

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

FINANCIAL AUDIT

For the Year Ended June 30, 2014

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

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

FINANCIAL AUDIT
For the Year Ended June 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
Agency Officials	1
Financial Statement Report	
Summary	2
Independent Auditor's Report	3
Basic Financial Statements	
Statement of Net Position and Governmental Funds Balance Sheet	6
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	7
Statement of Activities and Governmental Revenues, Expenditures and Changes in Fund Balances	8
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	9
Statement of Fiduciary Net Position	10
Notes to Financial Statements	11
Supplementary Information	
Combining Schedule of Accounts - General Fund	30
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - General Fund	31
Combining Balance Sheet - Non-major Governmental Funds	32
Combining Statement Revenues, Expenditures and Changes in Fund Balance - Non-major Governmental Funds	41
Combining Statement of Fiduciary Net Position - Agency Funds	52
Combining Statement of Changes in Assets and Liabilities - Agency Funds	53
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	54
Schedule of Findings	56

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

AGENCY OFFICIALS
For the Year Ended June 30, 2014

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

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

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

FINANCIAL STATEMENT REPORT
For the Year Ended June 30, 2014

Summary

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

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

EXIT CONFERENCE

The Illinois Office of the Secretary of State waived an exit conference in correspondence dated December 16, 2014.



Independent Auditor's Report

Honorable William G. Holland
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Office of the Secretary of State, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the State of Illinois, Office of the Secretary of State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the State of Illinois, Office of the Secretary of State, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements of the State of Illinois, Office of the Secretary of State are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the State of Illinois, Office of the Secretary of State. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2014, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The accompanying supplementary information in the combining general fund schedules and combining nonmajor and agency fund financial statements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2014, in the combining general fund schedules and combining nonmajor and agency fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014 on our consideration of the State of Illinois, Office of the Secretary of State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Office of the Secretary of State's internal control over financial reporting and compliance.

Restricted Use of this Auditor's Report

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

Kuhner, Eck & Brantel LLP

Springfield, Illinois
December 19, 2014

State of Illinois
Office of the Secretary of State

Statement of Net Position and Governmental Funds Balance Sheet

June 30, 2014 (Expressed in Thousands)

	General Fund	Road Fund	State Construction Account	Other Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Net Position
ASSETS							
Unexpended appropriations	\$ 17,843	\$ 316	\$ -	\$ 14,780	\$ 32,939	\$ -	\$ 32,939
Cash equity with State Treasurer	64,060	51,514	69,124	137,977	322,675	-	322,675
Cash and cash equivalents	90	-	-	12	102	-	102
Securities lending collateral of State Treasurer	-	-	-	7,722	7,722	-	7,722
Taxes receivable, net	2,139	-	-	-	2,139	-	2,139
Intergovernmental receivables, net	-	-	-	1,721	1,721	-	1,721
Other receivables, net	54	2,716	1,631	2,741	7,142	-	7,142
Due from other State funds	1	-	-	156	157	-	157
Due from other Office funds	2,181	-	2,472	-	4,653	(4,653)	-
Inventories	526	-	-	2,159	2,685	-	2,685
Prepaid expenses	-	-	-	-	-	3,518	3,518
Capital assets not being depreciated	-	-	-	-	-	6,737	6,737
Capital assets being depreciated, net	-	-	-	-	-	156,087	156,087
Total assets	\$ 86,894	\$ 54,546	\$ 73,227	\$ 167,268	\$ 381,935	161,689	543,624
LIABILITIES							
Accounts payable and accrued liabilities	\$ 13,004	\$ 316	\$ -	\$ 3,544	\$ 16,864	-	16,864
Intergovernmental payables	7,067	-	-	52	7,119	-	7,119
Due to other State fiduciary funds	230	-	-	200	430	-	430
Due to other Office funds	-	3,431	-	1,222	4,653	(4,653)	-
Due to other State funds	336	-	-	1,817	2,153	-	2,153
Due to State of Illinois component units	21	-	-	195	216	-	216
Unearned revenue	5,051	12,888	7,446	249	25,634	-	25,634
Obligations under securities lending of State Treasurer	-	-	-	7,722	7,722	-	7,722
Long-term obligations:							
Due within one year	-	-	-	-	-	1,718	1,718
Due subsequent to one year	-	-	-	-	-	17,520	17,520
Total liabilities	25,709	16,635	7,446	15,001	64,791	14,585	79,376
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	-	79	79	(79)	-
Total liabilities and deferred inflows of resources	25,709	16,635	7,446	15,080	64,870	14,506	79,376
FUND BALANCES/NET POSITION							
Nonspendable:							
Inventories	526	-	-	2,159	2,685	(2,685)	-
Restricted for:							
General government	5	-	-	5,345	5,350	(5,350)	-
Committed to:							
General government	3,156	37,911	65,781	127,892	234,740	(234,740)	-
Capital projects fund	-	-	-	14,780	14,780	(14,780)	-
Assigned to:							
General government	-	-	-	994	994	(994)	-
Unassigned	57,498	-	-	1,018	58,516	(58,516)	-
Net investment in capital assets	-	-	-	-	-	162,824	162,824
Restricted assets	-	-	-	-	-	5,379	5,379
Unrestricted net position	-	-	-	-	-	296,045	296,045
Total fund balances/net position	61,185	37,911	65,781	152,188	317,065	\$ 147,183	\$ 464,248
Total liabilities, deferred inflows of resources and fund balances	\$ 86,894	\$ 54,546	\$ 73,227	\$ 167,268	\$ 381,935		

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 Position
June 30, 2014
(Expressed in Thousands)

Total fund balances-governmental funds	\$	317,065
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		162,824
Prepaid expenses for governmental activities are current uses of financial resources for funds.		3,518
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.		79
Some liabilities reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:		
Compensated absences		(19,238)
Net assets of governmental activities	\$	464,248

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, 2014 (Expressed in Thousands)

	General Fund	Road Fund	State Construction Account	Other Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Activities
Expenditures/expenses:							
General government	\$ 279,585	\$ -	\$ -	\$ 89,679	\$ 369,264	\$ 12,017	\$ 381,281
Capital outlays	1,706	-	-	1,100	2,806	(2,806)	-
Total expenditures/expenses	<u>281,291</u>	<u>-</u>	<u>-</u>	<u>90,779</u>	<u>372,070</u>	<u>9,211</u>	<u>381,281</u>
Program revenues:							
Charges for services:							
Licenses and fees	556,568	845,346	493,762	89,320	1,984,996	-	1,984,996
Other	5	-	-	112	117	-	117
Total charges for services	<u>556,573</u>	<u>845,346</u>	<u>493,762</u>	<u>89,432</u>	<u>1,985,113</u>	<u>-</u>	<u>1,985,113</u>
Operating grant revenue:							
Federal	-	-	-	8,713	8,713	79	8,792
Other	-	-	-	27	27	-	27
Total operating grant revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,740</u>	<u>8,740</u>	<u>79</u>	<u>8,819</u>
Net program revenues	<u>275,282</u>	<u>845,346</u>	<u>493,762</u>	<u>7,393</u>	<u>1,621,783</u>	<u>(9,132)</u>	<u>1,612,651</u>
General revenues:							
Interest and investment income	-	-	-	58	58	-	58
Other taxes	205,662	-	-	-	205,662	-	205,662
Other	286	-	-	3,446	3,732	-	3,732
Total general revenues	<u>205,948</u>	<u>-</u>	<u>-</u>	<u>3,504</u>	<u>209,452</u>	<u>-</u>	<u>209,452</u>
Other sources (uses):							
Appropriations from State resources	263,418	2,500	-	53,316	319,234	-	319,234
Lapsed appropriations	(2,523)	(1)	-	(1,176)	(3,700)	-	(3,700)
Receipts collected and transmitted to State Treasury	(757,362)	(850,897)	(492,898)	(18,606)	(2,119,763)	-	(2,119,763)
Reappropriations to future year(s)	-	-	-	(35,355)	(35,355)	-	(35,355)
Capital transfers from other State agencies	-	-	-	-	-	2,776	2,776
Capital transfers to other State agencies	-	-	-	-	-	(4)	(4)
Amount of SAMS transfers-in	(4,137)	-	-	-	(4,137)	-	(4,137)
Amount of SAMS transfers-out	27,872	-	-	-	27,872	-	27,872
Transfers-in	1,516	-	-	11,343	12,859	(12,803)	56
Transfers-out	(3,000)	-	-	(9,803)	(12,803)	12,803	-
Transfers of administration of funds to other State Agencies	-	-	-	(103)	(103)	-	(103)
Total other sources (uses)	<u>(474,216)</u>	<u>(848,398)</u>	<u>(492,898)</u>	<u>(384)</u>	<u>(1,815,896)</u>	<u>2,772</u>	<u>(1,813,124)</u>
Change in fund balance/net position	7,014	(3,052)	864	10,513	15,339	(6,360)	8,979
Fund balance/net position, July 1, 2013	53,894	40,963	64,917	142,203	301,977	153,292	455,269
Increase (decrease) for changes in inventories	277	-	-	(528)	(251)	251	-
Fund balance/net position, June 30, 2014	<u>\$ 61,185</u>	<u>\$ 37,911</u>	<u>\$ 65,781</u>	<u>\$ 152,188</u>	<u>\$ 317,065</u>	<u>\$ 147,183</u>	<u>\$ 464,248</u>

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

State of Illinois
Office of the Secretary of State
Reconciliation of Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2014
(Expressed in Thousands)

Net change in fund balances	\$	15,339
Change in inventories		(251)
		15,088
 Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation in the current period exceeded capital outlays.		(10,112)
Some capital assets were transferred in from other State agencies and therefore, were received at no cost and some were transferred out to other State agencies and therefore, no proceeds were received.		2,772
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.		79
Prepaid expenses in the Statement of Activities are not reported as expenses in governmental funds. This amount represents the increase in prepaid expenses over the prior year.		578
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		574
Change in net assets of governmental activities	\$	8,979

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 Fiduciary Net Position

June 30, 2014 (Expressed in Thousands)

	<u>Agency Funds</u>
ASSETS	
Cash equity with State Treasurer	\$ 1,287
Cash and cash equivalents	177
Investments	138
Total assets	<u>\$ 1,602</u>
LIABILITIES	
Other liabilities	\$ 1,602
Total liabilities	<u>\$ 1,602</u>

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

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements

June 30, 2014

(1) Organization

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

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

(2) Summary of Significant Accounting Policies

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

(a) Financial Reporting Entity

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

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

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

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements - Continued

June 30, 2014

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

(b) ***Basis of Presentation***

The financial statements of the State of Illinois, Office of the Secretary of State, are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund of the State of Illinois, and the aggregate remaining fund information of the State of Illinois that is attributable to the transactions of the Office. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2014, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements - Continued

June 30, 2014

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

(b) Basis of Presentation - Continued

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

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

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

Additionally, the Office administers the following fund types:

Governmental Funds:

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

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.

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements - Continued

June 30, 2014

(2) Summary of Significant Accounting Policies - Continued

(c) Measurement Focus and Basis of Accounting

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

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

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

(d) Shared Fund Presentation

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

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

Unexpended Appropriations

This "asset" account represents lapse period warrants issued between July and August for Fiscal Year 2014 in accordance with the Statewide Accounting Management System (SAMS) records plus any liabilities relating to obligations re-appropriated to the subsequent fiscal year.

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements - Continued

June 30, 2014

(2) Summary of Significant Accounting Policies - Continued

(d) Shared Fund Presentation - Continued

Appropriations from State Resources

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

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 during the 14-month period from July to August of the following year and re-appropriations to subsequent years according to SAMS records.

Receipts Collected and Transmitted to State Treasury

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

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.

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements - Continued

June 30, 2014

(2) Summary of Significant Accounting Policies - Continued

(e) Eliminations

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

(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.

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements - Continued

June 30, 2014

(2) Summary of Significant Accounting Policies - Continued

(i) Capital Assets

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

Capitalization thresholds and the estimated useful lives are as follows:

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

(j) Compensated Absences

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

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

(k) Deferred Inflows of Resources

Deferred inflows of resources include amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria (availability) has not been met.

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements - Continued

June 30, 2014

(2) Summary of Significant Accounting Policies - Continued

(l) Fund Balances

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

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

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

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

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

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

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

(m) Net Position

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

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

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements - Continued

June 30, 2014

(2) Summary of Significant Accounting Policies - Continued

(m) Net Position - Continued

Restricted - This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first, then unrestricted resources when they are needed. As of June 30, 2014, \$ 5.379 million is restricted by enabling legislation.

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

(n) 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.

(o) New Accounting Pronouncements

Effective for the year ending June 30, 2014, the Office adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes guidance to determine whether certain transactions previously reported as assets and liabilities should continue to be reported as such or should instead be reported as; a deferred outflow or resources, an outflow of resources (expense/expenditure), a deferred inflow of resources, or an inflow of resources (revenue). The Statement of Net Position and Governmental Funds Balance Sheet reflect changes consistent with the implementation of GASB Statement No. 65.

The Office also adopted GASB Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*; GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; and GASB Statement No. 70, *Accounting and Financial Reporting of Nonexchange Financial Guarantees*. There was no significant impact on the Office's financial statements as a result of adopting the latter three statements.

(3) Deposits and Investments

(a) Deposits

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

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

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements - Continued

June 30, 2014

(3) Deposits and Investments - Continued

(a) Deposits - Continued

Deposits for locally-held funds of governmental activities had a carrying amount and a bank balance of \$17 thousand at June 30, 2014, respectively. Deposits of locally-held funds of fiduciary funds had a carrying amount and a bank balance of \$177 thousand at June 30, 2014.

Cash on hand totaled \$85 thousand at June 30, 2014.

(b) Investments

As of June 30, 2014, the Office had the following investments outside of the State Treasury:

<i>Fiduciary Funds</i>	Fair Value (Thousands)	Weighted Average Maturity (Years)
U.S. Treasury Notes	\$ 50	2.88

On the fiduciary statement of net position, the Office has an additional amount of \$88 thousand in certificates of deposit which are recorded as investments since their maturity dates were greater than 90 days at the time of purchase.

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

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

(c) Securities Lending Collateral

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

During Fiscal Year 2014, Deutsche Bank AG lent U.S. Treasury and U.S. agency securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregate fair value of the loaned securities. Loans are marked to market daily. If the market value of collateral falls below 100%, the borrower must provide additional collateral to raise the fair value to 100%.

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements - Continued

June 30, 2014

(3) Deposits and Investments – Continued

(c) Securities Lending Collateral - Continued

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

During Fiscal Year 2014, the State Treasurer and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank AG and marked to market daily at no less than 102%. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The State Treasurer had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent.

In accordance with GASB Statement No. 28, paragraph 9, the Office of the State Treasurer has allocated the assets and obligations at June 30, 2014, arising from securities lending agreements to the various funds of the State. The total allocated to the Office of the Secretary of State was \$ 7.722 million at June 30, 2014.

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements - Continued

June 30, 2014

(4) Taxes and other Receivables

Taxes and other receivables (amounts expressed in thousands) at June 30, 2014, are as follows:

	Governmental Activities				<u>Total</u>
	<u>General Fund</u>	<u>Road Fund</u>	<u>State Construction Account</u>	<u>Other Nonmajor Funds</u>	
Taxes receivable:					
Other	\$ 3,177	\$ -	\$ -	\$ -	\$ 3,177
Less: allowance for uncollectible amounts	<u>(1,038)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,038)</u>
Total taxes receivable, net	<u>\$ 2,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,139</u>
Other receivables:					
Licenses and fees receivable	\$ 541	\$ 4,061	\$ 2,384	\$ 4,503	\$ 11,489
Less: allowance for uncollectible amounts	<u>(487)</u>	<u>(1,345)</u>	<u>(753)</u>	<u>(1,768)</u>	<u>(4,353)</u>
Licenses and fees receivable, net	<u>54</u>	<u>2,716</u>	<u>1,631</u>	<u>2,735</u>	<u>7,136</u>
Interest and other investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>6</u>
Total other receivables, net	<u>\$ 54</u>	<u>\$ 2,716</u>	<u>\$ 1,631</u>	<u>\$ 2,741</u>	<u>\$ 7,142</u>

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements - Continued

June 30, 2014

(5) Interfund Balances and Activity

(a) Balances Due to/from Other Funds

The following balances (amounts expressed in thousands) at June 30, 2014, represent amounts due from other Office and State funds.

<u>Fund</u>	<u>Due from</u>		<u>Description/Purpose</u>
	<u>Other State Funds</u>	<u>Other Office Funds</u>	
General	\$ 1	\$ 2,181	Due from other Office funds for transfers of excess balances, statutorily required transfers, repayment from various grant activity and accrual of undistributed International Registration Plan (IRP) fees.
State Construction Account	-	2,472	Due from other Office funds for the accrual of undistributed IRP fees.
Nonmajor governmental funds	156	-	Due from other State funds for interfund borrowing and repayment from various grant activities.
	<u>\$ 157</u>	<u>\$ 4,653</u>	

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements - Continued

June 30, 2014

(5) Interfund Balances and Activity - Continued

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

The following balances (amounts expressed in thousands) at June 30, 2014, represent amounts owed to other Office and State of Illinois funds.

<u>Fund</u>	<u>Due to</u>			<u>Description/Purpose</u>
	<u>Other Office Funds</u>	<u>Other State Funds</u>	<u>Other State Fiduciary Funds</u>	
General	\$ -	\$ 336	\$ 230	Due to other State funds for purchases of services and Court of Claims awards and to other State fiduciary funds for payment of retirement and health insurance costs.
Road	3,431	-	-	Due to other Office Funds for the accrual of undistributed IRP fee.
Nonmajor governmental funds	1,222	1,817	200	Due to other Office Funds for transfers of excess balances, statutorily required transfers and repayment of grant activity; to other State funds for Court of Claims awards, repayment of grant activity and purchases of services; and to other State fiduciary funds for payment of retirement and health insurance costs.
	<u>\$ 4,653</u>	<u>\$ 2,153</u>	<u>\$ 430</u>	

(b) Transfers to/from Other Funds

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2014, were as follows:

<u>Fund</u>	<u>Transfers in from</u>		<u>Description/Purpose</u>
	<u>Other Office Funds</u>	<u>Other State Funds</u>	
General	\$ 1,516	\$ -	Transfer from other Office funds of excess balances and statutory transfers.
Nonmajor governmental funds	11,287	56	Transfer from other State funds pursuant to State statute.
	<u>\$ 12,803</u>	<u>\$ 56</u>	

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements - Continued

June 30, 2014

(5) Interfund Balances and Activity - Continued

(b) Transfers to/from Other Funds - Continued

Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2014, were as follows:

<u>Fund</u>	<u>Transfers out to</u>		<u>Description/Purpose</u>
	<u>Other Office Funds</u>	<u>Other State Funds</u>	
General	\$ 3,000	\$ -	Transfer resulting from refunds from other Office funds and other State funds pursuant to State statute
Nonmajor governmental funds	<u>9,803</u>	<u>-</u>	Transfer to other Office funds and other State funds pursuant to State statute
	<u>\$ 12,803</u>	<u>\$ -</u>	

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

The following balances (amounts expressed in thousands) at June 30, 2014, represent amounts due to State of Illinois Component Units for reimbursement of expenses incurred.

<u>Due to Component Units</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>
Toll Highway Authority	\$ 5	\$ 1
Illinois State University	1	-
Northern Illinois University	8	-
University of Illinois	<u>7</u>	<u>194</u>
	<u>\$ 21</u>	<u>\$ 195</u>

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements - Continued

June 30, 2014

(6) Capital Assets

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2014, was as follows:

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net Transfers</u>	<u>Balance June 30, 2014</u>
Governmental activities:					
Capital assets not being depreciated:					
Land and land improvements	\$ 6,637	\$ -	\$ -	\$ -	\$ 6,637
Historical treasures and works of art	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>
Total capital assets not being depreciated	<u>6,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,737</u>
Capital assets being depreciated:					
Buildings and building improvements	433,776	515	-	2,854	437,145
Equipment	51,502	2,291	474	(2,128)	51,191
Software	<u>29</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29</u>
Total capital assets being depreciated	<u>485,307</u>	<u>2,806</u>	<u>474</u>	<u>726</u>	<u>488,365</u>
Less accumulated depreciation/amortization:					
Building and building improvements	275,446	9,929	-	78	285,453
Equipment	46,405	2,989	474	(2,124)	46,796
Software	<u>29</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29</u>
Total accumulated depreciation/amortization	<u>321,880</u>	<u>12,918</u>	<u>474</u>	<u>(2,046)</u>	<u>332,278</u>
Total capital assets being depreciated/amortized, net	<u>163,427</u>	<u>(10,112)</u>	<u>-</u>	<u>2,772</u>	<u>156,087</u>
Governmental activity capital assets, net	<u>\$ 170,164</u>	<u>\$(10,112)</u>	<u>\$ -</u>	<u>\$ 2,772</u>	<u>\$ 162,824</u>

Depreciation and amortization expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2014, was charged as follows:

General government \$ 12,918

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements - Continued

June 30, 2014

(7) Changes in Long-Term Obligations

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2014, were as follows:

	Balance July 1, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2014</u>	Amounts Due Within <u>One Year</u>
Governmental activities:					
Compensated absences	<u>\$ 19,812</u>	<u>\$ 15,178</u>	<u>\$ 15,752</u>	<u>\$ 19,238</u>	<u>\$ 1,718</u>

Compensated absences will be 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 2014 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2014. 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.

The Office pays employer retirement contributions based upon an actuarially determined percentage of their payrolls. For Fiscal Year 2014, the employer contribution rate was 40.312%. 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.

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements - Continued

June 30, 2014

(9) Post-employment Benefits

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

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

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

(10) Risk Management

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

The Office's risk management activities for workers' compensation, self-insurance and unemployment insurance are financed through appropriations to the Illinois Department of Central Management Services and are accounted for in the General Fund of the State. The claims are not considered to be a liability of the Office; and accordingly, have not been reported in the Office's financial statements for the year ended June 30, 2014.

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

Notes to the Financial Statements - Continued

June 30, 2014

(11) Commitments and Contingencies

(a) Operating leases

The Office leases certain office facilities and equipment under the terms of noncancelable operating lease agreements that require the Office to make minimum lease payments plus pay a pro rata share of certain operating costs. Rent expense under operating leases was \$13.389 million for the year ended June 30, 2014.

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>
2015	\$ 7,115
2016	6,147
2017	4,605
2018	2,809
2019	1,729
2020-2024	<u>5,000</u>
	<u>\$ 27,405</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, 2014, there were no material questioned costs that have not been resolved with the federal awarding agencies. However, questioned costs could still be identified during audits to be conducted in the future. Management of the Office believes there will be no material adjustments to the federal grants and, accordingly, has not recorded a provision for possible repayment.

(c) Encumbrances

The Office utilizes encumbrance accounting to ensure appropriations are sufficient to satisfy all commitments. At June 30, 2014, there was an outstanding encumbrance in the General Revenue Fund for the purpose of postage in the amount of \$ 1 million.

(d) Litigation

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

State of Illinois
Office of the Secretary of State

Combining Schedule of Accounts
General Fund

June 30, 2014 (Expressed in Thousands)

	General Revenue 0001	Live and Learn 0026	Corporate Franchise Tax Refund 0380	Common School 0412	Capital Projects 0694	Vehicle Inspection 0963	Special Advance 1198	Eliminations	Total
ASSETS									
Unexpended appropriations	\$ 17,741	\$ -	\$ -	\$ -	\$ -	\$ 102	\$ -	\$ -	\$ 17,843
Cash equity with State Treasurer	30,134	2,053	3,205	36	28,632	-	-	-	64,060
Cash and cash equivalents	85	-	-	-	-	-	5	-	90
Taxes receivable, net	2,139	-	-	-	-	-	-	-	2,139
Other receivables, net	54	-	-	-	-	-	-	-	54
Due from other Office funds	1,781	5,226	-	449	-	-	-	(5,275)	2,181
Due from other State funds	-	1	-	-	-	-	-	-	1
Inventories	526	-	-	-	-	-	-	-	526
Total assets	\$ 52,460	\$ 7,280	\$ 3,205	\$ 485	\$ 28,632	\$ 102	\$ 5	\$ (5,275)	\$ 86,894
LIABILITIES									
Accounts payable and accrued liabilities	\$ 12,888	\$ 63	\$ -	\$ -	\$ -	\$ 53	\$ -	\$ -	\$ 13,004
Intergovernmental payables	2,564	4,499	-	-	-	4	-	-	7,067
Due to other State fiduciary funds	192	-	-	-	-	38	-	-	230
Due to other Office funds	5,226	-	49	-	-	-	-	(5,275)	-
Due to other State funds	334	-	-	-	-	2	-	-	336
Due to State of Illinois component units	21	-	-	-	-	-	-	-	21
Unearned revenue	165	-	-	-	4,886	-	-	-	5,051
Total liabilities	21,390	4,562	49	-	4,886	97	-	(5,275)	25,709
FUND BALANCES									
Nonspendable:									
Inventories	526	-	-	-	-	-	-	-	526
Restricted for:									
General government	-	-	-	-	-	-	5	-	5
Committed to:									
General government	-	-	3,156	-	-	-	-	-	3,156
Unassigned	30,544	2,718	-	485	23,746	5	-	-	57,498
Total fund balances	31,070	2,718	3,156	485	23,746	5	5	-	61,185
Total liabilities and fund balances	\$ 52,460	\$ 7,280	\$ 3,205	\$ 485	\$ 28,632	\$ 102	\$ 5	\$ (5,275)	\$ 86,894

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, 2014 (Expressed in Thousands)

	General Revenue 0001	Live and Learn 0026	Corporate Franchise Tax Refund 0380	Common School 0412	Capital Projects 0694	Vehicle Inspection 0963	Special Advance 1198	Eliminations	Total
REVENUES									
Licenses and fees	\$ 253,908	\$ -	\$ -	\$ 464	\$ 302,196	\$ -	\$ -	\$ -	\$ 556,568
Other charges for services	5	-	-	-	-	-	-	-	5
Other taxes	202,771	-	2,891	-	-	-	-	-	205,662
Other revenue	286	-	-	-	-	-	-	-	286
Total revenues	456,970	-	2,891	464	302,196	-	-	-	762,521
EXPENDITURES									
General government	255,964	20,520	1	-	-	3,100	-	-	279,585
Capital outlays	1,706	-	-	-	-	-	-	-	1,706
Total expenditures	257,670	20,520	1	-	-	3,100	-	-	281,291
Excess (deficiency) of revenues over (under) expenditures	199,300	(20,520)	2,890	464	302,196	(3,100)	-	-	481,230
OTHER SOURCES (USES) OF FINANCIAL RESOURCES									
Appropriations from State resources	259,308	-	-	-	-	4,110	-	-	263,418
Lapsed appropriations	(1,502)	-	-	-	-	(1,021)	-	-	(2,523)
Receipts collected and transmitted to State Treasury	(454,577)	-	-	(466)	(302,319)	-	-	-	(757,362)
Amount of SAMS transfers-in	(2,674)	-	-	(1,463)	-	-	-	-	(4,137)
Amount of SAMS transfers-out	27,872	-	-	-	-	-	-	-	27,872
Transfers-in	697	20,904	-	868	-	-	-	(20,953)	1,516
Transfers-out	(20,904)	-	(3,049)	-	-	-	-	20,953	(3,000)
Net other sources (uses) of financial resources	(191,780)	20,904	(3,049)	(1,061)	(302,319)	3,089	-	-	(474,216)
Net change in fund balances	7,520	384	(159)	(597)	(123)	(11)	-	-	7,014
Fund balances, July 1, 2013	23,273	2,334	3,315	1,082	23,869	16	5	-	53,894
Increase for changes in inventories	277	-	-	-	-	-	-	-	277
FUND BALANCES, JUNE 30, 2014	\$ 31,070	\$ 2,718	\$ 3,156	\$ 485	\$ 23,746	\$ 5	\$ 5	\$ -	\$ 61,185

State of Illinois
Office of the Secretary of State

Combining Balance Sheet -
Non-major Governmental Funds

June 30, 2014 (Expressed in Thousands)

Special Revenue

	Motor Fuel Tax 0012	Alzheimer's Awareness 0020	American Red Cross 0029	Drivers Education 0031	Illinois Police K-9 Memorial 0038	Lobbyist Registration Administration 0044	National Wild Turkey Federation 0058	Curing Childhood Cancer 0066
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	-	3	1	1,024	1	2,524	1	4
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer	-	-	-	-	-	-	-	-
Intergovernmental receivables, net	-	-	-	-	-	-	-	-
Other receivables, net	-	-	-	3	-	-	-	-
Due from other State funds	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ 3	\$ 1	\$ 1,027	\$ 1	\$ 2,524	\$ 1	\$ 4
LIABILITIES								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9	\$ -	\$ -
Intergovernmental payables	-	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	-	-	-	-
Due to other Office funds	-	-	-	-	-	-	-	-
Due to other State funds	-	-	-	-	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	9	-	-
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	-	-	-	-	-	9	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Restricted for:								
General government	-	3	1	-	1	-	1	4
Committed to:								
General government	-	-	-	-	-	2,515	-	-
Capital projects	-	-	-	-	-	-	-	-
Assigned to:								
General government	-	-	-	-	-	-	-	-
Unassigned	-	-	-	1,027	-	-	-	-
Total fund balances (deficits)	-	3	1	1,027	1	2,515	1	4
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 3	\$ 1	\$ 1,027	\$ 1	\$ 2,524	\$ 1	\$ 4

State of Illinois
Office of the Secretary of State

Combining Balance Sheet -
Non-major Governmental Funds

June 30, 2014 (Expressed in Thousands)

Special Revenue

	Accessible Electronic Information Services 0106	CDLIS/ AAMVA Net Trust 0109	Registered Limited Liability Partnership 0167	Secretary of State Federal Projects 0176	Driver Services Administration 0182	Secretary of State Special License Plate 0185	Securities Investors Education 0292	Interagency Grant 0295
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	94	879	701	62	1,408	4,267	18,189	333
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer	-	-	-	-	-	-	-	-
Intergovernmental receivables, net	-	-	-	25	-	-	-	-
Other receivables, net	-	-	-	-	-	-	-	-
Due from other State funds	-	-	-	-	-	1	-	146
Inventories	-	-	-	-	-	401	-	-
Total assets	\$ 94	\$ 879	\$ 701	\$ 87	\$ 1,408	\$ 4,669	\$ 18,189	\$ 479
LIABILITIES								
Accounts payable and accrued liabilities	\$ 13	\$ 202	\$ -	\$ -	\$ -	\$ -	\$ 713	\$ 34
Intergovernmental payables	-	-	-	-	-	-	-	1
Due to other State fiduciary funds	-	-	-	-	-	-	-	21
Due to other Office funds	-	-	176	-	-	-	-	125
Due to other State funds	-	-	-	-	-	-	5	2
Due to State of Illinois component units	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	19	-	84	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-
Total liabilities	13	202	176	19	-	84	718	183
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	25	-	-	-	-
Total liabilities and deferred inflows of resources	13	202	176	44	-	84	718	183
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	401	-	-
Inventories	-	-	-	-	-	-	-	-
Restricted for:								
General government	-	-	-	-	1,408	-	-	-
Committed to:								
General government	81	677	525	-	-	4,184	17,471	-
Capital projects	-	-	-	-	-	-	-	-
Assigned to:								
General government	-	-	-	43	-	-	-	296
Unassigned	-	-	-	-	-	-	-	-
Total fund balances (deficits)	81	677	525	43	1,408	4,585	17,471	296
Total liabilities, deferred inflows of resources and fund balances	\$ 94	\$ 879	\$ 701	\$ 87	\$ 1,408	\$ 4,669	\$ 18,189	\$ 479

State of Illinois
Office of the Secretary of State

Combining Balance Sheet -
Non-major Governmental Funds

June 30, 2014 (Expressed in Thousands)

Special Revenue

	Family Financial Responsibility 0322	Motor Vehicle Review Board 0323	Securities Audit and Enforcement 0362	Department of Business Services Special Operations 0363	Secretary of State Evidence 0374	State College and University Trust 0417	Alternative Fuels 0422	Indigent BAIID 0451
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	513	153	15,369	5,118	13	28	494	36
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer	-	-	7,721	-	-	-	-	-
Intergovernmental receivables, net	-	-	-	-	-	-	-	-
Other receivables, net	-	-	2,727	-	-	-	-	10
Due from other State funds	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	\$ 513	\$ 153	\$ 25,817	\$ 5,118	\$ 13	\$ 28	\$ 494	\$ 46
LIABILITIES								
Accounts payable and accrued liabilities	\$ 5	\$ 1	\$ 72	\$ 254	\$ 2	\$ -	\$ -	\$ 46
Intergovernmental payables	-	-	-	18	-	-	-	-
Due to other State fiduciary funds	-	5	1	172	-	-	-	-
Due to other Office funds	-	-	-	472	-	-	-	-
Due to other State funds	-	-	2	8	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	11	-	-
Obligations under securities lending of State Treasurer	-	-	7,721	-	-	-	-	-
Total liabilities	5	6	7,796	924	2	11	-	46
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	5	6	7,796	924	2	11	-	46
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Restricted for:								
General government	-	-	-	-	11	-	-	-
Committed to:								
General government	508	147	18,021	4,194	-	17	494	-
Capital projects	-	-	-	-	-	-	-	-
Assigned to:								
General government	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances (deficits)	508	147	18,021	4,194	11	17	494	-
Total liabilities, deferred inflows of resources and fund balances	\$ 513	\$ 153	\$ 25,817	\$ 5,118	\$ 13	\$ 28	\$ 494	\$ 46

State of Illinois

Office of the Secretary of State

Combining Balance Sheet -
Non-major Governmental Funds

June 30, 2014 (Expressed in Thousands)

	Special Revenue						
	Monitoring Device Driving Permit Administration 0453	Rotary Club 0454	Ovarian Cancer Awareness 0459	Professional Golfers Association Junior Golf 0463	Boy Scout and Girl Scout 0464	Agriculture in the Classroom 0466	Sheet Metal Workers Int'l Assoc. of Illinois 0468
ASSETS							
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	3,243	1	10	29	52	72	9
Cash and cash equivalents	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer	-	-	-	-	-	-	-
Intergovernmental receivables, net	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	-	-
Due from other State funds	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Total assets	\$ 3,243	\$ 1	\$ 10	\$ 29	\$ 52	\$ 72	\$ 9
LIABILITIES							
Accounts payable and accrued liabilities	\$ 9	\$ 1	\$ -	\$ 5	\$ 2	\$ 5	\$ -
Intergovernmental payables	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	-	-	-
Due to other Office funds	-	-	-	-	-	-	-
Due to other State funds	-	-	-	-	-	-	-
Due to State of Illinois component units	-	-	-	2	-	2	-
Unearned revenue	-	-	-	-	-	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-
Total liabilities	9	1	-	7	2	7	-
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	9	1	-	7	2	7	-
FUND BALANCES (DEFICITS)							
Nonspendable							
Inventories	-	-	-	-	-	-	-
Restricted for:							
General government	3,234	-	10	22	50	65	9
Committed to:							
General government	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Assigned to:							
General government	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	3,234	-	10	22	50	65	9
Total liabilities, deferred inflows of resources and fund balances	\$ 3,243	\$ 1	\$ 10	\$ 29	\$ 52	\$ 72	\$ 9

State of Illinois

Office of the Secretary of State

Combining Balance Sheet -
Non-major Governmental Funds

June 30, 2014 (Expressed in Thousands)

Special Revenue

	Library Services 0470	State Library 0471	Secretary of State Identification and Theft Prevention 0480	Secretary of State Special Services 0483	Support Our Troops 0496	Master Mason 0508	Illinois and Michigan Canal 0570	Off Highway Vehicle Trails 0574
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	202	25	52,023	10,585	76	20	-	26
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer	-	-	-	-	-	-	-	-
Intergovernmental receivables, net	1	-	1,641	54	-	-	-	-
Other receivables, net	-	1	-	-	-	-	-	-
Due from other State funds	-	-	-	9	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	\$ 203	\$ 26	\$ 53,664	\$ 10,648	\$ 76	\$ 20	\$ -	\$ 26
LIABILITIES								
Accounts payable and accrued liabilities	\$ 3	\$ 2	\$ 284	\$ 928	\$ -	\$ 10	\$ -	\$ -
Intergovernmental payables	13	-	-	9	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	-	-	-	-
Due to other Office funds	-	-	-	-	-	-	-	-
Due to other State funds	-	-	1,583	160	-	-	-	-
Due to State of Illinois component units	183	-	-	12	-	-	-	-
Unearned revenue	6	-	-	-	-	1	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-
Total liabilities	205	2	1,867	1,109	-	11	-	-
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	1	-	-	53	-	-	-	-
Total liabilities and deferred inflows of resources	206	2	1,867	1,162	-	11	-	-
FUND BALANCES (DEFICITS)								
Nonspendable								
Inventories	-	-	-	-	-	-	-	-
Restricted for:								
General government	-	-	-	-	76	9	-	-
Committed to:								
General government	-	24	51,797	9,486	-	-	-	26
Capital projects	-	-	-	-	-	-	-	-
Assigned to:								
General government	-	-	-	-	-	-	-	-
Unassigned	(3)	-	-	-	-	-	-	-
Total fund balances (deficits)	(3)	24	51,797	9,486	76	9	-	26
Total liabilities, deferred inflows of resources and fund balances	\$ 203	\$ 26	\$ 53,664	\$ 10,648	\$ 76	\$ 20	\$ -	\$ 26

State of Illinois

Office of the Secretary of State

Combining Balance Sheet -
Non-major Governmental Funds

June 30, 2014 (Expressed in Thousands)

	Special Revenue							
	Pan Hellenic Trust 0584	Park District Youth Program 0585	Professional Sports Team Education 0587	Illinois Route 66 Heritage Project 0594	Police Memorial Committee 0598	Mammogram 0599	Motor Vehicle License Plate 0622	Chicago Police Memorial Foundation 0639
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	128	10	469	80	89	69	13,796	20
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer	-	-	-	-	-	-	-	-
Intergovernmental receivables, net	-	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	-	-	-
Due from other State funds	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	1,758	-
Total assets	\$ 128	\$ 10	\$ 469	\$ 80	\$ 89	\$ 69	\$ 15,554	\$ 20
LIABILITIES								
Accounts payable and accrued liabilities	\$ 49	\$ 7	\$ -	\$ -	\$ 50	\$ 35	\$ 570	\$ -
Intergovernmental payables	-	-	-	-	-	-	10	-
Due to other State fiduciary funds	-	-	-	-	-	-	-	-
Due to other Office funds	-	-	449	-	-	-	-	-
Due to other State funds	-	-	-	-	-	-	47	-
Due to State of Illinois component units	-	-	-	-	-	-	-	-
Unearned revenue	1	1	20	4	4	4	-	1
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-
Total liabilities	50	8	469	4	54	39	627	1
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	50	8	469	4	54	39	627	1
FUND BALANCES (DEFICITS)								
Nonspendable								
Inventories	-	-	-	-	-	-	1,758	-
Restricted for:								
General government	78	2	-	76	35	30	-	19
Committed to:								
General government	-	-	-	-	-	-	13,169	-
Capital projects	-	-	-	-	-	-	-	-
Assigned to:								
General government	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances (deficits)	78	2	-	76	35	30	14,927	19
Total liabilities, deferred inflows of resources and fund balances	\$ 128	\$ 10	\$ 469	\$ 80	\$ 89	\$ 69	\$ 15,554	\$ 20

State of Illinois

Office of the Secretary of State

Combining Balance Sheet -
Non-major Governmental Funds

June 30, 2014 (Expressed in Thousands)

Special Revenue

	Illinois Police Association 0655	Organ Donor Awareness 0716	Secretary of State DUI Administration 0732	Secretary of State DUI 0758	Secretary of State Police Services 0759	Marine Corps Scholarship 0760	State Parking Facility Maintenance 0782
ASSETS							
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	69	66	3,749	22	467	103	-
Cash and cash equivalents	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer	-	-	-	-	-	-	-
Intergovernmental receivables, net	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	-	-
Due from other State funds	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Total assets	\$ 69	\$ 66	\$ 3,749	\$ 22	\$ 467	\$ 103	\$ -
LIABILITIES							
Accounts payable and accrued liabilities	\$ -	\$ 46	\$ 149	\$ -	\$ 7	\$ 25	\$ -
Intergovernmental payables	-	-	1	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	1	-	-
Due to other Office funds	-	-	-	-	-	-	-
Due to other State funds	-	-	10	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-
Unearned revenue	2	4	-	-	-	3	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-
Total liabilities	2	50	160	-	8	28	-
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	2	50	160	-	8	28	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Restricted for:							
General government	67	-	-	22	-	-	-
Committed to:							
General government	-	16	3,589	-	459	75	-
Capital projects	-	-	-	-	-	-	-
Assigned to:							
General government	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	67	16	3,589	22	459	75	-
Total liabilities, deferred inflows of resources and fund balances	\$ 69	\$ 66	\$ 3,749	\$ 22	\$ 467	\$ 103	\$ -

State of Illinois
Office of the Secretary of State

Combining Balance Sheet -
Non-major Governmental Funds

June 30, 2014 (Expressed in Thousands)

Special Revenue

	Illinois EMS Memorial Scholarship and Training 0800	International Brotherhood of Teamsters 0803	Share the Road 0854	Cycle Rider Safety Training 0863	Fraternal Order of Police 0867	St. Jude Children's Research 0899	4-H 0915	Ducks Unlimited 0918
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	12	35	34	495	11	3	-	6
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer	-	-	-	-	-	1	-	-
Intergovernmental receivables, net	-	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	-	-	-
Due from other State funds	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	\$ 12	\$ 35	\$ 34	\$ 495	\$ 11	\$ 4	\$ -	\$ 6
LIABILITIES								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental payables	-	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	-	-	-	-
Due to other Office funds	-	-	-	-	-	-	-	-
Due to other State funds	-	-	-	-	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-	-
Unearned revenue	-	-	1	78	-	-	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	1	-	-
Total liabilities	-	-	1	78	-	1	-	-
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	-	-	1	78	-	1	-	-
FUND BALANCES (DEFICITS)								
Nonspendable								
Inventories	-	-	-	-	-	-	-	-
Restricted for:								
General government	12	35	33	-	11	3	-	6
Committed to:								
General government	-	-	-	417	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Assigned to:								
General government	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances (deficits)	12	35	33	417	11	3	-	6
Total liabilities, deferred inflows of resources and fund balances	\$ 12	\$ 35	\$ 34	\$ 495	\$ 11	\$ 4	\$ -	\$ 6

State of Illinois

Office of the Secretary of State

Combining Balance Sheet -
Non-major Governmental Funds

June 30, 2014 (Expressed in Thousands)

	Special Revenue		Capital Projects		Debt Service	Total
	Secretary of State Grant 0948	Secretary of State Antique Vehicle Show 1390	Capital Development 0141	Build Illinois Bond 0971	General Obligation Bond Retirement and Interest 0101	
ASSETS						
Unexpended appropriations	\$ -	\$ -	\$ -	\$ 14,780	\$ -	\$ 14,780
Cash equity with State Treasurer	656	-	-	-	-	137,977
Cash and cash equivalents	-	12	-	-	-	12
Securities lending collateral of State Treasurer	-	-	-	-	-	7,722
Intergovernmental receivables, net	-	-	-	-	-	1,721
Other receivables, net	-	-	-	-	-	2,741
Due from other State funds	-	-	-	-	-	156
Inventories	-	-	-	-	-	2,159
Total assets	\$ 656	\$ 12	\$ -	\$ 14,780	\$ -	\$ 167,268
LIABILITIES						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 6	\$ -	\$ -	\$ 3,544
Intergovernmental payables	-	-	-	-	-	52
Due to other State fiduciary funds	-	-	-	-	-	200
Due to other Office funds	-	-	-	-	-	1,222
Due to other State funds	-	-	-	-	-	1,817
Due to State of Illinois component units	-	-	-	-	-	195
Unearned revenue	1	-	-	-	-	249
Obligations under securities lending of State Treasurer	-	-	-	-	-	7,722
Total liabilities	1	-	6	-	-	15,001
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	-	79
Total liabilities and deferred inflows of resources	1	-	6	-	-	15,080
FUND BALANCES (DEFICITS)						
Nonspendable						
Inventories	-	-	-	-	-	2,159
Restricted for:						
General government	-	12	-	-	-	5,345
Committed to:						
General government	-	-	-	-	-	127,892
Capital projects	-	-	-	14,780	-	14,780
Assigned to:						
General government	655	-	-	-	-	994
Unassigned	-	-	(6)	-	-	1,018
Total fund balances (deficits)	655	12	(6)	14,780	-	152,188
Total liabilities, deferred inflows of resources and fund balances	\$ 656	\$ 12	\$ -	\$ 14,780	\$ -	\$ 167,268

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, 2014 (Expressed in Thousands)

	Special Revenue						
	Motor Fuel Tax 0012	Alzheimer's Awareness 0020	American Red Cross 0029	Drivers Education 0031	Illinois Police K-9 Memorial 0038	Lobbyist Registration Administration 0044	National Wild Turkey Federation 0058
REVENUES							
Federal government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees	-	3	1	11,838	1	1,128	1
Interest and other investment income	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	105	-
Other revenues	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-
Total revenues	-	3	1	11,838	1	1,233	1
EXPENDITURES							
General government	1,300	-	-	-	-	698	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	1,300	-	-	-	-	698	-
Excess (deficiency) of revenues over (under) expenditures	(1,300)	3	1	11,838	1	535	1
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	1,300	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	(11,833)	-	-	-
Reappropriations to future years	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-
Transfers of administration of funds to other State Agencies	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	1,300	-	-	(11,833)	-	-	-
Net change in fund balances	-	3	1	5	1	535	1
Fund balances (deficits), July 1, 2013	-	-	-	1,022	-	1,980	-
Increase (decrease) for changes in inventories	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS), JUNE 30, 2014	\$ -	\$ 3	\$ 1	\$ 1,027	\$ 1	\$ 2,515	\$ 1

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, 2014 (Expressed in Thousands)

	Special Revenue						
	Curing Childhood Cancer 0066	Accessible Electronic Information Services 0106	CDLIS/ AAMVA Net Trust 0109	Registered Limited Liability Partnership 0167	Secretary of State Federal Projects 0176	Driver Services Administration 0182	Secretary of State Special License Plate 0185
REVENUES							
Federal government	\$ -	\$ -	\$ -	\$ -	\$ 29	\$ -	\$ -
Licenses and fees	4	-	1,271	540	-	1,408	4,189
Interest and other investment income	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-
Total revenues	4	-	1,271	540	29	1,408	4,189
EXPENDITURES							
General government	-	53	644	72	41	-	3,843
Capital outlays	-	-	-	-	13	-	-
Total expenditures	-	53	644	72	54	-	3,843
Excess (deficiency) of revenues over (under) expenditures	4	(53)	627	468	(25)	1,408	346
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-
Reappropriations to future years	-	-	-	-	-	-	-
Transfers-in	-	56	-	-	-	-	-
Transfers-out	-	-	-	(463)	-	-	-
Transfers of administration of funds to other State Agencies	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	56	-	(463)	-	-	-
Net change in fund balances	4	3	627	5	(25)	1,408	346
Fund balances (deficits), July 1, 2013	-	78	50	520	68	-	4,916
Increase (decrease) for changes in inventories	-	-	-	-	-	-	(677)
FUND BALANCES (DEFICITS), JUNE 30, 2014	\$ 4	\$ 81	\$ 677	\$ 525	\$ 43	\$ 1,408	\$ 4,585

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, 2014 (Expressed in Thousands)

	Special Revenue					
	Securities Investors Education 0292	Interagency Grant 0295	Family Financial Responsibility 0322	Motor Vehicle Review Board 0323	Securities Audit and Enforcement 0362	Department of Business Services Special Operations 0363
REVENUES						
Federal government	\$ -	\$ 103	\$ -	\$ -	\$ -	\$ -
Licenses and fees	-	-	181	200	9,564	13,748
Interest and other investment income	-	-	-	-	58	-
Other charges for services	-	-	-	-	-	-
Other revenues	201	-	-	-	2,685	-
Other operating grants	-	-	-	-	-	-
Total revenues	201	103	181	200	12,307	13,748
EXPENDITURES						
General government	881	1	90	181	6,348	10,487
Capital outlays	-	104	-	-	-	-
Total expenditures	881	105	90	181	6,348	10,487
Excess (deficiency) of revenues over (under) expenditures	(680)	(2)	91	19	5,959	3,261
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Appropriations from State resources	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-
Reappropriations to future years	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-
Transfers-out	(1,500)	-	-	-	(3,500)	(3,472)
Transfers of administration of funds to other State Agencies	-	-	-	-	-	-
Net other sources (uses) of financial resources	(1,500)	-	-	-	(3,500)	(3,472)
Net change in fund balances	(2,180)	(2)	91	19	2,459	(211)
Fund balances (deficits), July 1, 2013	19,651	298	417	128	15,562	4,405
Increase (decrease) for changes in inventories	-	-	-	-	-	-
FUND BALANCES (DEFICITS), JUNE 30, 2014	\$ 17,471	\$ 296	\$ 508	\$ 147	\$ 18,021	\$ 4,194

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, 2014 (Expressed in Thousands)

	Special Revenue					
	Secretary of State Evidence 0374	State College and University Trust 0417	Alternative Fuels 0422	Indigent BAIID 0451	Monitoring Device Driving Permit Administration 0453	Rotary Club 0454
REVENUES						
Federal government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees	-	266	1,721	144	1,625	4
Interest and other investment income	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-
Other revenues	13	-	-	-	-	-
Other operating grants	-	-	-	-	-	-
Total revenues	13	266	1,721	144	1,625	4
EXPENDITURES						
General government	5	-	225	144	1,123	5
Capital outlays	-	-	-	-	-	-
Total expenditures	5	-	225	144	1,123	5
Excess (deficiency) of revenues over (under) expenditures	8	266	1,496	-	502	(1)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Appropriations from State resources	-	-	225	-	-	-
Lapsed appropriations	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	(266)	(1,660)	-	-	-
Reappropriations to future years	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-
Transfers of administration of funds to other State Agencies	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	(266)	(1,435)	-	-	-
Net change in fund balances	8	-	61	-	502	(1)
Fund balances (deficits), July 1, 2013	3	17	433	-	2,732	1
Increase (decrease) for changes in inventories	-	-	-	-	-	-
FUND BALANCES (DEFICITS), JUNE 30, 2014	\$ 11	\$ 17	\$ 494	\$ -	\$ 3,234	\$ -

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, 2014 (Expressed in Thousands)

	Special Revenue						
	Ovarian Cancer Awareness 0459	Illinois Professional Golfers Association Junior Golf 0463	Boy Scout and Girl Scout 0464	Agriculture in the Classroom 0466	Sheet Metal Workers Int'l Assoc. of Illinois 0468	Library Services 0470	State Library 0471
REVENUES							
Federal government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,827	\$ -
Licenses and fees	11	43	15	87	2	-	-
Interest and other investment income	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	4
Other operating grants	-	-	-	-	-	-	2
Total revenues	11	43	15	87	2	6,827	6
EXPENDITURES							
General government	10	50	2	70	-	6,747	3
Capital outlays	-	-	-	-	-	75	3
Total expenditures	10	50	2	70	-	6,822	6
Excess (deficiency) of revenues over (under) expenditures	1	(7)	13	17	2	5	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-
Reappropriations to future years	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-
Transfers of administration of funds to other State Agencies	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	-	-	-	-	-	-
Net change in fund balances	1	(7)	13	17	2	5	-
Fund balances (deficits), July 1, 2013	9	29	37	48	7	(8)	24
Increase (decrease) for changes in inventories	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS), JUNE 30, 2014	\$ 10	\$ 22	\$ 50	\$ 65	\$ 9	\$ (3)	\$ 24

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, 2014 (Expressed in Thousands)

	Special Revenue						
	Secretary of State Identification and Theft Prevention 0480	Secretary of State Special Services 0483	Support Our Troops 0496	Master Mason 0508	Illinois and Michigan Canal 0570	Off Highway Vehicle Trails 0574	Pan Hellenic Trust 0584
REVENUES							
Federal government	\$ 1,641	\$ 113	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees	-	19,734	26	41	-	294	55
Interest and other investment income	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-
Other revenues	-	72	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-
Total revenues	1,641	19,919	26	41	-	294	55
EXPENDITURES							
General government	2,425	23,812	-	40	-	-	49
Capital outlays	449	79	-	-	-	-	-
Total expenditures	2,874	23,891	-	40	-	-	49
Excess (deficiency) of revenues over (under) expenditures	(1,233)	(3,972)	26	1	-	294	6
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	(292)	-
Reappropriations to future years	-	-	-	-	-	-	-
Transfers-in	11,287	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-
Transfers of administration of funds to other State Agencies	-	-	-	-	(103)	-	-
Net other sources (uses) of financial resources	11,287	-	-	-	(103)	(292)	-
Net change in fund balances	10,054	(3,972)	26	1	(103)	2	6
Fund balances (deficits), July 1, 2013	41,743	13,458	50	8	103	24	72
Increase (decrease) for changes in inventories	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS), JUNE 30, 2014	\$ 51,797	\$ 9,486	\$ 76	\$ 9	\$ -	\$ 26	\$ 78

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, 2014 (Expressed in Thousands)

	Special Revenue					
	Park District Youth Program 0585	Professional Sports Team Education 0587	Illinois Route 66 Heritage Project 0594	Police Memorial Committee 0598	Mammogram 0599	Motor Vehicle License Plate 0622
REVENUES						
Federal government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees	28	868	157	177	131	12,282
Interest and other investment income	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-
Other revenues	-	-	-	-	-	372
Other operating grants	-	-	-	-	-	-
Total revenues	28	868	157	177	131	12,654
EXPENDITURES						
General government	30	-	200	200	140	11,939
Capital outlays	-	-	-	-	-	-
Total expenditures	30	-	200	200	140	11,939
Excess (deficiency) of revenues over (under) expenditures	(2)	868	(43)	(23)	(9)	715
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Appropriations from State resources	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-
Reappropriations to future years	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-
Transfers-out	-	(868)	-	-	-	-
Transfers of administration of funds to other State Agencies	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	(868)	-	-	-	-
Net change in fund balances	(2)	-	(43)	(23)	(9)	715
Fund balances (deficits), July 1, 2013	4	-	119	58	39	14,063
Increase (decrease) for changes in inventories	-	-	-	-	-	149
FUND BALANCES (DEFICITS), JUNE 30, 2014	\$ 2	\$ -	\$ 76	\$ 35	\$ 30	\$ 14,927

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, 2014 (Expressed in Thousands)

	Special Revenue					
	Chicago Police Memorial Foundation 0639	Illinois Police Association 0655	Organ Donor Awareness 0716	Secretary of State DUI Administration 0732	Secretary of State DUI 0758	Secretary of State Police Services 0759
REVENUES						
Federal government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees	22	72	174	2,083	-	414
Interest and other investment income	-	-	-	-	-	-
Other charges for services	-	-	-	-	7	-
Other revenues	-	-	-	-	-	18
Other operating grants	-	-	-	-	-	-
Total revenues	22	72	174	2,083	7	432
EXPENDITURES						
General government	20	75	188	1,955	4	152
Capital outlays	-	-	-	-	-	276
Total expenditures	20	75	188	1,955	4	428
Excess (deficiency) of revenues over (under) expenditures	2	(3)	(14)	128	3	4
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Appropriations from State resources	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-
Reappropriations to future years	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-
Transfers of administration of funds to other State Agencies	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	-	-	-	-	-
Net change in fund balances	2	(3)	(14)	128	3	4
Fund balances (deficits), July 1, 2013	17	70	30	3,461	19	455
Increase (decrease) for changes in inventories	-	-	-	-	-	-
FUND BALANCES (DEFICITS), JUNE 30, 2014	\$ 19	\$ 67	\$ 16	\$ 3,589	\$ 22	\$ 459

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, 2014 (Expressed in Thousands)

	Special Revenue						
	Marine Corps Scholarship 0760	State Parking Facility Maintenance 0782	Illinois EMS Memorial Scholarship and Training 0800	International Brotherhood of Teamsters 0803	Share the Road 0854	Cycle Rider Safety Training 0863	Fraternal Order of Police 0867
REVENUES							
Federal government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees	109	2	8	35	36	4,530	13
Interest and other investment income	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-
Total revenues	109	2	8	35	36	4,530	13
EXPENDITURES							
General government	100	75	-	-	20	-	20
Capital outlays	-	-	-	-	-	-	-
Total expenditures	100	75	-	-	20	-	20
Excess (deficiency) of revenues over (under) expenditures	9	(73)	8	35	16	4,530	(7)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	-	100	-	-	-	-	-
Lapsed appropriations	-	(25)	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	(2)	-	-	-	(4,544)	-
Reappropriations to future years	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-
Transfers of administration of funds to other State Agencies	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	73	-	-	-	(4,544)	-
Net change in fund balances	9	-	8	35	16	(14)	(7)
Fund balances (deficits), July 1, 2013	66	-	4	-	17	431	18
Increase (decrease) for changes in inventories	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS), JUNE 30, 2014	\$ 75	\$ -	\$ 12	\$ 35	\$ 33	\$ 417	\$ 11

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, 2014 (Expressed in Thousands)

	Special Revenue				
	St. Jude Children's Research 0899	4-H 0915	Ducks Unlimited 0918	Secretary of State Grant 0948	Secretary of State Antique Vehicle Show 1390
REVENUES					
Federal government	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees	-	-	8	-	17
Interest and other investment income	-	-	-	-	-
Other charges for services	-	-	-	-	-
Other revenues	-	-	-	81	-
Other operating grants	-	-	-	25	-
Total revenues	-	-	8	106	17
EXPENDITURES					
General government	-	7	40	25	15
Capital outlays	-	-	-	35	-
Total expenditures	-	7	40	60	15
Excess (deficiency) of revenues over (under) expenditures	-	(7)	(32)	46	2
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Appropriations from State resources	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-
Reappropriations to future years	-	-	-	-	-
Transfers-in	-	-	-	-	-
Transfers-out	-	-	-	-	-
Transfers of administration of funds to other State Agencies	-	-	-	-	-
Net other sources (uses) of financial resources	-	-	-	-	-
Net change in fund balances	-	(7)	(32)	46	2
Fund balances (deficits), July 1, 2013	3	7	38	609	10
Increase (decrease) for changes in inventories	-	-	-	-	-
FUND BALANCES (DEFICITS), JUNE 30, 2014	\$ 3	\$ -	\$ 6	\$ 655	\$ 12

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, 2014 (Expressed in Thousands)

	Capital Projects		Debt Service	Total
	Capital Development 0141	Build Illinois Bond 0971	General Obligation Bond Retirement and Interest 0101	
REVENUES				
Federal government	\$ -	\$ -	\$ -	\$ 8,713
Licenses and fees	-	-	9	89,320
Interest and other investment income	-	-	-	58
Other charges for services	-	-	-	112
Other revenues	-	-	-	3,446
Other operating grants	-	-	-	27
Total revenues	-	-	9	101,676
EXPENDITURES				
General government	700	14,425	-	89,679
Capital outlays	66	-	-	1,100
Total expenditures	766	14,425	-	90,779
Excess (deficiency) of revenues over (under) expenditures	(766)	(14,425)	9	10,897
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Appropriations from State resources	1,911	49,780	-	53,316
Lapsed appropriations	(1,151)	-	-	(1,176)
Receipts collected and transmitted to State Treasury	-	-	(9)	(18,606)
Reappropriations to future years	-	(35,355)	-	(35,355)
Transfers-in	-	-	-	11,343
Transfers-out	-	-	-	(9,803)
Transfers of administration of funds to other State Agencies	-	-	-	(103)
Net other sources (uses) of financial resources	760	14,425	(9)	(384)
Net change in fund balances	(6)	-	-	10,513
Fund balances (deficits), July 1, 2013	-	14,780	-	142,203
Increase (decrease) for changes in inventories	-	-	-	(528)
FUND BALANCES (DEFICITS), JUNE 30, 2014	\$ (6)	\$ 14,780	\$ -	\$ 152,188

State of Illinois
Office of the Secretary of State

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

June 30, 2014 (Expressed in Thousands)

	Safety Responsibility 0436	International Registration Plan 0890	Go-Back 1110	Safekeeping 1344	Total
ASSETS					
Cash equity with State Treasurer	\$ 1,221	\$ 66	\$ -	\$ -	\$ 1,287
Cash and cash equivalents	-	-	-	177	177
Investments	-	-	-	138	138
Total assets	\$ 1,221	\$ 66	\$ -	\$ 315	\$ 1,602
LIABILITIES					
Other liabilities	\$ 1,221	\$ 66	\$ -	\$ 315	\$ 1,602
Total liabilities	\$ 1,221	\$ 66	\$ -	\$ 315	\$ 1,602

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, 2014 (Expressed in Thousands)

	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
Safety Responsibility (0436)				
ASSETS				
Cash equity with State Treasurer	\$ 1,086	\$ 135	\$ -	\$ 1,221
Total assets	\$ 1,086	\$ 135	\$ -	\$ 1,221
LIABILITIES				
Other liabilities	\$ 1,086	\$ 135	\$ -	\$ 1,221
Total liabilities	\$ 1,086	\$ 135	\$ -	\$ 1,221
International Registration Plan (0890)				
ASSETS				
Cash equity with State Treasurer	\$ 48	\$ 100,318	\$ 100,300	\$ 66
Total assets	\$ 48	\$ 100,318	\$ 100,300	\$ 66
LIABILITIES				
Other liabilities	\$ 48	\$ 100,318	\$ 100,300	\$ 66
Total liabilities	\$ 48	\$ 100,318	\$ 100,300	\$ 66
Go-Back (1110)				
ASSETS				
Cash and cash equivalents	\$ -	\$ 27	\$ 27	\$ -
Total assets	\$ -	\$ 27	\$ 27	\$ -
LIABILITIES				
Other liabilities	\$ -	\$ 27	\$ 27	\$ -
Total liabilities	\$ -	\$ 27	\$ 27	\$ -
Safekeeping (1344)				
ASSETS				
Cash and cash equivalents	\$ 146	\$ 67	\$ 36	\$ 177
Investments	707	101	670	138
Total assets	\$ 853	\$ 168	\$ 706	\$ 315
LIABILITIES				
Other liabilities	\$ 853	\$ 168	\$ 706	\$ 315
Total liabilities	\$ 853	\$ 168	\$ 706	\$ 315
Total - All Agency Funds				
ASSETS				
Cash equity with State Treasurer	\$ 1,134	\$ 100,453	\$ 100,300	\$ 1,287
Cash and cash equivalents	146	94	63	177
Investments	707	101	670	138
Total assets	\$ 1,987	\$ 100,648	\$ 101,033	\$ 1,602
LIABILITIES				
Other liabilities	\$ 1,987	\$ 100,648	\$ 101,033	\$ 1,602
Total liabilities	\$ 1,987	\$ 100,648	\$ 101,033	\$ 1,602

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

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Office of the Secretary of State, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the State of Illinois, Office of the Secretary of State's basic financial statements, and have issued our report thereon dated December 19, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Kentner, Eck & Brantel LLP

Springfield, Illinois
December 19, 2014

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE

SCHEDULE OF FINDINGS

For the Year Ended June 30, 2014

We did not note any findings during the audit of the State of Illinois, Office of Secretary of State for the year ended June 30, 2014.