                        | -                                       | -                                  | -  | -  | -           | -                                   |
| <b>Total liabilities</b>                              | <b>33</b>                              | <b>333</b>               | <b>-</b>                                | <b>9</b>                           | <b>341</b>                               | <b>277</b>   | <b>-</b>    | <b>-</b>                            |
| <b>FUND BALANCES (DEFICITS)</b>                       |  |                          |   |                                    |  |  |             |                                     |
| Reserved for encumbrances                             | 18                                     | -                        | -                                       | 2                                  | 115                                      | 1  | -           | -                                   |
| Reserved for inventories                              | -                                      | -                        | -                                       | -                                  | -  | -  | -           | -                                   |
| Unreserved, undesignated                              | 2,944                                  | 253                      | 27                                      | 160                                | 7,080                                    | 1,908  | -           | -                                   |
| <b>Total fund balances</b>                            | <b>2,962</b>                           | <b>253</b>               | <b>27</b>                               | <b>162</b>                         | <b>7,195</b>                             | <b>1,909</b>   | <b>-</b>    | <b>-</b>                            |
| <b>Total liabilities and fund balances (deficits)</b> | <b>\$ 2,995</b>                        | <b>\$ 586</b>            | <b>\$ 27</b>                            | <b>\$ 171</b>                      | <b>\$ 7,536</b>                          | <b>\$ 2,186</b>  | <b>\$ -</b> | <b>\$ -</b>                         |

**State of Illinois**  
**Office of the Secretary of State**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**  
 June 30, 2009 (Expressed in Thousands)

|   | Special Revenue                                     |                              |  |  |   |   |  |                             |   |   |
|---|---|------------------------------|--|--|---|---|--|-----------------------------|---|---|
|   | State<br>College and<br>University<br>Trust<br>0417 | Alternative<br>Fuels<br>0422 | Charitable<br>Trust<br>Stabilization<br>0435 | Monitoring<br>Device Driving<br>Permit<br>Administration<br>0453 | Professional<br>Golfers<br>Association<br>Junior Golf<br>0463 | Boy Scout<br>and Girl<br>Scout Fund<br>0464 | Agriculture<br>in the<br>Classroom<br>0466 | Library<br>Services<br>0470 |   |   |
| <b>ASSETS</b>   |   |                              |  |  |   |   |  |                             |   |   |
| Unexpended appropriations                             | -   | -                            | -  | -  | -   | -   | -  | -                           | - | - |
| Cash equity with State Treasurer                      | 27  | 468                          | 1,446  | 469  | 23  | 6   | 40   | 96                          |   |   |
| Cash and cash equivalents                             | -   | -                            | -  | -  | -   | -   | -  | -                           |   |   |
| Intergovernmental receivables, net                    | -   | -                            | -  | -  | -   | -   | -  | 569                         |   |   |
| Other receivables, net                                | -   | -                            | 1  | -  | -   | -   | -  | -                           |   |   |
| Due from other State funds                            | -   | -                            | -  | -  | -   | -   | -  | -                           |   |   |
| Inventories   | -   | -                            | -  | -  | -   | -   | -  | -                           |   |   |
| <b>Total assets</b>                                   | <b>27</b>   | <b>529</b>                   | <b>1,447</b>                                 | <b>469</b>   | <b>23</b>   | <b>6</b>                                    | <b>40</b>                                  | <b>665</b>                  |   |   |
| <b>LIABILITIES</b>                                    |   |                              |  |  |   |   |  |                             |   |   |
| Accounts payable and accrued liabilities              | -   | -                            | -  | -  | -   | -   | -  | 147                         |   |   |
| Intergovernmental payables                            | -   | 60                           | -  | -  | -   | -   | -  | 280                         |   |   |
| Due to other State fiduciary funds                    | -   | -                            | -  | -  | -   | -   | -  | -                           |   |   |
| Due to other Office funds                             | -   | -                            | -  | -  | -   | -   | -  | -                           |   |   |
| Due to other State funds                              | -   | -                            | 1,000  | -  | -   | -   | -  | -                           |   |   |
| Due to State of Illinois component units              | -   | -                            | -  | -  | -   | -   | -  | 245                         |   |   |
| Unavailable revenue                                   | 9   | -                            | -  | -  | -   | -   | -  | -                           |   |   |
| Unearned revenue                                      | 9   | -                            | -  | -  | -   | -   | -  | -                           |   |   |
| <b>Total liabilities</b>                              | <b>9</b>  | <b>60</b>                    | <b>1,000</b>                                 | <b>-</b>   | <b>-</b>  | <b>-</b>                                    | <b>-</b>                                   | <b>672</b>                  |   |   |
| <b>FUND BALANCES (DEFICITS)</b>                       |   |                              |  |  |   |   |  |                             |   |   |
| Reserved for encumbrances                             | -   | 1                            | -  | 2  | -   | -   | -  | -                           |   |   |
| Reserved for inventories                              | -   | -                            | -  | -  | -   | -   | -  | -                           |   |   |
| Unreserved, undesignated                              | 18  | 468                          | 447  | 467  | 23  | 6   | 40   | (7)                         |   |   |
| <b>Total fund balances</b>                            | <b>18</b>   | <b>469</b>                   | <b>447</b>                                   | <b>469</b>   | <b>23</b>   | <b>6</b>                                    | <b>40</b>                                  | <b>(7)</b>                  |   |   |
| <b>Total liabilities and fund balances (deficits)</b> | <b>27</b>   | <b>529</b>                   | <b>1,447</b>                                 | <b>469</b>   | <b>23</b>   | <b>6</b>                                    | <b>40</b>                                  | <b>665</b>                  |   |   |

**State of Illinois**  
**Office of the Secretary of State**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**  
 June 30, 2009 (Expressed in Thousands)

|   | Special Revenue                       |  |   |   |                         |   |  |                                  |             |              |
|---|---------------------------------------|--|---|---|-------------------------|---|--|----------------------------------|-------------|--------------|
|   | Secretary of State<br>Library<br>0471 | State<br>Identification<br>and Theft<br>Prevention<br>0480 | Secretary of<br>State Special<br>Services<br>0483 | Franchise Tax<br>and License Fee<br>Amnesty<br>Administration<br>0490 | Master<br>Mason<br>0508 | Illinois and<br>Michigan<br>Canal<br>0570 | Off Highway<br>Vehicle<br>Trails<br>0574 | Pan<br>Hellenic<br>Trust<br>0584 |             |              |
| <b>ASSETS</b>   |                                       |  |   |   |                         |   |  |                                  |             |              |
| Unexpended appropriations                             | -                                     | -  | -   | -   | -                       | -   | -  | -                                | -           | -            |
| Cash equity with State Treasurer                      | 3                                     | 22,903   | 11,697  | 2   | 23                      | 71  | 29                                       | -                                | -           | 77           |
| Cash and cash equivalents                             | -                                     | -  | -   | -   | -                       | -   | -  | -                                | -           | -            |
| Intergovernmental receivables, net                    | -                                     | 1,086  | -   | -   | -                       | -   | -  | -                                | -           | -            |
| Other receivables, net                                | 1                                     | -  | -   | -   | -                       | -   | -  | -                                | -           | -            |
| Due from other State funds                            | -                                     | -  | -   | -   | -                       | -   | -  | -                                | -           | -            |
| Inventories   | -                                     | -  | -   | -   | -                       | -   | -  | -                                | -           | -            |
| <b>Total assets</b>                                   | <b>4</b>                              | <b>\$ 23,989</b>   | <b>\$ 11,697</b>                                  | <b>\$ 2</b>   | <b>\$ 23</b>            | <b>\$ 71</b>                              | <b>\$ 29</b>                             | <b>\$ -</b>                      | <b>\$ -</b> | <b>\$ 77</b> |
| <b>LIABILITIES</b>                                    |                                       |  |   |   |                         |   |  |                                  |             |              |
| Accounts payable and accrued liabilities              | -                                     | 587  | 822   | -   | -                       | -   | -  | -                                | -           | -            |
| Intergovernmental payables                            | -                                     | -  | 3   | -   | -                       | -   | -  | -                                | -           | -            |
| Due to other State fiduciary funds                    | -                                     | -  | 2   | -   | -                       | -   | -  | -                                | -           | -            |
| Due to other Office funds                             | -                                     | -  | -   | -   | -                       | -   | -  | -                                | -           | -            |
| Due to other State funds                              | -                                     | -  | 393   | -   | -                       | -   | -  | -                                | -           | -            |
| Due to State of Illinois component units              | -                                     | -  | -   | -   | -                       | -   | -  | -                                | -           | -            |
| Unavailable revenue                                   | -                                     | 1,086  | -   | -   | -                       | -   | -  | -                                | -           | -            |
| Unearned revenue                                      | -                                     | -  | -   | -   | 1                       | -   | -  | -                                | -           | -            |
| <b>Total liabilities</b>                              | <b>-</b>                              | <b>1,673</b>   | <b>1,220</b>                                      | <b>-</b>  | <b>1</b>                | <b>-</b>                                  | <b>-</b>                                 | <b>-</b>                         | <b>-</b>    | <b>-</b>     |
| <b>FUND BALANCES (DEFICITS)</b>                       |                                       |  |   |   |                         |   |  |                                  |             |              |
| Reserved for encumbrances                             | -                                     | -  | 1,383   | -   | -                       | -   | -  | -                                | -           | 22           |
| Reserved for inventories                              | -                                     | -  | -   | -   | -                       | -   | -  | -                                | -           | -            |
| Unreserved, undesignated                              | 4                                     | 22,316   | 9,094   | 2   | 22                      | 71  | 29                                       | -                                | -           | 55           |
| <b>Total fund balances</b>                            | <b>4</b>                              | <b>\$ 22,316</b>   | <b>10,477</b>                                     | <b>2</b>  | <b>\$ 22</b>            | <b>\$ 71</b>                              | <b>\$ 29</b>                             | <b>\$ -</b>                      | <b>\$ -</b> | <b>\$ 77</b> |
| <b>Total liabilities and fund balances (deficits)</b> | <b>4</b>                              | <b>\$ 23,989</b>   | <b>\$ 11,697</b>                                  | <b>\$ 2</b>   | <b>\$ 23</b>            | <b>\$ 71</b>                              | <b>\$ 29</b>                             | <b>\$ -</b>                      | <b>\$ -</b> | <b>\$ 77</b> |

**State of Illinois**  
**Office of the Secretary of State**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**  
 June 30, 2009 (Expressed in Thousands)

|                                 |   | Special Revenue                  |   |                                |                |                                  |                                    |                               |          |
|---------------------------------|---|----------------------------------|---|--------------------------------|----------------|----------------------------------|------------------------------------|-------------------------------|----------|
|                                 |   | Park District Youth Program 0585 | Illinois Route 66 Heritage Project 0594 | Police Memorial Committee 0598 | Mammogram 0599 | Motor Vehicle License Plate 0622 | Special Olympics Illinois Fund 623 | FY 09 Budget Relief Fund 0678 |          |
| <b>ASSETS</b>                   |   |                                  |   |                                |                |                                  |                                    |                               |          |
|                                 | Unexpended appropriations                             | \$ -                             | \$ -                                    | \$ -                           | \$ -           | \$ -                             | \$ -                               | \$ -                          | \$ 3,031 |
|                                 | Cash equity with State Treasurer                      | 22                               | 34                                      | 142                            | 55             | 7,740                            | 11                                 | -                             | -        |
|                                 | Cash and cash equivalents                             | -                                | -                                       | -                              | -              | -                                | -                                  | -                             | -        |
|                                 | Intergovernmental receivables, net                    | -                                | -                                       | -                              | -              | -                                | -                                  | -                             | -        |
|                                 | Other receivables, net                                | -                                | -                                       | -                              | -              | -                                | -                                  | -                             | -        |
|                                 | Due from other State funds                            | -                                | -                                       | -                              | -              | -                                | -                                  | -                             | -        |
|                                 | Inventories   | -                                | -                                       | -                              | -              | 3,347                            | -                                  | -                             | -        |
|                                 | <b>Total assets</b>                                   | \$ 22                            | \$ 34                                   | \$ 142                         | \$ 55          | \$ 11,087                        | \$ 11                              | \$ 3,031                      |          |
| <b>LIABILITIES</b>              |   |                                  |   |                                |                |                                  |                                    |                               |          |
|                                 | Accounts payable and accrued liabilities              | \$ -                             | \$ -                                    | \$ -                           | \$ -           | \$ 797                           | \$ -                               | \$ -                          | \$ 908   |
|                                 | Intergovernmental payables                            | -                                | -                                       | -                              | -              | 15                               | -                                  | -                             | 1,855    |
|                                 | Due to other State fiduciary funds                    | -                                | -                                       | -                              | -              | -                                | -                                  | -                             | 195      |
|                                 | Due to other Office funds                             | -                                | -                                       | -                              | -              | -                                | -                                  | -                             | -        |
|                                 | Due to other State funds                              | -                                | -                                       | -                              | -              | 78                               | -                                  | -                             | 52       |
|                                 | Due to State of Illinois component units              | -                                | -                                       | -                              | -              | -                                | -                                  | -                             | -        |
|                                 | Unavailable revenue                                   | -                                | -                                       | -                              | -              | -                                | -                                  | -                             | -        |
|                                 | Unearned revenue                                      | 1                                | 3                                       | 2                              | 3              | -                                | -                                  | -                             | -        |
|                                 | <b>Total liabilities</b>                              | 1                                | 3                                       | 2                              | 3              | 890                              | -                                  | -                             | 3,010    |
| <b>FUND BALANCES (DEFICITS)</b> |   |                                  |   |                                |                |                                  |                                    |                               |          |
|                                 | Reserved for encumbrances                             | -                                | -                                       | -                              | -              | 1,182                            | -                                  | -                             | 21       |
|                                 | Reserved for inventories                              | -                                | -                                       | -                              | -              | 3,347                            | -                                  | -                             | -        |
|                                 | Unreserved, undesignated                              | 21                               | 31                                      | 140                            | 52             | 5,668                            | 11                                 | -                             | -        |
|                                 | <b>Total fund balances</b>                            | 21                               | 31                                      | 140                            | 52             | 10,197                           | 11                                 | -                             | 21       |
|                                 | <b>Total liabilities and fund balances (deficits)</b> | \$ 22                            | \$ 34                                   | \$ 142                         | \$ 55          | \$ 11,087                        | \$ 11                              | \$ 3,031                      |          |

**State of Illinois**  
**Office of the Secretary of State**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**  
 June 30, 2009 (Expressed in Thousands)

|   | Special Revenue                  |   |   |                                   |  |                                     |  |          |          |           |          |
|---|----------------------------------|---|---|-----------------------------------|--|-------------------------------------|--|----------|----------|-----------|----------|
|   | Organ Donor<br>Awareness<br>0716 | Secretary of<br>State DUI<br>Administration<br>0732 | Illinois District<br>Council of<br>Carpenters<br>0756 | 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 |          |          |           |          |
| <b>ASSETS</b>   |                                  |   |   |                                   |  |                                     |  |          |          |           |          |
| Unexpended appropriations                             | -                                | -   | -   | -                                 | -  | -                                   | -  | -        | -        | -         | -        |
| Cash equity with State Treasurer                      | 124                              | 1,674   | -   | 12                                | 9  | 73                                  | -  | -        | -        | -         | -        |
| Cash and cash equivalents                             | -                                | -   | -   | -                                 | -  | -                                   | -  | -        | -        | -         | -        |
| Intergovernmental receivables, net                    | -                                | -   | -   | -                                 | -  | -                                   | -  | -        | -        | -         | -        |
| Other receivables, net                                | -                                | -   | -   | -                                 | -  | -                                   | -  | -        | -        | -         | -        |
| Due from other State funds                            | -                                | -   | -   | -                                 | -  | -                                   | -  | -        | -        | -         | -        |
| Inventories   | -                                | -   | -   | -                                 | -  | -                                   | -  | -        | -        | -         | -        |
| <b>Total assets</b>                                   | <b>124</b>                       | <b>1,674</b>  | <b>0</b>  | <b>12</b>                         | <b>9</b>   | <b>73</b>                           | <b>0</b>   | <b>0</b> | <b>0</b> | <b>0</b>  | <b>0</b> |
| <b>LIABILITIES</b>                                    |                                  |   |   |                                   |  |                                     |  |          |          |           |          |
| Accounts payable and accrued liabilities              | -                                | 46  | -   | -                                 | 6  | -                                   | -  | -        | -        | -         | -        |
| Intergovernmental payables                            | -                                | -   | -   | -                                 | -  | -                                   | -  | -        | -        | -         | -        |
| Due to other State fiduciary funds                    | -                                | -   | -   | -                                 | 1  | -                                   | -  | -        | -        | -         | -        |
| Due to other Office funds                             | -                                | -   | -   | -                                 | -  | -                                   | -  | -        | -        | -         | -        |
| Due to other State funds                              | -                                | 5   | -   | -                                 | -  | -                                   | -  | -        | -        | -         | -        |
| Due to State of Illinois component units              | -                                | -   | -   | -                                 | -  | -                                   | -  | -        | -        | -         | -        |
| Unavailable revenue                                   | -                                | -   | -   | -                                 | -  | -                                   | -  | -        | -        | -         | -        |
| Unearned revenue                                      | 4                                | -   | -   | -                                 | -  | -                                   | -  | -        | -        | 2         | -        |
| <b>Total liabilities</b>                              | <b>4</b>                         | <b>51</b>   | <b>0</b>  | <b>12</b>                         | <b>7</b>   | <b>2</b>                            | <b>0</b>   | <b>0</b> | <b>0</b> | <b>2</b>  | <b>0</b> |
| <b>FUND BALANCES (DEFICITS)</b>                       |                                  |   |   |                                   |  |                                     |  |          |          |           |          |
| Reserved for encumbrances                             | -                                | 39  | -   | -                                 | 1  | -                                   | -  | -        | -        | -         | -        |
| Reserved for inventories                              | -                                | -   | -   | -                                 | -  | -                                   | -  | -        | -        | -         | -        |
| Unreserved, undesignated                              | 120                              | 1,584   | -   | 12                                | 1  | 71                                  | -  | -        | -        | 71        | -        |
| <b>Total fund balances</b>                            | <b>120</b>                       | <b>1,623</b>  | <b>0</b>  | <b>12</b>                         | <b>2</b>   | <b>71</b>                           | <b>0</b>   | <b>0</b> | <b>0</b> | <b>71</b> | <b>0</b> |
| <b>Total liabilities and fund balances (deficits)</b> | <b>124</b>                       | <b>1,674</b>  | <b>0</b>  | <b>12</b>                         | <b>9</b>   | <b>73</b>                           | <b>0</b>   | <b>0</b> | <b>0</b> | <b>73</b> | <b>0</b> |

**State of Illinois**  
**Office of the Secretary of State**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**  
 June 30, 2009 (Expressed in Thousands)

|   | Special Revenue                  |                               |                         |  | Capital Projects         | Debt Service   | Total            |
|---|----------------------------------|-------------------------------|-------------------------|--|--------------------------|--|------------------|
|   | Cycle Rider Safety Training 0863 | Secretary of State Grant 0948 | Vehicle Inspection 0963 | Secretary of State Antique Vehicle Show 1390 | Capital Development 0141 | General Obligation Bond Retirement and Interest 0101 |                  |
| <b>ASSETS</b>   |                                  |                               |                         |  |                          |  |                  |
| Unexpended appropriations                             | \$ -                             | \$ -                          | \$ 110                  | \$ -   | \$ -                     | \$ -   | \$ 3,202         |
| Cash equity with State Treasurer                      | 467                              | 785                           | -                       | -  | -                        | -  | 66,627           |
| Cash and cash equivalents                             | -                                | -                             | -                       | 13   | -                        | -  | 13               |
| Intergovernmental receivables, net                    | -                                | -                             | -                       | -  | -                        | -  | 1,655            |
| Other receivables, net                                | -                                | -                             | -                       | -  | -                        | -  | 22               |
| Due from other State funds                            | -                                | -                             | -                       | -  | -                        | -  | 5                |
| Inventories   | -                                | -                             | -                       | -  | -                        | -  | 6,039            |
| <b>Total assets</b>                                   | <b>\$ 467</b>                    | <b>\$ 785</b>                 | <b>\$ 110</b>           | <b>\$ 13</b>                                 | <b>\$ -</b>              | <b>\$ -</b>  | <b>\$ 77,563</b> |
| <b>LIABILITIES</b>                                    |                                  |                               |                         |  |                          |  |                  |
| Accounts payable and accrued liabilities              | \$ -                             | \$ -                          | \$ 74                   | \$ -   | \$ -                     | \$ -   | \$ 4,022         |
| Intergovernmental payables                            | -                                | -                             | 5                       | -  | -                        | -  | 2,323            |
| Due to other State fiduciary funds                    | -                                | -                             | 10                      | -  | -                        | -  | 256              |
| Due to other Office funds                             | -                                | -                             | -                       | -  | -                        | -  | 101              |
| Due to other State funds                              | -                                | -                             | 16                      | -  | -                        | -  | 1,900            |
| Due to State of Illinois component units              | -                                | -                             | -                       | -  | -                        | -  | 245              |
| Unavailable revenue                                   | -                                | -                             | -                       | -  | -                        | -  | 1,086            |
| Unearned revenue                                      | 58                               | 5                             | -                       | -  | -                        | -  | 176              |
| <b>Total liabilities</b>                              | <b>58</b>                        | <b>5</b>                      | <b>105</b>              | <b>-</b>                                     | <b>-</b>                 | <b>-</b>   | <b>10,109</b>    |
| <b>FUND BALANCES (DEFICITS)</b>                       |                                  |                               |                         |  |                          |  |                  |
| Reserved for encumbrances                             | -                                | 2                             | 5                       | -  | -                        | -  | 2,935            |
| Reserved for inventories                              | -                                | -                             | -                       | -  | -                        | -  | 6,039            |
| Unreserved, undesignated                              | 409                              | 778                           | -                       | 13   | -                        | -  | 58,480           |
| <b>Total fund balances</b>                            | <b>409</b>                       | <b>780</b>                    | <b>5</b>                | <b>13</b>                                    | <b>-</b>                 | <b>-</b>   | <b>67,454</b>    |
| <b>Total liabilities and fund balances (deficits)</b> | <b>\$ 467</b>                    | <b>\$ 785</b>                 | <b>\$ 110</b>           | <b>\$ 13</b>                                 | <b>\$ -</b>              | <b>\$ -</b>  | <b>\$ 77,563</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, 2009 (Expressed in Thousands)

|  | Special Revenue           |                              |  |   |                                      |   |  |   |       |   |
|--|---------------------------|------------------------------|--|---|--------------------------------------|---|--|---|-------|---|
|  | Motor Fuel<br>Tax<br>0012 | Drivers<br>Education<br>0031 | Lobbyist<br>Registration<br>Administration<br>0044 | Accessible<br>Electronic<br>Information<br>Services<br>0106 | CDLIS/<br>AAMVA Net<br>Trust<br>0109 | Registered<br>Limited<br>Liability<br>Partnership<br>0167 | Secretary<br>of State<br>Federal<br>Projects<br>0176 | Secretary of<br>State Special<br>License<br>Plate<br>0185 |       |   |
| <b>REVENUES</b>  |                           |                              |  |   |                                      |   |  |   |       |   |
| Federal government license and fees                              | -                         | \$ -                         | \$ -   | \$ -  | \$ -                                 | \$ -  | \$ -   | \$ 65   | \$ -  | - |
| Interest and other investment income                             | -                         | 11,594                       | 571  | -   | 698                                  | 463   | -  | -   | 4,749 | - |
| Other charges for services                                       | -                         | -                            | 36   | -   | -                                    | -   | -  | -   | -     | - |
| Other revenues   | -                         | -                            | -  | -   | -                                    | -   | -  | -   | -     | - |
| Other operating grants   | -                         | -                            | -  | -   | -                                    | -   | -  | -   | -     | - |
| <b>Total revenues</b>  | -                         | 11,594                       | 607  | -   | 698                                  | 463   | -  | 65  | 4,749 | - |
| <b>EXPENDITURES</b>  |                           |                              |  |   |                                      |   |  |   |       |   |
| General government   | 1,200                     | -                            | 510  | 72  | 627                                  | 129   | 12   | 12  | 5,037 | - |
| Capital outlays  | -                         | -                            | -  | -   | 12                                   | -   | -  | -   | -     | - |
| <b>Total expenditures</b>  | 1,200                     | -                            | 510  | 72  | 639                                  | 129   | 12   | 12  | 5,037 | - |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | (1,200)                   | 11,594                       | 97   | (72)  | 59                                   | 334   | 53   | (288)   |       |   |
| <b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>               |                           |                              |  |   |                                      |   |  |   |       |   |
| Appropriations from State resources                              | 1,200                     | -                            | -  | -   | -                                    | -   | -  | -   | -     | - |
| Lapsed appropriations  | -                         | -                            | -  | -   | -                                    | -   | -  | -   | -     | - |
| Receipts collected and transmitted to State Treasury             | -                         | (11,503)                     | -  | -   | -                                    | -   | -  | -   | -     | - |
| Amount of SAMS transfers-out                                     | -                         | -                            | -  | -   | -                                    | -   | -  | -   | -     | - |
| Transfers-in   | -                         | -                            | -  | 77  | -                                    | -   | -  | -   | -     | - |
| Transfers-out  | -                         | -                            | (100)  | -   | -                                    | (176)   | -  | -   | -     | - |
| <b>Net other sources (uses) of financial resources</b>           | 1,200                     | (11,503)                     | (100)  | 77  | -                                    | (176)   | -  | -   | -     | - |
| <b>Net change in fund balances</b>                               | -                         | 91                           | (3)  | 5   | 59                                   | 158   | 53   | (288)   |       |   |
| Fund balances (deficits), July 1, 2008                           | -                         | 992                          | 534  | 77  | 175                                  | 239   | 15   | 4,960   |       |   |
| Increase (decrease) for changes in inventories                   | -                         | -                            | -  | -   | -                                    | -   | -  | (92)  |       |   |
| <b>FUND BALANCES (DEFICITS), JUNE 30, 2009</b>                   | \$ -                      | \$ 1,083                     | \$ 531   | \$ 82   | \$ 234                               | \$ 397  | \$ 68  | \$ 4,580  |       |   |

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, 2009 (Expressed in Thousands)

|  | Special Revenue                              |                              |   |   |  |    |         | Department of<br>Business<br>Services<br>Special<br>Operations<br>0363 | Secretary of<br>State Evidence<br>0374 |
|--|--|------------------------------|---|---|--|----|---------|--|--|
|  | 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>REVENUES</b>  |  |                              |   |   |  |    |         |  |  |
| Federal government   | -  | \$ (3)                       | \$  | -   | \$   | -  | \$      | -  | \$                                     |
| License and fees   | -  | -                            | 9   | 378   | 9,536  | -  | 8,904   | -  | -                                      |
| Interest and other investment income                                 | -  | -                            | -   | -   | 75   | -  | -       | -  | -                                      |
| Other charges for services   | 1,812  | 1                            | -   | -   | -  | -  | -       | -  | -                                      |
| Other revenues   | -  | 4                            | -   | -   | 674  | -  | -       | -  | 7                                      |
| Other operating grants   | -  | -                            | -   | -   | -  | -  | -       | -  | -                                      |
| <b>Total revenues</b>  | 1,812  | 2                            | 9   | 378   | 10,285   | -  | 8,904   | -  | 7                                      |
| <b>EXPENDITURES</b>  |  |                              |   |   |  |    |         |  |  |
| General government   | 820  | (145)                        | -   | 336   | 5,702  | -  | 4,849   | -  | 7                                      |
| Capital outlays  | 71   | 11                           | -   | -   | 81   | -  | -       | -  | -                                      |
| <b>Total expenditures</b>  | 891  | (134)                        | -   | 336   | 5,783  | -  | 4,849   | -  | 7                                      |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | 921  | 136                          | 9   | 42  | 4,502  | -  | 4,055   | -  | -                                      |
| <b>OTHER SOURCES (USES) OF<br/>FINANCIAL RESOURCES</b>               |  |                              |   |   |  |    |         |  |  |
| Appropriations from State resources                                  | -  | -                            | -   | -   | -  | -  | -       | -  | -                                      |
| Lapsed appropriations  | -  | -                            | -   | -   | -  | -  | -       | -  | -                                      |
| Receipts collected and transmitted to State Treasury                 | -  | -                            | -   | -   | -  | -  | -       | -  | -                                      |
| Amount of SAMS transfers-out   | -  | -                            | -   | -   | -  | -  | -       | -  | -                                      |
| Transfers-in   | -  | -                            | -   | -   | -  | -  | -       | -  | -                                      |
| Transfers-out  | (500)  | -                            | -   | -   | (5,725)  | -  | (3,000) | -  | -                                      |
| <b>Net other sources (uses) of<br/>financial resources</b>           | (500)  | -                            | -   | -   | (5,725)  | -  | (3,000) | -  | -                                      |
| <b>Net change in fund balances</b>                                   | 421  | 136                          | 9   | 42  | (1,223)  | -  | 1,055   | -  | -                                      |
| Fund balances (deficits), July 1, 2008                               | 2,541  | 117                          | 18  | 120   | 8,418  | -  | 854     | -  | -                                      |
| Increase (decrease) for changes in inventories                       | -  | -                            | -   | -   | -  | -  | -       | -  | -                                      |
| <b>FUND BALANCES (DEFICITS), JUNE 30, 2009</b>                       | \$ 2,962                                     | \$ 253                       | \$ 27   | \$ 162                                      | \$ 7,195                                       | \$ | 1,909   | \$   | -                                      |

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, 2009 (Expressed in Thousands)

|  | Special Revenue                                     |                              |  |  |   |   |  |                             |   |            |
|--|---|------------------------------|--|--|---|---|--|-----------------------------|---|------------|
|  | State<br>College and<br>University<br>Trust<br>0417 | Alternative<br>Fuels<br>0422 | Charitable<br>Trust<br>Stabilization<br>0435 | Monitoring<br>Device Driving<br>Permit<br>Administration<br>0453 | Professional<br>Golfers<br>Association<br>Junior Golf<br>0463 | Boy Scout<br>and Girl<br>Scout Fund<br>0464 | Agriculture<br>in the<br>Classroom<br>0466 | Library<br>Services<br>0470 |   |            |
| <b>REVENUES</b>  |   |                              |  |  |   |   |  |                             |   |            |
| Federal government   | -   | -                            | -  | -  | -   | -   | -  | -                           | - | \$ 6,087   |
| License and fees   | 240   | 1,709                        | 400  | 471  | 20  | 6   | 46   | -                           | - | -          |
| Interest and other investment income                                 | -   | -                            | 27   | -  | -   | -   | -  | -                           | - | -          |
| Other charges for services   | -   | -                            | -  | -  | -   | -   | -  | -                           | - | -          |
| Other revenues   | -   | -                            | -  | -  | -   | -   | -  | -                           | - | -          |
| Other operating grants   | -   | -                            | -  | -  | -   | -   | -  | -                           | - | -          |
| <b>Total revenues</b>  | <b>240</b>  | <b>1,709</b>                 | <b>427</b>                                   | <b>471</b>   | <b>20</b>   | <b>6</b>                                    | <b>46</b>                                  | <b>6,087</b>                |   |            |
| <b>EXPENDITURES</b>  |   |                              |  |  |   |   |  |                             |   |            |
| General government   | -   | 224                          | -  | 2  | -   | -   | 10   | 4,081                       | - | -          |
| Capital outlays  | -   | 9                            | -  | -  | -   | -   | -  | 2,000                       | - | -          |
| <b>Total expenditures</b>  | <b>-</b>  | <b>233</b>                   | <b>-</b>                                     | <b>2</b>   | <b>-</b>  | <b>-</b>                                    | <b>10</b>                                  | <b>6,081</b>                |   |            |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <b>240</b>  | <b>1,476</b>                 | <b>427</b>                                   | <b>469</b>   | <b>20</b>   | <b>6</b>                                    | <b>36</b>                                  | <b>6</b>                    |   |            |
| <b>OTHER SOURCES (USES) OF<br/>FINANCIAL RESOURCES</b>               |   |                              |  |  |   |   |  |                             |   |            |
| Appropriations from State resources                                  | -   | 225                          | -  | -  | -   | -   | -  | -                           | - | -          |
| Lapsed appropriations  | -   | -                            | -  | -  | -   | -   | -  | -                           | - | -          |
| Receipts collected and transmitted to State Treasury                 | (247)   | (1,794)                      | -  | -  | -   | -   | -  | -                           | - | -          |
| Amount of SAMS transfers-out   | -   | -                            | -  | -  | -   | -   | -  | -                           | - | -          |
| Transfers-in   | -   | -                            | -  | -  | -   | -   | -  | -                           | - | -          |
| Transfers-out  | -   | -                            | -  | -  | -   | -   | -  | -                           | - | -          |
| <b>Net other sources (uses) of<br/>financial resources</b>           | <b>(247)</b>  | <b>(1,569)</b>               | <b>-</b>                                     | <b>-</b>   | <b>-</b>  | <b>-</b>                                    | <b>-</b>                                   | <b>-</b>                    |   |            |
| <b>Net change in fund balances</b>                                   | <b>(7)</b>  | <b>(93)</b>                  | <b>427</b>                                   | <b>469</b>   | <b>20</b>   | <b>6</b>                                    | <b>36</b>                                  | <b>6</b>                    |   |            |
| Fund balances (deficits), July 1, 2008                               | 25  | 562                          | 20   | -  | 3   | -   | 4  | (13)                        |   |            |
| Increase (decrease) for changes in inventories                       | -   | -                            | -  | -  | -   | -   | -  | -                           |   |            |
| <b>FUND BALANCES (DEFICITS), JUNE 30, 2009</b>                       | <b>18</b>   | <b>469</b>                   | <b>447</b>                                   | <b>469</b>   | <b>23</b>   | <b>6</b>                                    | <b>40</b>                                  | <b>6</b>                    |   | <b>(7)</b> |

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

For the Year Ended June 30, 2009 (Expressed in Thousands)

|  | Special Revenue       |  |  |   |                         |   |  |                                  |  |  |  |
|--|-----------------------|--|--|---|-------------------------|---|--|----------------------------------|--|--|--|
|  | State Library<br>0471 | Secretary of State<br>Identification and Theft<br>Prevention<br>0480 | Secretary of State<br>Special Services<br>0483 | Franchise Tax<br>and License<br>Fee Amnesty<br>Administration<br>0490 | Master<br>Mason<br>0508 | Illinois and<br>Michigan<br>Canal<br>0570 | Off Highway<br>Vehicle<br>Trails<br>0574 | Pan<br>Hellenic<br>Trust<br>0584 |  |  |  |
| <b>REVENUES</b>  |                       |  |  |   |                         |   |  |                                  |  |  |  |
| Federal government license and fees                              | \$ -                  | \$ -   | \$ -   | \$ -  | \$ -                    | \$ -                                      | \$ -                                     | \$ -                             |  |  |  |
| Interest and other investment income                             | -                     | -  | 23,069   | -   | 44                      | 9   | 345                                      | 37                               |  |  |  |
| Other charges for services                                       | 1                     | -  | -  | -   | -                       | -   | -  | -                                |  |  |  |
| Other revenues   | 6                     | -  | -  | -   | -                       | -   | -  | -                                |  |  |  |
| Other operating grants   | -                     | -  | -  | -   | -                       | -   | -  | -                                |  |  |  |
| <b>Total revenues</b>  | 7                     | -  | 23,069   | -   | 44                      | 9   | 345                                      | 37                               |  |  |  |
| <b>EXPENDITURES</b>  |                       |  |  |   |                         |   |  |                                  |  |  |  |
| General government   | (180)                 | 2,584  | 19,638   | 429   | 40                      | -   | -  | (7)                              |  |  |  |
| Capital outlays  | 182                   | -  | 503  | -   | -                       | -   | -  | -                                |  |  |  |
| <b>Total expenditures</b>  | 2                     | 2,584  | 20,141   | 429   | 40                      | -   | -  | (7)                              |  |  |  |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | 5                     | (2,584)  | 2,928  | (429)   | 4                       | 9   | 345                                      | 44                               |  |  |  |
| <b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>               |                       |  |  |   |                         |   |  |                                  |  |  |  |
| Appropriations from State resources                              | -                     | -  | -  | -   | -                       | -   | -  | -                                |  |  |  |
| Lapsed appropriations  | -                     | -  | -  | -   | -                       | -   | -  | -                                |  |  |  |
| Receipts collected and transmitted to State Treasury             | -                     | -  | -  | -   | -                       | -   | (356)                                    | -                                |  |  |  |
| Amount of SAMS transfers-out                                     | -                     | -  | -  | -   | -                       | -   | -  | -                                |  |  |  |
| Transfers-in   | -                     | 12,500   | -  | -   | -                       | -   | -  | -                                |  |  |  |
| Transfers-out  | -                     | -  | -  | -   | -                       | -   | -  | -                                |  |  |  |
| <b>Net other sources (uses) of financial resources</b>           | -                     | 12,500   | -  | -   | -                       | -   | (356)                                    | -                                |  |  |  |
| <b>Net change in fund balances</b>                               | 5                     | 9,916  | 2,928  | (429)   | 4                       | 9   | (11)                                     | 44                               |  |  |  |
| Fund balances (deficits), July 1, 2008                           | (1)                   | 12,400   | 7,549  | 431   | 18                      | 62  | 40                                       | 33                               |  |  |  |
| Increase (decrease) for changes in inventories                   | -                     | -  | -  | -   | -                       | -   | -  | -                                |  |  |  |
| <b>FUND BALANCES (DEFICITS), JUNE 30, 2009</b>                   | 4                     | 22,316   | 10,477   | 2   | 22                      | 71  | 29                                       | 77                               |  |  |  |

**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, 2009 (Expressed in Thousands)

|  |   | Special Revenue                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|---|--------------------------------|----------------|----------------------------------|------------------------------------|-------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Park District Youth Program 0585                                 | Illinois Route 66 Heritage Project 0594 | Police Memorial Committee 0598 | Mammogram 0599 | Motor Vehicle License Plate 0622 | Special Olympics Illinois Fund 623 | FY 09 Budget Relief Fund 0678 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| \$   | - \$                                    | - \$                           | - \$           | - \$                             | - \$                               | - \$                          |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 23   | 93                                      | 130                            | 128            | 10,059                           | 11                                 |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| -  | -                                       | -                              | -              | -                                | -                                  | -                             |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| -  | -                                       | -                              | -              | -                                | -                                  | -                             |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| -  | -                                       | -                              | -              | -                                | -                                  | -                             |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| -  | -                                       | -                              | -              | -                                | -                                  | -                             |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 23   | 93                                      | 130                            | 128            | 10,059                           | 11                                 |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 15   | 145                                     | 80                             | 100            | 11,311                           |                                    | 10,605                        |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| -  | -                                       | -                              | -              | 60                               |                                    | 674                           |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 15   | 145                                     | 80                             | 100            | 11,371                           |                                    | 11,279                        |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 8  | (52)                                    | 50                             | 28             | (1,312)                          | 11                                 | (11,279)                      |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>REVENUES</b>  |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Federal government license and fees                              |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest and other investment income                             |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other charges for services                                       |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other revenues   |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other operating grants   |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>Total revenues</b>  |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>EXPENDITURES</b>  |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| General government   |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Capital outlays  |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>Total expenditures</b>  |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>               |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Appropriations from State resources                              |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Lapsed appropriations  |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Receipts collected and transmitted to State Treasury             |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Amount of SAMS transfers-out                                     |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Transfers-in   |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Transfers-out  |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>Net other sources (uses) of financial resources</b>           |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>Net change in fund balances</b>                               |   |                                |                |                                  |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 8  | (52)                                    | 50                             | 28             | (1,312)                          | 11                                 | 21                            |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 13   | 83                                      | 90                             | 24             | 11,661                           |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| -  | -                                       | -                              | -              | (152)                            |                                    |                               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 21   | 31                                      | 140                            | 52             | 10,197                           | 11                                 | 21                            |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| \$   | \$                                      | \$                             | \$             | \$                               | \$                                 | \$                            |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

Fund balances (deficits), July 1, 2008  
Increase (decrease) for changes in inventories

**FUND BALANCES (DEFICITS), JUNE 30, 2009**

**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, 2009 (Expressed in Thousands)

|  | Special Revenue                  |   |   |                                   |  |                                     |  |       |
|--|----------------------------------|---|---|-----------------------------------|--|-------------------------------------|--|-------|
|  | Organ Donor<br>Awareness<br>0716 | Secretary of<br>State DUI<br>Administration<br>0732 | Chicago and<br>Northeast<br>Illinois District<br>Council of<br>Carpenters<br>0756 | 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 |       |
| <b>REVENUES</b>  |                                  |   |   |                                   |  |                                     |  |       |
| Federal government<br>license and fees                               | - \$                             | - \$  | - \$  | - \$                              | - \$   | - \$                                | - \$   | -     |
| Interest and other investment income                                 | 167                              | 1,824   | -   | -                                 | 47   | 63                                  | 2  | 2     |
| Other charges for services   | -                                | -   | -   | 15                                | -  | -                                   | -  | -     |
| Other revenues   | -                                | -   | -   | -                                 | -  | -                                   | -  | -     |
| Other operating grants   | -                                | -   | -   | -                                 | -  | -                                   | -  | -     |
| <b>Total revenues</b>  | 167                              | 1,824   | -   | 15                                | 47   | 63                                  | 2  | 2     |
| <b>EXPENDITURES</b>  |                                  |   |   |                                   |  |                                     |  |       |
| General government   | 125                              | 1,528   | -   | 59                                | 47   | 40                                  | 33   | 33    |
| Capital outlays  | -                                | -   | -   | -                                 | -  | -                                   | -  | -     |
| <b>Total expenditures</b>  | 125                              | 1,528   | -   | 59                                | 47   | 40                                  | 33   | 33    |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | 42                               | 296   | -   | (44)                              | -  | 23                                  | (31)   | (31)  |
| <b>OTHER SOURCES (USES) OF<br/>FINANCIAL RESOURCES</b>               |                                  |   |   |                                   |  |                                     |  |       |
| Appropriations from State resources                                  | -                                | -   | -   | -                                 | -  | -                                   | 40   | 40    |
| Lapsed appropriations  | -                                | -   | -   | -                                 | -  | -                                   | (40)   | (40)  |
| Receipts collected and transmitted to State Treasury                 | -                                | -   | -   | -                                 | -  | -                                   | (2)  | (2)   |
| Amount of SAMS transfers-out   | -                                | -   | -   | -                                 | -  | -                                   | 100  | 100   |
| Transfers-in   | -                                | -   | -   | -                                 | -  | -                                   | -  | -     |
| Transfers-out  | -                                | -   | -   | -                                 | -  | -                                   | (100)  | (100) |
| <b>Net other sources (uses) of<br/>financial resources</b>           | -                                | -   | -   | -                                 | -  | -                                   | (2)  | (2)   |
| <b>Net change in fund balances</b>                                   | 42                               | 296   | -   | (44)                              | -  | 23                                  | (33)   | (33)  |
| Fund balances (deficits), July 1, 2008                               | 78                               | 1,327   | -   | 56                                | 2  | 48                                  | 33   | 33    |
| Increase (decrease) for changes in inventories                       | -                                | -   | -   | -                                 | -  | -                                   | -  | -     |
| <b>FUND BALANCES (DEFICITS), JUNE 30, 2009</b>                       | \$ 120                           | \$ 1,623  | \$ -  | \$ 12                             | \$ 2   | \$ 71                               | \$ -   | \$ -  |

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, 2009 (Expressed in Thousands)

|  | Special Revenue                  |                               |                         |  | Capital Projects         |  | Debt Service |                  | Total |
|--|----------------------------------|-------------------------------|-------------------------|--|--------------------------|--|--------------|------------------|-------|
|  | Cycle Rider Safety Training 0863 | Secretary of State Grant 0948 | Vehicle Inspection 0963 | Secretary of State Antique Vehicle Show 1390 | Capital Development 0141 | General Obligation Bond Retirement and Interest 0101 |              |                  |       |
| <b>REVENUES</b>  |                                  |                               |                         |  |                          |  |              |                  |       |
| Federal government license and fees                              | \$ -                             | \$ -                          | \$ -                    | \$ -   | \$ -                     | \$ -   | \$ -         | \$ 6,149         |       |
| Interest and other investment income                             | 4,450                            | -                             | -                       | 12   | -                        | -  | 7            | 80,314           |       |
| Other charges for services                                       | -                                | -                             | -                       | -  | -                        | -  | -            | 102              |       |
| Other revenues   | -                                | 9                             | -                       | 4  | -                        | -  | -            | 1,865            |       |
| Other operating grants   | -                                | 28                            | -                       | -  | -                        | -  | -            | 704              |       |
| <b>Total revenues</b>  | <b>4,450</b>                     | <b>37</b>                     | <b>-</b>                | <b>16</b>                                    | <b>-</b>                 | <b>-</b>   | <b>7</b>     | <b>89,162</b>    |       |
| <b>EXPENDITURES</b>  |                                  |                               |                         |  |                          |  |              |                  |       |
| General government   | -                                | 296                           | 3,473                   | 14   | -                        | -  | -            | 73,848           |       |
| Capital outlays  | -                                | -                             | 162                     | -  | -                        | -  | -            | 3,765            |       |
| <b>Total expenditures</b>  | <b>-</b>                         | <b>296</b>                    | <b>3,635</b>            | <b>14</b>                                    | <b>-</b>                 | <b>-</b>   | <b>-</b>     | <b>77,613</b>    |       |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <b>4,450</b>                     | <b>(259)</b>                  | <b>(3,635)</b>          | <b>2</b>                                     | <b>-</b>                 | <b>-</b>   | <b>7</b>     | <b>11,549</b>    |       |
| <b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>               |                                  |                               |                         |  |                          |  |              |                  |       |
| Appropriations from State resources                              | -                                | -                             | 3,770                   | -  | 1,000                    | -  | -            | 17,535           |       |
| Lapsed appropriations  | -                                | -                             | (211)                   | -  | (1,000)                  | -  | -            | (1,251)          |       |
| Receipts collected and transmitted to State Treasury             | (4,503)                          | -                             | -                       | -  | -                        | (7)  | -            | (18,412)         |       |
| Amount of SAMS transfers-out                                     | -                                | -                             | -                       | -  | -                        | -  | -            | 100              |       |
| Transfers-in   | -                                | -                             | -                       | -  | -                        | -  | -            | 12,577           |       |
| Transfers-out  | -                                | -                             | -                       | -  | -                        | -  | -            | (9,601)          |       |
| <b>Net other sources (uses) of financial resources</b>           | <b>(4,503)</b>                   | <b>-</b>                      | <b>3,559</b>            | <b>-</b>                                     | <b>-</b>                 | <b>(7)</b>   | <b>-</b>     | <b>948</b>       |       |
| <b>Net change in fund balances</b>                               | <b>(53)</b>                      | <b>(259)</b>                  | <b>(76)</b>             | <b>2</b>                                     | <b>-</b>                 | <b>-</b>   | <b>-</b>     | <b>12,497</b>    |       |
| Fund balances (deficits), July 1, 2008                           | 462                              | 1,039                         | 81                      | 11   | -                        | -  | -            | 55,201           |       |
| Increase (decrease) for changes in inventories                   | -                                | -                             | -                       | -  | -                        | -  | -            | (244)            |       |
| <b>FUND BALANCES (DEFICITS), JUNE 30, 2009</b>                   | <b>\$ 409</b>                    | <b>\$ 780</b>                 | <b>\$ 5</b>             | <b>\$ 13</b>                                 | <b>\$ -</b>              | <b>\$ -</b>  | <b>\$ -</b>  | <b>\$ 67,454</b> |       |

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

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

June 30, 2009 (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 | \$ 1,532                         | \$ 4,066                                      | \$ -            | \$ -                | \$ 5,598        |
| Cash and cash equivalents        | -                                | -   | -               | 117                 | 117             |
| Investments                      | -                                | -   | -               | 1,248               | 1,248           |
| Other receivables, net           | -                                | 19  | -               | -                   | 19              |
| <b>Total assets</b>              | <b>\$ 1,532</b>                  | <b>\$ 4,085</b>                               | <b>\$ -</b>     | <b>\$ 1,365</b>     | <b>\$ 6,982</b> |
| <b>LIABILITIES</b>               |                                  |   |                 |                     |                 |
| Other liabilities                | \$ 1,532                         | \$ 4,085                                      | \$ -            | \$ 1,365            | \$ 6,982        |
| <b>Total liabilities</b>         | <b>\$ 1,532</b>                  | <b>\$ 4,085</b>                               | <b>\$ -</b>     | <b>\$ 1,365</b>     | <b>\$ 6,982</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, 2009 (Expressed in Thousands)

|   | Balance at<br>June 30, 2008 | Additions         | Deletions         | Balance at<br>June 30, 2009 |
|---|-----------------------------|-------------------|-------------------|-----------------------------|
| <b>Safety Responsibility (0436)</b>           |                             |                   |                   |                             |
| <b>ASSETS</b>                                 |                             |                   |                   |                             |
| Cash equity with State Treasurer              | \$ 1,643                    | \$ (111)          | \$ -              | \$ 1,532                    |
| <b>Total assets</b>                           | <u>\$ 1,643</u>             | <u>\$ (111)</u>   | <u>\$ -</u>       | <u>\$ 1,532</u>             |
| <b>LIABILITIES</b>                            |                             |                   |                   |                             |
| Other liabilities                             | \$ 1,643                    | \$ (111)          | \$ -              | \$ 1,532                    |
| <b>Total liabilities</b>                      | <u>\$ 1,643</u>             | <u>\$ (111)</u>   | <u>\$ -</u>       | <u>\$ 1,532</u>             |
| <b>International Registration Plan (0890)</b> |                             |                   |                   |                             |
| <b>ASSETS</b>                                 |                             |                   |                   |                             |
| Cash equity with State Treasurer              | \$ 3,588                    | \$ 154,379        | \$ 153,901        | \$ 4,066                    |
| Other receivables, net                        | 19                          | -                 | -                 | 19                          |
| <b>Total assets</b>                           | <u>\$ 3,607</u>             | <u>\$ 154,379</u> | <u>\$ 153,901</u> | <u>\$ 4,085</u>             |
| <b>LIABILITIES</b>                            |                             |                   |                   |                             |
| Other liabilities                             | \$ 3,607                    | \$ 154,379        | \$ 153,901        | \$ 4,085                    |
| <b>Total liabilities</b>                      | <u>\$ 3,607</u>             | <u>\$ 154,379</u> | <u>\$ 153,901</u> | <u>\$ 4,085</u>             |
| <b>Go-Back (1110)</b>                         |                             |                   |                   |                             |
| <b>ASSETS</b>                                 |                             |                   |                   |                             |
| Cash and cash equivalents                     | \$ -                        | \$ 139            | \$ 139            | \$ -                        |
| <b>Total assets</b>                           | <u>\$ -</u>                 | <u>\$ 139</u>     | <u>\$ 139</u>     | <u>\$ -</u>                 |
| <b>LIABILITIES</b>                            |                             |                   |                   |                             |
| Other liabilities                             | \$ -                        | \$ 139            | \$ 139            | \$ -                        |
| <b>Total liabilities</b>                      | <u>\$ -</u>                 | <u>\$ 139</u>     | <u>\$ 139</u>     | <u>\$ -</u>                 |
| <b>Safekeeping (1344)</b>                     |                             |                   |                   |                             |
| <b>ASSETS</b>                                 |                             |                   |                   |                             |
| Cash and cash equivalents                     | \$ 53                       | \$ 76             | \$ 12             | \$ 117                      |
| Investments                                   | 1,660                       | 1,360             | 1,772             | 1,248                       |
| <b>Total assets</b>                           | <u>\$ 1,713</u>             | <u>\$ 1,436</u>   | <u>\$ 1,784</u>   | <u>\$ 1,365</u>             |
| <b>LIABILITIES</b>                            |                             |                   |                   |                             |
| Other liabilities                             | \$ 1,713                    | \$ 1,436          | \$ 1,784          | \$ 1,365                    |
| <b>Total liabilities</b>                      | <u>\$ 1,713</u>             | <u>\$ 1,436</u>   | <u>\$ 1,784</u>   | <u>\$ 1,365</u>             |
| <b>Total - All Agency Funds</b>               |                             |                   |                   |                             |
| <b>ASSETS</b>                                 |                             |                   |                   |                             |
| Cash equity with State Treasurer              | \$ 5,231                    | \$ 154,268        | \$ 153,901        | \$ 5,598                    |
| Cash and cash equivalents                     | 53                          | 215               | 151               | 117                         |
| Investments                                   | 1,660                       | 1,360             | 1,772             | 1,248                       |
| Other receivables, net                        | 19                          | -                 | -                 | 19                          |
| <b>Total assets</b>                           | <u>\$ 6,963</u>             | <u>\$ 155,843</u> | <u>\$ 155,824</u> | <u>\$ 6,982</u>             |
| <b>LIABILITIES</b>                            |                             |                   |                   |                             |
| Other liabilities                             | \$ 6,963                    | \$ 155,843        | \$ 155,824        | \$ 6,982                    |
| <b>Total liabilities</b>                      | <u>\$ 6,963</u>             | <u>\$ 155,843</u> | <u>\$ 155,824</u> | <u>\$ 6,982</u>             |



250 North Water, Suite 501, P.O. Box 1460 • Decatur, Illinois 62525-1460

**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 William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited 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, 2009, which collectively comprise State of Illinois, Office of the Secretary of State's basic financial statements and have issued our report thereon dated April 19, 2010. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the State of Illinois, Office of the Secretary of State's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Office of the Secretary of State's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be a significant deficiency.

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. We consider the deficiencies described in finding 09-1 in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency or 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. We consider the deficiencies described in finding 09-2 in the accompanying schedule of findings 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 of 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*.

The State of Illinois, Office of the Secretary of State's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the State of Illinois, Office of the Secretary of State's response and, accordingly, we express no opinion on it.

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



Decatur, Illinois  
April 19, 2010

**STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE**

**SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2009**

09-1. **FINDING** (Lack of Financial Reporting Review Procedures)

The Office of the Secretary of State (Office) did not have adequate review procedures in place to ensure the Office's annual financial statements were accurately prepared.

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

- An adjustment was made to record revenues receivable from the federal government at June 30, 2009, related to a federal grant program. The amount of the adjustment was \$1.086 million.
- A classification error was identified requiring an adjustment to report the fund balance totalling \$64.275 million, of the State Construction Account, Fund #0902, as unreserved fund balance rather than unrestricted net assets.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires State agencies to establish and maintain a system of internal fiscal and administrative controls, which shall 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.

The errors identified above were an oversight by the Office. Although the Office's records accurately accounted for the above noted items, its internal controls did not provide for detection of the errors by management in its preparation of the Office's financial statements.

Failure to implement appropriate internal control procedures over financial reporting could lead to future misstatements of the Office's financial statements. Because the information reported in the Office's financial statements is also reported in the comprehensive annual financial report (CAFR) of the State of Illinois, errors in the Office's financial information could also lead to misstatements in the State's CAFR. (Finding Code No. 09-1)

**RECOMMENDATION**

We recommend the Office continue in its efforts to 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**

The Secretary of State's Office accepts the auditor's recommendation. The Office will continue to look for ways to improve internal control procedures over the preparation and review of its financial statements.

09-2. **FINDING** (Inadequate Controls Over Reporting of Accounts Receivable)

The Office of the Secretary of State (Office) did not have adequate internal controls to ensure accounts receivable were accurately reported, and the Office also lacked effective methods of estimating the uncollectible portion of its accounts receivable.

The Office's accounts receivable listing from its Securities Division erroneously reported a balance of approximately \$2.1 million at June 30, 2009 that had actually been received. In addition, the method used by the Office to estimate the portion of its accounts receivable that are not collectible was not adequate to provide for a reasonable estimate.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires State agencies to establish and maintain a system of internal fiscal and administrative controls, which shall 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. In addition, generally accepted accounting procedures require that the methodology used to make estimates be periodically reviewed to ensure that the estimates are reasonable.

Office management stated that the error in its accounts receivable reporting was due to the oversight of the individual preparing the information and that controls to identify the error were not adequate. With regard to the failure to reasonably estimate its uncollectible accounts receivable, Office management stated that the method applied had been recommended to them by a consultant several years ago. However, this methodology had not been reviewed on an annual basis to determine whether it remained valid and appropriate for the circumstances.

Failure to implement appropriate internal control procedures over reporting of accounts receivable could lead to future misstatements of the Office's financial statements. In addition, inaccurate reporting hinders effective management and safeguarding of State resources. (Finding Code No. 09-2)

**RECOMMENDATION**

We recommend the Office implement procedures to ensure the accuracy of its accounts receivable reporting and annually assess its method of estimation of uncollectible accounts to provide for reasonable estimates.

**AGENCY RESPONSE**

The Office accepts this finding. The Office will train its fiscal staff responsible for accounts receivable reporting and review to ensure the accuracy of its reporting. The Office will also develop procedures to review its method of estimation of uncollectible accounts on an annual basis to provide reasonable estimates.

STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE

PRIOR FINDINGS NOT REPEATED  
Year Ended June 30, 2009

A **FINDING** (Financial Reporting Weaknesses)

The Office of the Secretary of State (Office) did not have adequate controls in place to ensure the Office's annual financial statements were prepared in accordance with generally accepted accounting principles (GAAP).

For the year ended June 30, 2009, the Office did not identify errors in its application of GAAP, nor did our audit disclose any such errors in the Office's year financial statements. (Finding Code No. 08-1)