



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

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FINANCIAL AUDIT

For the Year Ended June 30, 2022

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

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**STATE OF ILLINOIS  
OFFICE OF THE SECRETARY OF STATE  
FINANCIAL AUDIT  
For the Year Ended June 30, 2022**

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STATE OF ILLINOIS  
**OFFICE OF THE SECRETARY OF STATE**  
FINANCIAL AUDIT  
For the Year Ended June 30, 2022

**AGENCY OFFICIALS**

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

**AGENCY OFFICES**

The Agency's primary administrative offices are located at:

Howlett Building  
501 S 2<sup>nd</sup> St.  
Springfield, Illinois 62756

Capitol Building  
401 S. 2<sup>nd</sup> St., Room 213  
Springfield, Illinois 62701

100 W. Randolph St., Suite 5-400  
Chicago, Illinois 60601

STATE OF ILLINOIS  
**OFFICE OF THE SECRETARY OF STATE**  
 FINANCIAL AUDIT  
 For the Year Ended June 30, 2022

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

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

Based on their audit, the auditors expressed an unmodified opinion on the Office of the Secretary of State’s basic financial statements.

**SUMMARY OF FINDINGS**

<b>Number of</b>	<b><u>Current Report</u></b>	<b><u>Prior Report</u></b>
Findings	1	3
Repeated Findings	0	2
Prior Recommendations Implemented or Not Repeated	3	1

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings</b>				
2022-001	65	2022/ 2020	Inaccurate Census Data	Noncompliance and Significant Deficiency
<b>Prior Findings Not Repeated</b>				
A	68	2021/ 2016	Weaknesses in Determination of Cash On Hand and Cash In Transit Amounts Reported in the Financial Statements	
B	68	2021/ 2020	Inadequate Internal Controls over Census Data	
C	68	2021/ 2021	Inadequate Controls over Change Management	

STATE OF ILLINOIS  
**OFFICE OF THE SECRETARY OF STATE**  
FINANCIAL AUDIT  
For the Year Ended June 30, 2022

**EXIT CONFERENCE**

The Office waived an exit conference in a correspondence from Amanda Trimmer, Chief Deputy Director, Department of Budget and Fiscal Management, on February 7, 2023. The response to the recommendation was provided by Amanda Trimmer, Chief Deputy Director, Department of Budget and Fiscal Management, on November 23, 2022.

3051 Hollis Dr., 3rd Floor  
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## **INDEPENDENT AUDITOR'S REPORT**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Office of the Secretary of State (Office), as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Office, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Office, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As discussed in Note 2 to the financial statements, the financial statements of the Office 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 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, 2022, and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Further, as discussed in Note 2 to the financial statements of the Office, in Fiscal Year 2022 the Office adopted new accounting guidance from GASB Statement No. 87, *Leases*, which is intended to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this statement resulted in the restatement of beginning net position, capital assets, and long-term obligations discussed in Note 13. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Office's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Management has omitted a management's discussion and analysis, budgetary comparison information, pension-related, and other postemployment benefit-related supplementary information 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 financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinions on the financial statements are not affected by the missing information.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's financial statements. The accompanying supplementary information is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 February 7, 2023, on our consideration of the Office'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Office's 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 Office'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 Office management, and is not intended to be and should not be used by anyone other than these specified parties.

**SIGNED ORIGINAL ON FILE**

Springfield, Illinois  
February 7, 2023

## **BASIC FINANCIAL STATEMENTS**

State of Illinois  
Office of the Secretary of State

Statement of Net Position and Governmental Funds Balance Sheet

June 30, 2022 (Expressed in Thousands)

	General Fund	Other Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Net Position
<b>ASSETS</b>					
Unexpended appropriations	\$ 27,589	\$ 330	\$ 27,919	\$ -	\$ 27,919
Cash equity with State Treasurer	61,649	354,552	416,201	-	416,201
Cash and cash equivalents	6	14	20	-	20
Securities lending collateral of State Treasurer	-	5,996	5,996	-	5,996
Intergovernmental receivables, net	-	1,784	1,784	-	1,784
Other receivables, net	6,291	3,810	10,101	-	10,101
Due from other State funds	-	89	89	-	89
Due from other Office funds	4,023	4,602	8,625	(8,625)	-
Inventories	474	3,924	4,398	-	4,398
Prepaid expenses	-	-	-	1,912	1,912
Capital assets not being depreciated	-	-	-	35,178	35,178
Capital assets being depreciated, net	-	-	-	160,715	160,715
<b>Total assets</b>	<u>100,032</u>	<u>375,101</u>	<u>475,133</u>	<u>189,180</u>	<u>664,313</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pensions	-	-	-	283,554	283,554
OPEB	-	-	-	180,057	180,057
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>463,611</u>	<u>463,611</u>
<b>Total assets and deferred outflows of resources</b>	<u>100,032</u>	<u>375,101</u>	<u>475,133</u>	<u>652,791</u>	<u>1,127,924</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 12,470	\$ 7,867	\$ 20,337	\$ -	\$ 20,337
Intergovernmental payables	21,875	1,799	23,674	-	23,674
Due to other State fiduciary funds	216	229	445	-	445
Due to other Office funds	-	8,625	8,625	(8,625)	-
Due to other State funds	165	727	892	-	892
Due to State of Illinois component units	6	31	37	-	37
Unearned revenue	3,892	25,473	29,365	-	29,365
Obligations under securities lending of State Treasurer	-	5,996	5,996	-	5,996
Long-term obligations:					
Net Pension Liability	-	-	-	1,425,650	1,425,650
Total OPEB Liability, current portion	-	-	-	20,349	20,349
Total OPEB Liability, long-term portion	-	-	-	994,066	994,066
Compensated absences, current portion	-	-	-	1,713	1,713
Compensated absences, long-term portion	-	-	-	15,326	15,326
Lease obligations, current portion	-	-	-	6,057	6,057
Lease obligations, long-term portion	-	-	-	10,083	10,083
<b>Total liabilities</b>	<u>38,624</u>	<u>50,747</u>	<u>89,371</u>	<u>2,464,619</u>	<u>2,553,990</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	68	68	(68)	-
Pensions	-	-	-	202,743	202,743
OPEB	-	-	-	516,690	516,690
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>68</u>	<u>68</u>	<u>719,365</u>	<u>719,433</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>38,624</u>	<u>50,815</u>	<u>89,439</u>	<u>3,183,984</u>	<u>3,273,423</u>
<b>FUND BALANCES/NET POSITION</b>					
Nonspendable:					
Inventories	\$ 474	\$ 3,924	\$ 4,398	\$ (4,398)	\$ -
Restricted for:					
General government	5	13,493	13,498	(13,498)	-
Committed to:					
General government	2,581	234,646	237,227	(237,227)	-
Capital projects	-	71,687	71,687	(71,687)	-
Assigned to:					
General government	-	536	536	(536)	-
Unassigned	58,348	-	58,348	(58,348)	-
Net investment in capital assets	-	-	-	179,753	179,753
Restricted assets	-	-	-	13,498	13,498
Unrestricted net position	-	-	-	(2,338,750)	(2,338,750)
<b>Total fund balances/net position</b>	<u>61,408</u>	<u>324,286</u>	<u>385,694</u>	<u>\$ (2,531,193)</u>	<u>\$ (2,145,499)</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 100,032</u>	<u>\$ 375,101</u>	<u>\$ 475,133</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 Governmental Funds Balance Sheet**  
**to Statement of Net Position**  
**June 30, 2022**  
**(Expressed in Thousands)**

<b>Total fund balances-governmental funds</b>	\$	385,694
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		195,893
Prepaid expenses for governmental activities are current uses of financial resources for funds.		1,912
Deferred Outflows of Resources for Pensions that do not use current financial resources are deferred in the funds.		283,554
Deferred Outflows of Resources for OPEB that do not use current financial resources are deferred in the funds.		180,057
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.		68
Deferred Inflows of Resources for Pensions do not require the use of current financial resources in the funds.		(202,743)
Deferred Inflows of Resources for OPEB do not require the use of current financial resources in the funds.		(516,690)
Some liabilities reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:		
Net Pension Liability		(1,425,650)
Total OPEB Liability		(1,014,415)
Compensated absences		(17,039)
Lease obligations		(16,140)
		(2,145,499)
<b>Net assets of governmental activities</b>	<b>\$</b>	<b>(2,145,499)</b>

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

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

**Statement of Activities and Governmental Revenues,**  
**Expenditures and Changes in Fund Balances**  
For the Year Ended June 30, 2022 (Expressed in Thousands)

	General Fund	Other Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Activities
Expenditures/expenses:					
General government	\$ 409,385	\$ 112,408	\$ 521,793	\$ (76,098)	\$ 445,695
Debt service - principal	5,241	1,011	6,252	(6,252)	-
Debt service - interest	483	56	539	-	539
Capital outlays	7,011	7,972	14,983	(14,983)	-
<b>Total expenditures/expenses</b>	<u>422,120</u>	<u>121,447</u>	<u>543,567</u>	<u>(97,333)</u>	<u>446,234</u>
Program revenues:					
Charges for services:					
Licenses and fees, net	474,380	2,188,739	2,663,119	-	2,663,119
Other	5	1	6	-	6
Total charges for services	<u>474,385</u>	<u>2,188,740</u>	<u>2,663,125</u>	<u>-</u>	<u>2,663,125</u>
Operating grant revenue:					
Federal, net	120	9,008	9,128	-	9,128
Other	-	2	2	-	2
Total operating grant revenue	<u>120</u>	<u>9,010</u>	<u>9,130</u>	<u>-</u>	<u>9,130</u>
<b>Net program revenues</b>	<u>52,385</u>	<u>2,076,303</u>	<u>2,128,688</u>	<u>97,333</u>	<u>2,226,021</u>
General revenues:					
Interest and investment income	-	234	234	-	234
Other taxes, net	220,126	-	220,126	-	220,126
Other, net	496	2,585	3,081	-	3,081
<b>Total general revenues</b>	<u>220,622</u>	<u>2,819</u>	<u>223,441</u>	<u>-</u>	<u>223,441</u>
Other sources (uses):					
Appropriations from State resources	407,311	67,934	475,245	-	475,245
Lapsed appropriations	(11,477)	(53,011)	(64,488)	-	(64,488)
Receipts collected and transmitted to State Treasury	(680,252)	(2,066,460)	(2,746,712)	-	(2,746,712)
Loss on disposition of capital assets	-	-	-	(18)	(18)
Capital asset transfers	-	-	-	18,143	18,143
Amount of SAMS transfers-in	(11,513)	-	(11,513)	-	(11,513)
Amount of SAMS transfers-out	31,356	-	31,356	-	31,356
Transfers-in	3,219	16,601	19,820	(17,506)	2,314
Transfers-out	(3,000)	(14,506)	(17,506)	17,506	-
Proceeds from lease financing	5,376	40	5,416	(5,416)	-
<b>Total other sources (uses)</b>	<u>(258,980)</u>	<u>(2,049,402)</u>	<u>(2,308,382)</u>	<u>12,709</u>	<u>(2,295,673)</u>
Change in fund balance/net position	14,027	29,720	43,747	110,042	153,789
Fund balance/net position, July 1, 2021, restated	46,907	294,983	341,890	(2,641,178)	(2,299,288)
Increase (decrease) for changes in inventories	474	(417)	57	(57)	-
Fund balance/net position, June 30, 2022	<u>\$ 61,408</u>	<u>\$ 324,286</u>	<u>\$ 385,694</u>	<u>\$ (2,531,193)</u>	<u>\$ (2,145,499)</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, 2022**  
**(Expressed in Thousands)**

<b>Net change in fund balances</b>		\$ 43,747
Change in inventories		57
		\$ 43,804
 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.		(6,845)
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.		18,143
Some capital assets were disposed of prior to being fully depreciated, resulting in a loss on disposition.		(18)
Some capital additions were financed through other financing arrangements. In governmental funds these other financing arrangements are considered a source of financing, but in the Statement of Net Position, the lease obligation is reported as a liability.		(2,693)
Repayment of leases is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position		6,252
Prepaid expenses in the Statement of Activities are not reported as expenses in governmental funds. This amount represents the decrease in prepaid expenses over the prior year.		(3,855)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Also, some expenditures reported in governmental funds decrease the amount of certain long-term liabilities reported on the Statement of Net Position and are therefore not reported as expenses in the Statement of Activities.		
Decrease in Net Pension Liability	106,068	
Increase in deferred outflows of resources - pensions	17,127	
Increase in deferred inflows of resources - pensions	(103,300)	
Decrease in Total OPEB Liability	390,737	
Decrease in deferred outflows of resources - OPEB	(31,434)	
Increase in deferred inflows of resources - OPEB	(282,231)	
Decrease in compensated absences obligation	2,034	
Net increase in expenses for net changes in long-term liabilities not reported in governmental funds		99,001
<b>Change in net position of governmental activities</b>		<b>\$ 153,789</b>

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

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

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**Statement of Fiduciary Net Position**

June 30, 2022 (Expressed in Thousands)

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash equity with State Treasurer	\$ 3,481
Cash and cash equivalents	149
Investments	50
<b>Total assets</b>	<u>\$ 3,680</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 35
Other liabilities	5
<b>Total liabilities</b>	<u>\$ 40</u>
<b>NET POSITION</b>	
Restricted net position	3,640
<b>Total net position</b>	<u>\$ 3,640</u>

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

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

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

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**Statement of Changes in Fiduciary Net Position**

For the Year Ended June 30, 2022 (Expressed in Thousands)

	<u>Custodial Funds</u>
<b>Additions</b>	
Collateral deposits received	\$ 43
License and fee collections for other governments	94,360
Other additions	1,013
<b>Total additions</b>	<u>\$ 95,416</u>
<b>Deductions</b>	
Collateral deposits returned	\$ 68
Payments of licenses and fees to other governments	94,360
Other deductions	21
<b>Total deductions</b>	<u>\$ 94,449</u>
<b>Net increase (decrease) in fiduciary net position</b>	967
Net position, July 1, 2021	<u>2,673</u>
<b>Net position, June 30, 2022</b>	<u>\$ 3,640</u>

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

STATE OF ILLINOIS  
**OFFICE OF THE SECRETARY OF STATE**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**(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 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 General Revenue Fund and Special Advance Fund, both subaccount of the General 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' Annual Comprehensive 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.

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**(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, 2022, 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' Annual Comprehensive Financial Report. For reporting purposes, the Office has combined the fund and government-wide financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column. A brief description of the Office's government-wide and fund financial statements is as follows:

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

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

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

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

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

**General** – This is the State's primary operating fund. It accounts for all financial resources of the general government, except those 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).

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Additionally, the Office administers the following fund types:

**Governmental Funds:**

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

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

**Fiduciary Funds:**

**Custodial** – These funds account for the following activities in which the Office acts in a custodial capacity 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.

**(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 and additions are recorded when earned and expenses and deductions 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.

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**(d) Shared Fund Presentation**

The financial statement presentation for the General Revenue Account, Common School Account, Capital Projects Account and Vehicle Inspection Account of the General Fund and the Road Fund, Motor Fuel Tax Fund, Drivers Education Fund, Capital Development Fund, State College and University Trust Fund, Alternative Fuels Fund, Off Highway Vehicle Trails Fund, State Parking Facility Maintenance Fund, Cycle Rider Safety Training Fund, 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' Annual Comprehensive 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 by the Office of the Comptroller after June 30 annually, in accordance with the Statewide Accounting Management System (SAMS) records plus any liabilities relating to obligations re-appropriated to the subsequent fiscal year and voucher, interfund payments, and mandatory SAMS transfer transactions held by the Office of the Comptroller at June 30.

Appropriations from State Resources

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

Lapsed Appropriations

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

Receipts Collected and Transmitted to State Treasury

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

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.

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**(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.

**(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 acquisition value at the time received. Capital assets are depreciated or amortized using the straight-line method.

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Capitalization thresholds and the estimated useful lives are as follows:

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

**(j) Leases**

The Office is a lessee for non-cancellable leases of equipment, buildings, and parking. The Office recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The Office recognizes lease liabilities with an initial, individual value of \$25,000 or more. At the commencement of a lease, the Office initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the asset useful life or the lease term.

**(k) 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.

**(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:

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

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

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

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

Unassigned – The unassigned fund balance classification is the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications and deficit fund balances of other governmental funds.

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.

***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, 2022, \$13.498 million is restricted by enabling legislation.

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

**(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.

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**(o) Pensions**

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

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

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

**(p) Post-Employment Benefits Other Than Pensions (OPEB)**

The State provides health, dental, vision and life insurance benefits for certain retirees and their dependents through the State Employees Group Insurance Program ("SEGIP"). The total OPEB liability, deferred outflows of resources, deferred inflows of resources, expense, and expenditures associated with the program have been determined through an actuarial valuation using certain actuarial assumptions as applicable to the current measurement period. (See Note 10).

The OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and OPEB expense have been recognized in the government-wide financial statements.

**(q) Adoption of New Accounting Pronouncements**

Effective for the year ending June 30, 2022, the Office adopted the following GASB statements:

Statement No. 87, *Leases*, which is intended to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources and or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The impact of implementing this statement has been disclosed in Note 13.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which is intended to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) simplify accounting for interest cost incurred before the end of a construction period. The implementation of this statement had no financial impact on the Office's net position or results of operations.

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The portion of Statement No. 92, *Omnibus 2020*, which is intended to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements related to (a) intra-entity transfers of assets, (b) reporting assets accumulated for defined benefit postemployment benefits provided through plans that are not administered through trusts that meet specified criteria, (c) applicability of certain requirements of Statement No. 84 to postemployment benefit arrangements, (d) exception to acquisition value in a government acquisition and (e) nonrecurring fair value measurements. The implementation of this statement had no financial impact on the Office's net position or results of operations.

The portion of Statement No. 93, *Replacement of Interbank Offered Rates*, which is intended to remove the London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate. The implementation of this statement had no financial impact on the Office's net position or results of operations.

The portion of Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, which is intended to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of this statement had no financial impact on the Office's net position or results of operations.

The portion of GASB Statement No. 99, *Omnibus 2022*, related to extending the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 were effective upon issuance in April 2022. The implementation of this statement had no financial impact on the Office's net position or results of operations.

**(r) Future Adoption of GASB Statements**

Effective for the year ending June 30, 2023, the Office will adopt the following GASB statements:

Statement No. 91, *Conduit Debt Obligations*, which is intended to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Upon the Office's adoption of Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of the Statement was delayed for the Office until the fiscal year ended June 30, 2023.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is intended to improve financial reporting by addressing issues related to public-private and public-public partnerships (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).

Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is intended to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

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The portion of Statement No. 99, *Omnibus 2022*, which is intended to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees related to leases, public-private and public-public partnerships, and subscription-based information technology arrangements.

Effective for the year ending June 30, 2024, the Office will adopt the following GASB statements:

The portion of Statement No. 99, *Omnibus 2022*, related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No 53.

Statement No. 100, *Accounting Changes and Error Corrections*, which is intended to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

Effective for the year ending June 30, 2025, the Office will adopt the following GASB statement:

Statement No. 101, *Compensated Absences*, which is intended to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The Office has not yet determined the impact of adopting these statements on its financial statements.

**(s) *Reliance on Outside Information***

Due to the nature of relationships between the Office and various other State agencies, information related to Pensions and Securities Lending Transactions in these financial statements is provided through the Illinois Office of the Comptroller by the State Employees Retirement System, State Employees Group Insurance Program of the Department of Central Management Services and the State Treasurer, respectively. The Office received information included in the fund financial statements for Securities Lending Transactions and the government wide financial statements for Pension and OPEB related transactions. Other details included in Note 3c (Security Lending Transactions) and Note 2o, Note 9 (Pensions), and Note 10 (OPEB) were also received from these sources.

The Office must rely on the internal controls of these other State agencies to ensure the information presented is accurate. Audits of these other State agencies can be found on the website of the Illinois Office of the Auditor General at the following website links:

State Treasurer - <http://www.auditor.illinois.gov/Audit-Reports/TREASURER-SLS.asp>

State Employees Retirement System - <http://www.auditor.illinois.gov/Audit-Reports/STATE-EMPLOYEES-RETIREMENT-SYSTEM.asp>

State Employees Group Insurance Program of the Department of Central Management Services - <http://www.auditor.illinois.gov/Audit-Reports/CMS-SEGIP.asp>

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**(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’ Annual Comprehensive Financial Report.

Deposits for locally-held funds of governmental activities had a carrying amount and a bank balance of \$19 thousand at June 30, 2022. Deposits of locally-held funds of fiduciary funds had a carrying amount and a bank balance of \$149 thousand at June 30, 2022.

Cash on hand totaled \$1 thousand at June 30, 2022.

**(b) Investments**

As of June 30, 2022 the Office had the following investments outside of the State Treasury which were valued using quoted market prices (Level 1 inputs):

	<b>Fair Value (Thousands)</b>	<b>Weighted Average Maturity (Years)</b>
<i>Fiduciary Funds</i>		
Municipal debt	\$ 50	3

**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.

**Custodial Credit Risk:** The Office does not have a formal investment policy that restricts investments to address custodial credit risk. Custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, the Office would not be able to recover the value of investment or collateral securities in the possession of an outside party. The Office’s municipal debt is held by the Illinois Office of the State Treasurer in the name of the Office.

**(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.

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During Fiscal Year 2022, Deutsche Bank AG lent U.S. Agency securities and U.S. Treasury securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregate fair value of the loaned securities. Loans are marked to market daily. If the fair value of collateral falls below 100%, the borrower must provide additional collateral to raise the fair value to 100%.

The State Treasurer did not impose any restrictions during Fiscal Year 2022 on the amount of loans of available, 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. There were no losses during Fiscal Year 2022 resulting from a default of the borrowers or Deutsche Bank AG.

During Fiscal Year 2022, 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. The securities lending collateral received that was invested in repurchase agreements and the fair value of securities on loan for the State Treasurer as of June 30, 2022 were \$4,061,655,934 and \$3,998,567,638.

In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, paragraph 9, the Office of the State Treasurer has allocated the assets and obligations at June 30, 2022 arising from securities lending agreements to the various funds of the State. The total allocated to the Office at June 30, 2022 was \$5.996 million.

**(4) Other Receivable**

Other receivables (amounts expressed in thousands) at June 30, 2022 are as follows:

	<u>Governmental Activities</u>			
	<u>General</u>	<u>Nonmajor</u>	<u>Fiduciary</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Funds</u>	
		<u>Funds</u>		
Other receivables:				
Licenses and fees				
receivable	\$ 7,609	\$ 9,310	\$ 15	\$ 16,934
Less: allowance for				
uncollectible				
amounts	(1,318)	(5,500)	(15)	(6,833)
Total other receivables, net	<u>\$ 6,291</u>	<u>\$ 3,810</u>	<u>\$ -</u>	<u>\$ 10,101</u>

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**(5) Interfund Balances and Activity**

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

The following balances (amounts expressed in thousands) at June 30, 2022 represent amounts due from other Office and State funds.

<b>Fund</b>	<b>Due From</b>		<b>Description/Purpose</b>
	<b>Other State Funds</b>	<b>Other Office Funds</b>	
General	\$ -	\$ 4,023	Due from other Office funds for transfers of excess balances, statutorily required transfers, repayment from various grant activity and accrual of undistributed IRP fees.
Nonmajor governmental funds	89	4,602	Due from other States Funds from various fund and grant activity, due from other Office funds for the accrual of undistributed IRP fees.
	<u>\$ 89</u>	<u>\$ 8,625</u>	

The following balances (amounts expressed in thousands) at June 30, 2022 represent amounts owing to other Office and State of Illinois funds.

<b>Fund</b>	<b>Due to</b>			<b>Description/Purpose</b>
	<b>Other Office Funds</b>	<b>Other State Funds</b>	<b>Other State Fiduciary Funds</b>	
General	\$ -	\$ 165	\$ 216	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.
Nonmajor governmental funds	8,625	727	229	Due to other Office Funds for transfers of excess balances, statutorily required transfers, accrual of undistributed IRP fees, 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>\$ 8,625</u>	<u>\$ 892</u>	<u>\$ 445</u>	

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

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2022 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	\$ 3,219	\$ -	Transfer from other Office funds of excess balances and statutory transfers.
Nonmajor governmental funds	14,287	2,314	Transfer from other State funds pursuant to State statute.
	<u>\$ 17,506</u>	<u>\$ 2,314</u>	

Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2022 were as follows:

<u>Fund</u>	<u>Transfers out to</u>		<u>Description/Purpose</u>
	<u>Other Office Funds</u>		
General	\$	3,000	Transfer resulting from refunds from other Office funds and other State funds pursuant to State statute.
Nonmajor governmental funds		14,506	Transfer to other Office and other State funds and pursuant to State statute.
	<u>\$</u>	<u>17,506</u>	

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

The following balances (amounts expressed in thousands) at June 30, 2022 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>
Illinois Toll Highway Authority	\$ 6	\$ -
Eastern Illinois University	-	21
University of Illinois	-	10
	<u>\$ 6</u>	<u>\$ 31</u>

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**(6) Capital Assets**

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2022 was as follows:

	<b>Balance June 30, 2021, as restated</b>	<b>Additions</b>	<b>Deletions</b>	<b>Net Transfers</b>	<b>Balance June 30, 2022</b>
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land and land improvements	\$ 6,637	\$ -	\$ -	\$ -	\$ 6,637
Historical treasures & works of art	100	-	-	-	100
Construction in progress	10,813	-	1,383	19,011	28,441
Total capital assets not being depreciated	<u>17,550</u>	<u>-</u>	<u>1,383</u>	<u>19,011</u>	<u>35,178</u>
Capital assets being depreciated:					
Site Improvements	449	-	-	-	449
Buildings and building improvements	514,296	4,148	1,919	497	517,022
Right-to-use leased building	18,200	5,028	-	-	23,228
Equipment	52,344	5,419	875	18	56,906
Right-to-use leased equipment	1,499	245	-	-	1,744
Software	29	-	-	-	29
Other Lease	-	143	-	-	143
Total capital assets being depreciated	<u>586,817</u>	<u>14,983</u>	<u>2,794</u>	<u>515</u>	<u>599,521</u>
Less accumulated depreciation/amortization:					
Site Improvements	442	3	-	-	445
Buildings and building improvements	371,815	12,929	1,919	-	382,825
Right-to-use leased building	-	5,588	-	-	5,588
Equipment	47,468	2,413	857	-	49,024
Right-to-use leased equipment	-	824	-	-	824
Software	29	-	-	-	29
Other Lease	-	71	-	-	71
Total accumulated depreciation/amortization	<u>419,754</u>	<u>21,828</u>	<u>2,776</u>	<u>-</u>	<u>438,806</u>
Total capital assets being depreciated/amortized, net	<u>167,063</u>	<u>(6,845)</u>	<u>18</u>	<u>515</u>	<u>160,715</u>
Governmental activity capital assets, net	<u>\$ 184,613</u>	<u>\$ (6,845)</u>	<u>\$ 1,401</u>	<u>\$ 19,526</u>	<u>\$ 195,893</u>

Depreciation and amortization expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2022 was charged as follows:

General government \$ 21,828

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**(7) Leases**

The Office has entered into various leases for office facilities, equipment, and other right-to-use assets with remaining lease terms ranging from less than one year to 5 years. Although lease terms vary, certain leases are renewable subject to appropriation by the General Assembly. If renewal is reasonably assured, leases requiring appropriation by the General Assembly are considered noncancelable leases for financial reporting purposes. The renewal and termination options are not included in the right-to-use asset or lease liability balance until they are reasonably certain of exercise.

At June 30, 2022, right-to-use assets under leases (amounts expressed in thousands) are as follows:

	<b>Amount</b>
Buildings and building improvements	\$ 23,228
Equipment	1,744
Other	143
	25,115
Less: Accumulated amortization	6,483
	\$ 18,632

Future minimum commitments (amounts expressed in thousands) for non-cancelable leases as of June 30, 2022, are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 6,057	\$ 471
2024	3,685	328
2025	3,181	226
2026	1,938	148
2027	1,279	100
Total minimum lease payments	\$ 16,140	\$ 1,273

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

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2022 were as follows:

	<b>Balance July 1, 2021, as restated</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2022</b>	<b>Amounts Due Within One Year</b>
<b>Governmental activities:</b>					
Compensated absences	\$ 19,073	\$ 14,751	\$ 16,785	\$ 17,039	\$ 1,713
Net pension liability	1,531,718	-	106,068	1,425,650	-
Total OPEB liability	1,405,152	-	390,737	1,014,415	20,349
Lease Obligations	<u>19,699</u>	<u>2,693</u>	<u>6,252</u>	<u>16,140</u>	<u>6,057</u>
	<u>\$ 2,975,642</u>	<u>\$ 17,444</u>	<u>\$519,842</u>	<u>\$2,473,244</u>	<u>\$ 28,119</u>

Compensated absences will be liquidated by the applicable governmental funds that account for the salaries and wages of the related employees. Net pension liabilities and net OPEB liabilities will be liquidated through the General Revenue Fund, and the special revenue funds that report wages.

**(9) Defined Benefit Pension Plan**

**Plan description.** Substantially all of the Office's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a single-employer defined benefit pension trust fund in the State of Illinois reporting entity. SERS is governed by article 14 of the Illinois Pension Code (40 ILCS 5/1, et al.). The plan consists of two tiers of contribution requirements and benefit levels based on when an employee was hired. Members who first become an employee and participate under any of the State's retirement plans on or after January 1, 2011 are members of Tier 2, while Tier 1 consists of employees hired before January 1, 2011 or those who have service credit prior to January 1, 2011. The provisions below apply to both Tier 1 and 2 members, except where noted. The SERS issues a separate Annual Comprehensive Financial Report available at [www.srs.illinois.gov](http://www.srs.illinois.gov) or that may be obtained by writing to the SERS, 2101 South Veterans Parkway, PO Box 19255, Springfield, Illinois, 62794-9255.

**Benefit provisions.** SERS provides retirement benefits based on the member's final average compensation and the number of years of service credit that have been established. The retirement benefit formula available to general State employees that are covered under the Federal Social Security Act is 1.67% for each year of service and for noncovered employees it is 2.2% for each year of service. The maximum retirement annuity payable is 75% of final average compensation for regular employees and 80% for alternative formula employees. The minimum monthly retirement annuity payable is \$15 for each year of covered service and \$25 for each year of noncovered service.

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

<b>Regular Formula Tier 1</b>	<b>Regular Formula Tier 2</b>
<p>A member must have a minimum of eight years of service credit and may retire at:</p> <ul style="list-style-type: none"> <li>• Age 60, with 8 years of service credit.</li> <li>• Any age, when the member's age (years &amp; whole months) plus years of service credit (years &amp; whole months) equal 85 years (1,020 months) (Rule of 85) with 8 years of credited service.</li> <li>• Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60).</li> </ul> <p>The retirement benefit is based on final average compensation and credited service. Final average compensation is the 48 highest consecutive months of service within the last 120 months of service.</p> <p>Under the Rule of 85, a member is eligible for the first 3% increase on January 1 following the first full year of retirement, even if the member is not age 60. If the member retires at age 60 or older, he/she will receive a 3% pension increase every year on January 1, following the first full year of retirement.</p> <p>If the member retires before age 60 with a reduced retirement benefit, he/she will receive a 3% pension increase every January 1 after the member turns age 60 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>	<p>A member must have a minimum of 10 years of credited service and may retire at:</p> <ul style="list-style-type: none"> <li>• Age 67, with 10 years of credited service.</li> <li>• Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67).</li> </ul> <p>The retirement benefit is based on final average compensation and credited service. For regular formula employees, final average compensation is the average of the 96 highest consecutive months of service within the last 120 months of service. The retirement benefit is calculated on a maximum salary of \$106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less.</p> <p>If the member retires at age 67 or older, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every year on January 1, following the first full year of retirement. The calendar year 2021 rate is \$116,740.</p> <p>If the member retires before age 67 with a reduced retirement benefit, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every January 1 after the member turns age 67 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>

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

SERS also provides occupational and nonoccupational (including temporary) disability benefits. To be eligible for nonoccupational (including temporary) disability benefits, an employee must have at least 18 months of credited service with the System. The nonoccupational (including temporary) disability benefit is equal to 50% of the monthly rate of compensation of the employee on the date of removal from the payroll. Occupational disability benefits are provided when the member becomes disabled as a direct result of injuries or diseases arising out of and in the course of State employment. The monthly benefit is equal to 75% of the monthly rate of compensation on the date of removal from the payroll. This benefit amount is reduced by Workers' Compensation or payments under the Occupational Diseases Act.

Occupational and nonoccupational death benefits are also available through the System. Certain nonoccupational death benefits vest after 18 months of credited service. Occupational death benefits are provided from the date of employment.

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**Contributions.** Contribution requirements of active employees and the State are established in accordance with Chapter 40, section 5/14-133 of the Illinois Compiled Statutes. Member contributions are based on fixed percentages of covered payroll ranging between 4.00% and 12.50%. Employee contributions are fully refundable, without interest, upon withdrawal from State employment. Tier 1 members contribute based on total annual compensation. Tier 2 members contribute based on an annual compensation rate not to exceed \$106,800 with limitations for future years increased by the lesser of 3% or one-half of the annual percentage increase in the Consumer Price Index. For 2022, this amount was \$119,982.

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

For Fiscal Year 2022, the required employer contributions were computed in accordance with the State's funding plan. This funding legislation provides for a systematic 50-year funding plan with an ultimate goal to achieve 90% funding of the plan's liabilities. In addition, the funding plan provided for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Since the 15-year phase-in period ended June 30, 2010, the State's contribution will remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved. For fiscal year 2022, the employer contribution rate was 56.169%. The Office's contribution amount for fiscal year 2022 was \$9.850 million. In addition, the Office recorded \$102.177 million of revenue and expenditures in the General Revenue account of the General Fund to account for payments to SERS for Office employees that were paid from statewide General Revenue Fund appropriations.

**Pension liability, deferred outflows of resources, deferred inflows of resources and expense related to pensions.** At June 30, 2022, the Office reported a liability of \$1.426 billion for its proportionate share of the State's net pension liability for SERS on the statement of net position. The net pension liability was measured as of June 30, 2021 (current year measurement date), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Office's portion of the net pension liability was based on the Office's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2021. As of the current year measurement date of June 30, 2021, the Office's proportion was 4.3067%, which was a decrease of 0.0861% from its proportion measured as of the prior year measurement date of June 30, 2020.

For the year ended June 30, 2022, the Office recognized pension expense of \$94.621 million. At June 30, 2022, the Office reported deferred outflows and deferred inflows of resources related to the pension liability, as of the measurement date of June 30, 2022, from the following sources (amounts expressed in thousands):

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	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 22,368	\$ 1,243
Changes of assumptions	55,495	1,622
Net difference between projected and actual investment earnings on pension plan investments	-	109,887
Changes in proportion	93,664	89,991
Office contributions subsequent to the measurement date	112,027	
<b>Total</b>	<b>\$ 283,554</b>	<b>\$ 202,743</b>

\$112.027 million reported as deferred outflows of resources related to pensions resulting from Office contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts expressed in thousands):

<b>Year ended June 30,</b>	
2023	\$ (4,953)
2024	2,350
2025	(2,689)
2026	(25,924)
Thereafter	-
<b>Total</b>	<b>\$ (31,216)</b>

**Actuarial methods and assumptions.** The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.25%

Investment Rate of Return: 6.75%, net of pension plan investment expense, including inflation.

Projected salary increases: 2.75% - 7.17%, salary increase rates based on age related productivity and merit rates plus inflation.

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

Retirement Age: Experience-based table of rates specific to the type of eligibility condition. Table was last updated for the June 30, 2019 valuation pursuant to an experience study of the period July 1, 2015 – June 2018.

Mortality: Pub-2010 General and Public Safety Healthy Retiree mortality tables, sex distinct, with rates projected to 2018 generational mortality improvement factors were updated to projection scale MP-2018.

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The actuarial assumptions used to calculate the total pension liability as of the current year measurement date are consistent with the actuarial assumptions used to calculate the total pension liability as of the prior year measurement date.

The long-term expected real rate of return on pension plan investments is determined using the best estimates of geometric real rates of return for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation, calculated as of the measurement date of June 30, 2021, the best estimates of geometric real rates of return are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	23.0%	4.8%
Developed Foreign Equity	13.0%	5.3%
Emerging Market Equity	8.0%	6.5%
Private Equity	7.0%	6.8%
Intermediate Investment Grade Bonds	14.0%	0.4%
Long-term Government Bonds	4.0%	0.6%
TIPS	4.0%	0.3%
High Yield and Bank Loans	5.0%	2.5%
Opportunistic Debt	8.0%	4.3%
Emerging Market Debt	2.0%	2.5%
Real Estate	10.0%	5.6%
Infrastructure	2.0%	6.5%
<b>Total</b>	<b>100%</b>	

**Discount rate.** A discount rate of 6.20% was used to measure the total pension liability as of the measurement date of June 30, 2021 as compared to a discount rate of 6.35% used to measure the total pension liability as of the prior year measurement date. The June 30, 2021 single blended discount rate was based on the expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 1.92%, based on an index of 20 year general obligation bonds with an average AA credit rating as published by the Federal Reserve. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the statutory contributions and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions will be sufficient to finance the benefit payments through the year 2076. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2076, and the municipal bond rate was applied to all benefit payments after that date.

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

	1% Decrease 5.20%	Discount Rate 6.20%	1% Increase 7.20%
Office's Proportionate Share of the Net Pension Liability	\$ 1,759,181	\$ 1,425,650	\$ 1,151,917

**Payables to the pension plan.** At June 30, 2022, the Office reported a payable of \$248 thousand to SERS for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

**(10) OPEB**

**Plan description.** The State Employees Group Insurance Act of 1971 (Act), as amended, authorizes the Illinois State Employees Group Insurance Program (SEGIP) to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all of the Office's full-time employees are members of SEGIP. Members receiving monthly benefits from the General Assembly Retirement System (GARS), Judges Retirement System (JRS), State Employees' Retirement System of Illinois (SERS), Teachers' Retirement System (TRS), and State Universities Retirement System of Illinois (SURS) are eligible for these other post-employment benefits (OPEB). The eligibility provisions for each of the retirement systems are defined within Note 9. Certain TRS members eligible for coverage under SEGIP include: certified teachers employed by certain State agencies, executives employed by the Board of Education, regional superintendents, regional assistant superintendents, TRS employees, and members with certain reciprocal service.

The Department of Central Management Services administers these benefits for annuitants with the assistance of the public retirement systems sponsored by the State (GARS, JRS, SERS, TRS and SURS). The State recognizes SEGIP OPEB benefits as a single-employer defined benefit plan. The plan does not issue a stand-alone financial report.

**Benefits provided.** The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and the various unions representing the State's and the university component units' employees in accordance with limitations established in the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. Coverage through SEGIP becomes secondary to Medicare after Medicare eligibility has been reached. Members must enroll in Medicare Parts A and B to receive the subsidized SEGIP premium available to Medicare eligible participants. The Act requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time, the benefit amount becomes \$5,000.

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***Funding policy and annual other postemployment benefit cost.*** OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retirement members. Annuitants may be required to contribute towards health and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute toward health and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date. The Director of Central Management Services shall, on an annual basis, determine the amount the State shall contribute toward the basic program of group health benefits. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of OPEB.

For fiscal year 2022, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was \$11,363.04 (\$6,290.40 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and \$13,619.28 (\$5,623.44 if Medicare eligible) if the annuitant chose other benefits. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees.

***Total OPEB liability, deferred outflows of resources, deferred inflows of resources and expense related to OPEB.*** The total OPEB liability, as reported at June 30, 2022, was measured as of June 30, 2021, with an actuarial valuation as of June 30, 2020. At June 30, 2022, the Office recorded a liability of \$1.014 billion for its proportionate share of the State's total OPEB liability. The Office's portion of the OPEB liability was based on the Office's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2021. As of the current year measurement date of June 30, 2021, the Office's proportion was 2.9426%, which was a decrease of 0.4159% from its proportion measured as of the prior year measurement date of June 30, 2020.

For the year ended June 30, 2022, the Office recognized a reduction to pension expense of \$55.709 million to account for the decrease in the Office's proportion. In addition, the Office recorded \$18.421 million of revenue and expenditures in the General Revenue account of the General Fund to account for contributions to SEGIP for Office employees that were paid from statewide General Fund appropriations. At June 30, 2022, the Office reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2021, from the following sources (amounts expressed in thousands):

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<b>Deferred outflows of resources</b>	
Differences between expected and actual experience	\$ 7,410
Changes of assumptions	22,946
Changes in proportion and differences between employer contributions and proportionate share of contributions	129,353
Department contributions subsequent to the measurement date (a)	20,348
<b>Total deferred outflows of resources</b>	<u>\$ 180,057</u>
<b>Deferred inflows of resources</b>	
Differences between expected and actual experience	\$ 7,058
Changes of assumptions	279,182
Changes in proportion and differences between employer contributions and proportionate share of contributions	230,450
<b>Total deferred inflows of resources</b>	<u>\$ 516,690</u>

The amounts reported as deferred outflows of resources related to OPEB resulting from Office contributions subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts expressed in thousands):

<b>Year ended June 30,</b>	
2023	\$ (102,881)
2024	(81,712)
2025	(73,575)
2026	(82,934)
2027	(15,879)
<b>Total</b>	<u>\$ (356,981)</u>

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**Actuarial methods and assumptions.** The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation for the SEGIP was based on GARS, JRS, SERS, TRS, and SURS active, inactive, and retiree data as of June 30, 2020, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2020.

<b>Valuation Date</b>	June 30, 2020
<b>Measurement Date</b>	June 30, 2021
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Actuarial assumptions:</b>	
<b>Inflation Rate</b>	2.25%
<b>Projected Salary Increases*</b>	2.50% - 12.25%
<b>Healthcare Cost Trend Rate:</b>	
Medical & Rx (Pre-Medicare & Post-Medicare)	8.00% grading down 0.25% per year over 15 years to 4.25% in year 2038. There is no additional trend rate adjustment due to the repeal of the Excise Tax.
Dental and Vision	3.75% grading up 0.25% in the first year to 4.00% through 2038.
<b>Retirees' share of benefit-related costs</b>	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2021 and 2022 are based on actual premiums. Premiums after 2022 were projected based on the same healthcare cost trend rates applied to per capita claim costs.

Note: the above actuarial assumptions were used to calculate the OPEB liability as of the current year measurement date and are consistent with the actuarial assumptions used to calculate the OPEB liability as of the prior year measurement date except for the following:

<b>Healthcare Cost Trend Rate:</b>	
Medical and Rx (Pre-Medicare & Post-Medicare)	8.25% grading down 0.25% per year over 16 years to an ultimate trend of 4.25% in the year 2037. There is no additional trend rate adjustment due to the repeal of the Excise Tax.
Dental and Vision	4.00% grading up 0.25% in the first year to 4.25% through 2037.

\* Dependent upon service and participation in the respective retirement systems. Includes inflation rate listed.

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 NOTES TO FINANCIAL STATEMENTS  
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Additionally, the demographic assumptions used in the OPEB valuation are identical to those used in the June 30, 2020 valuations for GARS, JRS, SERS, TRS, and SURS as follows:

	<u>Retirement age experience study<sup>^</sup></u>	<u>Mortality<sup>^^</sup></u>
<b>GARS</b>	July 2015 - June 2018	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, scaling factors of 99% for males and females and generational mortality improvements using MP-2018 two-dimensional mortality improvement scales
<b>JRS</b>	July 2015 - June 2018	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, scaling factors of 102% for males and 98% for females and generational mortality improvements using MP-2018 two-dimensional mortality improvement scales
<b>SERS</b>	July 2015 - June 2018	Pub-2010 General and Public Safety Healthy Retiree mortality tables, sex distinct, with rates projected to 2018 generational mortality improvement factors were updated to projection scale MP-2018
<b>TRS</b>	July 2014 - June 2017	RP-2014 with future mortality improvements on a fully generational basis using projection table MP-2017
<b>SURS</b>	July 2014 - June 2017	RP-2014 White Collar, gender distinct, projected using MP-2014 two dimensional mortality improvement scale, set forward one year for male and female annuitants
<sup>^</sup> The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined.		
<sup>^^</sup> Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.		

**Discount rate.** Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expenses in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 2.45% at June 30, 2020, and 1.92% at June 30, 2021, was used to measure the total OPEB liability.

**Sensitivity of total OPEB liability to changes in the single discount rate.** The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 1.92%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (2.92%) or lower (0.92%) than the current rate (amounts expressed in thousands):

	<b>1% Decrease (0.92%)</b>	<b>Current Single Discount Rate Assumption (1.92%)</b>	<b>1% Increase (2.92%)</b>
Total OPEB liability	\$ 1,198,016	\$ 1,014,415	\$ 869,147

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***Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate.*** The following presents the plans total OPEB liability, calculated using the healthcare cost trend rates as well as what the plan’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates (amounts in table expressed in thousands). The key trend rates are 8.00% in 2023 decreasing to an ultimate trend rate of 4.25% in 2038.

	1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
Total OPEB liability	\$ 846,497	\$ 1,014,415	\$ 1,236,611

**(11) Risk Management**

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

The Office’s risk management activities for workers’ compensation, self-insurance and unemployment insurance are financed through appropriations to the Illinois Department of Central Management Services and are accounted for in the General Fund of the State. The claims are not considered to be a liability of the Office; and accordingly, have not been reported in the Office’s financial statements for the year ended June 30, 2022.

**(12) Commitments and Contingencies**

***(a) 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, 2022, 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.

***(b) 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.

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**(13) Restatement**

The Office's financial statements and notes to the financial statements have been restated as of July 1, 2021, due to the following:

**(a) Implementation of GASB Statement No. 87, Leases**

GASB Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources and or outflows of resources based on the payment provisions of the contract. Implementation of Statement No. 87 resulted in a restatement to the Office's beginning net position as well as a restatement to certain financial statement note tables: Note 6, Capital Assets, and Note 8, Long-Term Obligations, were restated at June 30, 2021. Recognition of beginning leased assets and obligations were recognized as follows:

	<u>Net Position</u>	<u>Note 6 - Capital Assets</u>	<u>Note 8 - Long-Term Obligations</u>
<b>June 30, 2021, as previously reported</b>	\$ (2,299,353)	\$ 165,732	\$ (883)
<b>Implementation of GASB 87 (a)</b>			
Right-to-use leased equipment	681	681	-
Right-to-use leased building	18,200	18,200	-
Accumulated depreciation			
Lease obligations	(18,816)	-	(18,816)
<b>June 30, 2021, as restated</b>	<u>\$ (2,299,288)</u>	<u>\$ 184,613</u>	<u>\$ (19,699)</u>

**SUPPLEMENTARY INFORMATION**

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

June 30, 2022 (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
<b>ASSETS</b>									
Unexpended appropriations	\$ 27,502	\$ -	\$ -	\$ -	\$ -	\$ 87	\$ -	\$ -	\$ 27,589
Cash equity with State Treasurer	19,894	11,957	2,581	47	27,170	-	-	-	61,649
Cash and cash equivalents	1	-	-	-	-	-	5	-	6
Other receivables, net	6,291	-	-	-	-	-	-	-	6,291
Due from other Office funds	3,050	-	-	973	-	-	-	-	4,023
Inventories	474	-	-	-	-	-	-	-	474
<b>Total assets</b>	<b>\$ 57,212</b>	<b>\$ 11,957</b>	<b>\$ 2,581</b>	<b>\$ 1,020</b>	<b>\$ 27,170</b>	<b>\$ 87</b>	<b>\$ 5</b>	<b>\$ -</b>	<b>\$ 100,032</b>
<b>LIABILITIES</b>									
Accounts payable and accrued liabilities	\$ 11,730	\$ 699	\$ -	\$ -	\$ -	\$ 41	\$ -	\$ -	\$ 12,470
Due to other government-federal	650	3	-	-	-	3	-	-	656
Due to other government-local	14,344	6,875	-	-	-	-	-	-	21,219
Due to other state funds	143	3	-	-	-	19	-	-	165
Due to other state fiduciary funds	188	5	-	-	-	23	-	-	216
Due to component units	6	-	-	-	-	-	-	-	6
Unearned revenue-liability	57	-	-	-	3,835	-	-	-	3,892
<b>Total liabilities</b>	<b>\$ 27,118</b>	<b>\$ 7,585</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,835</b>	<b>\$ 86</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 38,624</b>
<b>FUND BALANCES</b>									
Nonspendable:									
Inventories	474	-	-	-	-	-	-	-	474
Restricted for:									
General government	-	-	-	-	-	-	5	-	5
Committed to:									
General government	-	-	2,581	-	-	-	-	-	2,581
Unassigned	29,620	4,372	-	1,020	23,335	1	-	-	58,348
<b>Total fund balances (deficits)</b>	<b>\$ 30,094</b>	<b>\$ 4,372</b>	<b>\$ 2,581</b>	<b>\$ 1,020</b>	<b>\$ 23,335</b>	<b>\$ 1</b>	<b>\$ 5</b>	<b>\$ -</b>	<b>\$ 61,408</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 57,212</b>	<b>\$ 11,957</b>	<b>\$ 2,581</b>	<b>\$ 1,020</b>	<b>\$ 27,170</b>	<b>\$ 87</b>	<b>\$ 5</b>	<b>\$ -</b>	<b>\$ 100,032</b>

State of Illinois  
Office of the Secretary of State

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

For the Year Ended June 30, 2022 (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
<b>REVENUES</b>									
Licenses and fees	\$ 184,966	\$ -	\$ -	\$ 572	\$ 288,842	\$ -	\$ -	\$ -	\$ 474,380
Federal government	120	-	-	-	-	-	-	-	120
Other charges for services	5	-	-	-	-	-	-	-	5
Other taxes, net	217,754	-	2,372	-	-	-	-	-	220,126
Other revenue, net	496	-	-	-	-	-	-	-	496
<b>Total revenues</b>	<b>403,341</b>	<b>-</b>	<b>2,372</b>	<b>572</b>	<b>288,842</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>695,127</b>
<b>EXPENDITURES</b>									
General government	385,899	20,773	-	-	-	2,713	-	-	409,385
Debt service - interest	483	-	-	-	-	-	-	-	483
Debt service - principal	5,241	-	-	-	-	-	-	-	5,241
Capital outlays	7,011	-	-	-	-	-	-	-	7,011
<b>Total expenditures</b>	<b>398,634</b>	<b>20,773</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,713</b>	<b>-</b>	<b>-</b>	<b>422,120</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>4,707</b>	<b>(20,773)</b>	<b>2,372</b>	<b>572</b>	<b>288,842</b>	<b>(2,713)</b>	<b>-</b>	<b>-</b>	<b>273,007</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>									
Appropriations from State resources	403,719	-	-	-	-	3,592	-	-	407,311
Lapsed appropriations	(10,599)	-	-	-	-	(878)	-	-	(11,477)
Receipts collected and transmitted to State Treasury	(389,045)	-	-	(567)	(290,640)	-	-	-	(680,252)
Amount of SAMS Transfers-in	(9,566)	-	-	(1,947)	-	-	-	-	(11,513)
Amount of SAMS Transfers-out	31,356	-	-	-	-	-	-	-	31,356
Transfers-in	1,265	20,904	-	1,954	-	-	-	(20,904)	3,219
Transfers-out	(20,904)	-	(3,000)	-	-	-	-	20,904	(3,000)
Proceeds from lease financing	5,376	-	-	-	-	-	-	-	5,376
<b>Net other sources (uses) of financial resources</b>	<b>11,602</b>	<b>20,904</b>	<b>(3,000)</b>	<b>(560)</b>	<b>(290,640)</b>	<b>2,714</b>	<b>-</b>	<b>-</b>	<b>(258,980)</b>
<b>Net change in fund balances</b>	<b>16,309</b>	<b>131</b>	<b>(628)</b>	<b>12</b>	<b>(1,798)</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>14,027</b>
Fund balances, July 1, 2021, Increase (decrease) for changes in inventories	13,311 474	4,241 -	3,209 -	1,008 -	25,133 -	- -	5 -	- -	46,907 474
<b>FUND BALANCES, JUNE 30, 2022</b>	<b>\$ 30,094</b>	<b>\$ 4,372</b>	<b>\$ 2,581</b>	<b>\$ 1,020</b>	<b>\$ 23,335</b>	<b>\$ 1</b>	<b>\$ 5</b>	<b>\$ -</b>	<b>\$ 61,408</b>

State of Illinois  
Office of the Secretary of State  
Combining Balance Sheet -  
Non-major Governmental Funds  
June 30, 2022 (Expressed in Thousands)

		Special Revenue							
		Road 0011	Motor Fuel Tax 0012	Alzheimer's Awareness 0020	Illinois Nurses Foundation 0028	Drivers Education 0031	Illinois Sheriffs' Scholarship & Training 0032	Illinois State Police Memorial Park 0034	Lobbyist Registration Administration 0044
<b>ASSETS</b>									
Unexpended appropriations	\$	318	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer		113,189	-	7	26	1,130	8	83	3,300
Cash and cash equivalents		-	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer		-	-	-	-	-	-	-	-
Other receivables, net		1,875	-	-	-	8	-	-	-
Due from other government-federal		-	-	-	-	-	-	-	-
Due from other government-local		-	-	-	-	-	-	-	-
Due from other State funds		-	-	-	-	-	-	-	-
Due from other Office funds		-	-	-	-	-	-	-	-
Inventories		-	-	-	-	-	-	-	-
<b>Total assets</b>	\$	115,382	\$ -	\$ 7	\$ 26	\$ 1,138	\$ 8	\$ 83	\$ 3,300
<b>LIABILITIES</b>									
Accounts payable and accrued liabilities	\$	288	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ 8	\$ 25
Due to other government-Federal		-	-	-	-	-	-	-	1
Due to other government-Local		-	-	-	-	-	-	-	-
Due to other State funds		-	-	-	-	-	-	-	5
Due to other State Fiduciary funds		-	-	-	-	-	-	-	12
Due to other Office funds		6,387	-	-	-	-	-	-	-
Due to State of Illinois component units		-	-	-	-	-	-	-	-
Unearned revenue		19,283	-	1	1	-	-	2	-
Obligations under securities lending of State Treasurer		-	-	-	-	-	-	-	-
<b>Total liabilities</b>		25,958	-	6	1	-	-	10	43
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue		-	-	-	-	-	-	-	-
<b>Total liabilities and deferred inflows of resources</b>		25,958	-	6	1	-	-	10	43
<b>FUND BALANCES</b>									
Nonspendable		-	-	-	-	-	-	-	-
Inventories		-	-	-	-	-	-	-	-
Restricted for:		-	-	1	25	1,138	8	73	-
General government		-	-	-	-	-	-	-	-
Committed to:		-	-	-	-	-	-	-	-
General government		89,424	-	-	-	-	-	-	3,257
Capital projects		-	-	-	-	-	-	-	-
Assigned to:		-	-	-	-	-	-	-	-
General government		-	-	-	-	-	-	-	-
<b>Total fund balances</b>		89,424	-	1	25	1,138	8	73	3,257
<b>Total liabilities, deferred inflows of resources and fund balances</b>	\$	115,382	\$ -	\$ 7	\$ 26	\$ 1,138	\$ 8	\$ 83	\$ 3,300

State of Illinois  
Office of the Secretary of State  
Combining Balance Sheet -  
Non-major Governmental Funds  
June 30, 2022 (Expressed in Thousands)

	Special Revenue									
	Accessible Electronic Information Services 0106	CDLIS/ AAMVA Net Trust 0109	Motor Vehicle Theft Prevention & Insurance Verification 0156	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		
<b>ASSETS</b>										
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	2	8,193	21,893	1,066	103	7,583	3,014	1,598		
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer	-	-	3,449	-	-	-	-	-	-	-
Other receivables, net	-	-	20	-	-	-	-	755	-	-
Due from other government-federal	-	-	-	-	-	-	-	-	-	-
Due from other government-local	-	-	-	-	-	-	-	-	9	-
Due from other State funds	-	-	-	-	-	-	-	-	-	-
Due from other Office funds	-	-	-	-	-	-	-	-	-	-
Inventories	-	1,198	-	-	-	-	399	-	-	-
<b>Total assets</b>	<b>2</b>	<b>9,391</b>	<b>25,362</b>	<b>1,066</b>	<b>103</b>	<b>7,583</b>	<b>3,422</b>	<b>2,353</b>		
<b>LIABILITIES</b>										
Accounts payable and accrued liabilities	\$ -	\$ 55	\$ 62	\$ 4	\$ -	\$ 47	\$ 9	\$ 2		
Due to other government-Federal	-	-	2	-	7	3	-	-	-	-
Due to other government-Local	-	-	-	-	-	-	-	-	-	-
Due to other State funds	-	-	10	2	-	7	1	1	-	-
Due to other State Fiduciary funds	-	-	12	3	-	13	-	1	-	-
Due to other Office funds	-	-	-	33	-	-	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	71	-	-	-
Obligations under securities lending of State Treasurer	-	-	3,449	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>55</b>	<b>3,535</b>	<b>42</b>	<b>7</b>	<b>70</b>	<b>81</b>	<b>4</b>		
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable revenue	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>-</b>	<b>55</b>	<b>3,535</b>	<b>42</b>	<b>7</b>	<b>70</b>	<b>81</b>	<b>4</b>		
<b>FUND BALANCES</b>										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Inventories	-	1,198	-	-	-	-	399	-	-	-
Restricted for:	-	-	-	-	-	7,513	-	-	-	-
General government	-	-	-	-	-	-	-	-	-	-
Committed to:										
General government	2	8,138	21,827	1,024	-	-	2,942	2,349	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-
Assigned to:										
General government	-	-	-	-	96	-	-	-	-	-
<b>Total fund balances</b>	<b>2</b>	<b>9,336</b>	<b>21,827</b>	<b>1,024</b>	<b>96</b>	<b>7,513</b>	<b>3,341</b>	<b>2,349</b>		
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2</b>	<b>\$ 9,391</b>	<b>\$ 25,362</b>	<b>\$ 1,066</b>	<b>\$ 103</b>	<b>\$ 7,583</b>	<b>\$ 3,422</b>	<b>\$ 2,353</b>		

State of Illinois  
Office of the Secretary of State  
Combining Balance Sheet -  
Non-major Governmental Funds  
June 30, 2022 (Expressed in Thousands)

	Special Revenue						
	Interagency Grant 0295	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
<b>ASSETS</b>							
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	201	374	244	16,316	8,406	78	26
Cash and cash equivalents	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer	-	-	-	2,547	-	-	-
Other receivables, net	-	-	-	37	-	-	-
Due from other government-federal	-	-	-	-	-	-	-
Due from other government-local	-	-	-	-	-	-	-
Due from other State funds	-	-	-	-	-	-	-
Due from other Office funds	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
<b>Total assets</b>	\$ 201	\$ 374	\$ 244	\$ 18,900	\$ 8,406	\$ 78	\$ 26
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ -	\$ 3	\$ -	\$ 123	\$ 222	\$ -	\$ -
Due to other government-Federal	-	-	-	8	15	-	-
Due to other government-Local	-	-	-	-	-	-	-
Due to other State funds	-	-	-	34	86	-	-
Due to other State Fiduciary funds	-	-	-	67	121	-	-
Due to other Office funds	-	-	-	-	1,232	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	9
Obligations under securities lending of State Treasurer	-	-	-	2,547	-	-	-
<b>Total liabilities</b>	-	3	-	2,779	1,676	-	9
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	-	-	-	-	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	-	3	-	2,779	1,676	-	9
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Restricted for:							
General government	-	-	-	-	-	78	-
Committed to:							
General government	-	371	244	16,121	6,730	-	17
Capital projects	-	-	-	-	-	-	-
Assigned to:							
General government	201	-	-	-	-	-	-
<b>Total fund balances</b>	201	371	244	16,121	6,730	78	17
<b>Total liabilities, deferred inflows of resources and fund balances</b>	\$ 201	\$ 374	\$ 244	\$ 18,900	\$ 8,406	\$ 78	\$ 26

State of Illinois  
Office of the Secretary of State  
Combining Balance Sheet -  
Non-major Governmental Funds  
June 30, 2022 (Expressed in Thousands)

	Special Revenue									
	Alternative Fuels 0422	Indigent BAIID Fund 0451	Monitoring Device Driving Permit Administration 0453	Rotary Club 0454	Ovarian Cancer Awareness 0459	Illinois Professional Golfers Association Junior Golf 0463	Boy Scout and Girl Scout 0464	Agriculture in the Classroom 0466		
<b>ASSETS</b>										
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	466	103	4,040	8	4	57	23	80		
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer	-	-	-	-	-	-	-	-	-	-
Other receivables, net	-	16	-	-	-	-	-	-	-	-
Due from other government-federal	-	-	-	-	-	-	-	-	-	-
Due from other government-local	-	-	-	-	-	-	-	-	-	-
Due from other State funds	-	-	-	-	-	-	-	-	-	-
Due from other Office funds	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	\$ 466	\$ 119	\$ 4,040	\$ 8	\$ 4	\$ 57	\$ 23	\$ 80		
<b>LIABILITIES</b>										
Accounts payable and accrued liabilities	\$ -	\$ 91	\$ -	\$ -	\$ 3	\$ 51	\$ -	\$ -		
Due to other government-Federal	-	-	-	-	-	-	-	-	-	-
Due to other government-Local	-	-	-	-	-	-	-	-	-	-
Due to other State funds	-	-	-	-	-	-	-	-	-	-
Due to other State Fiduciary funds	-	-	-	-	-	-	-	-	-	-
Due to other Office funds	-	-	-	-	-	-	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-	-	-	-
Unearned revenue	54	-	-	-	-	3	1	5		
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	54	91	-	-	3	54	1	5		
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable revenue	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	54	91	-	-	3	54	1	5		
<b>FUND BALANCES</b>										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Restricted for:										
General government	-	28	4,040	8	1	3	22	75		
Committed to:										
General government	412	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-
Assigned to:										
General government	-	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	412	28	4,040	8	1	3	22	75		
<b>Total liabilities, deferred inflows of resources and fund balances</b>	\$ 466	\$ 119	\$ 4,040	\$ 8	\$ 4	\$ 57	\$ 23	\$ 80		

**State of Illinois**  
**Office of the Secretary of State**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**  
 June 30, 2022 (Expressed in Thousands)

	Special Revenue									
	Sheet Metal Workers Int'l Assoc. of Illinois 0468	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	Off Highway Vehicle Trails 0574		
<b>ASSETS</b>										
Unexpended appropriations	-	-	-	-	-	-	-	-	-	-
Cash equity with State Treasurer	14	123	19	35,418	27,404	16	11	35		
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer	-	-	-	-	-	-	-	-	-	-
Other receivables, net	-	1,712	1	68	-	-	-	-	-	-
Due from other government-federal	-	-	-	-	-	-	-	-	-	-
Due from other government-local	-	-	-	-	80	-	-	-	-	-
Due from other State funds	-	-	-	-	-	-	-	-	-	-
Due from other Office funds	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>14</b>	<b>1,835</b>	<b>20</b>	<b>35,486</b>	<b>27,484</b>	<b>16</b>	<b>11</b>	<b>35</b>		
<b>LIABILITIES</b>										
Accounts payable and accrued liabilities	-	49	-	1,071	3,827	8	9	-	-	-
Due to other government-Federal	-	36	-	-	-	-	-	-	-	-
Due to other government-Local	-	1,719	-	-	-	-	-	-	-	-
Due to other State funds	-	-	-	-	478	2	-	-	-	-
Due to other State Fiduciary funds	-	-	-	-	-	-	-	-	-	-
Due to other Office funds	-	-	-	-	-	-	-	-	-	-
Due to State of Illinois component units	-	31	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	194	1	1	-	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>1,835</b>	<b>-</b>	<b>1,071</b>	<b>4,499</b>	<b>11</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable revenue	-	-	-	68	-	-	-	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	<b>-</b>	<b>1,835</b>	<b>-</b>	<b>1,139</b>	<b>4,499</b>	<b>11</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Restricted for:										
General government	14	-	-	-	-	5	1	-	-	-
Committed to:										
General government	-	-	20	34,347	22,985	-	-	35	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-
Assigned to:										
General government	-	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>14</b>	<b>-</b>	<b>20</b>	<b>34,347</b>	<b>22,985</b>	<b>5</b>	<b>1</b>	<b>35</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>14</b>	<b>1,835</b>	<b>20</b>	<b>35,486</b>	<b>27,484</b>	<b>16</b>	<b>11</b>	<b>35</b>	<b>-</b>	<b>35</b>

State of Illinois  
Office of the Secretary of State  
Combining Balance Sheet -  
Non-major Governmental Funds  
June 30, 2022 (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
<b>ASSETS</b>								
	\$	-	-	-	-	-	-	-
Unexpended appropriations		166	7	1,023	89	137	42	18,527
Cash and cash equivalents		-	-	-	-	-	-	-
Securities lending collateral of State Treasurer		-	-	-	-	-	-	-
Other receivables, net		-	-	-	-	-	-	-
Due from other government-federal		-	-	-	-	-	-	-
Due from other government-local		-	-	-	-	-	-	-
Due from other State funds		-	-	-	-	-	-	-
Due from other Office funds		-	-	-	-	-	-	-
Inventories		-	-	-	-	-	-	2,327
<b>Total assets</b>	\$	166	7	1,023	89	137	42	20,854
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$	75	6	-	49	42	28	1,094
Due to other government-Federal		-	-	-	-	-	-	6
Due to other government-Local		-	-	-	-	-	-	2
Due to other State funds		-	-	-	-	-	-	96
Due to other State Fiduciary funds		-	-	973	-	-	-	-
Due to other Office funds		-	-	-	-	-	-	-
Due to State of Illinois component units		2	1	50	7	5	3	-
Unearned revenue		-	-	-	-	-	-	-
Obligations under securities lending of State Treasurer		-	-	-	-	-	-	-
<b>Total liabilities</b>		77	7	1,023	56	47	31	1,198
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue		-	-	-	-	-	-	-
<b>Total liabilities and deferred inflows of resources</b>		77	7	1,023	56	47	31	1,198
<b>FUND BALANCES</b>								
Nonspendable		-	-	-	-	-	-	2,327
Inventories		-	-	-	-	-	-	-
Restricted for:		89	-	-	33	90	11	-
General government		-	-	-	-	-	-	17,329
Committed to:		-	-	-	-	-	-	-
General government		-	-	-	-	-	-	-
Capital projects		-	-	-	-	-	-	-
Assigned to:		-	-	-	-	-	-	-
General government		-	-	-	-	-	-	-
<b>Total fund balances</b>		89	-	-	33	90	11	19,656
<b>Total liabilities, deferred inflows of resources and fund balances</b>	\$	166	7	1,023	89	137	42	20,854

**State of Illinois**  
**Office of the Secretary of State**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**  
 June 30, 2022 (Expressed in Thousands)

	Special Revenue						
	Chicago Police Memorial Foundation 0639	Illinois Police Association 0655	Octave Chanute Aero Heritage 0662	Organ Donor Awareness 0716	Secretary of State DUI Administration 0732	Secretary of State DUI 0758	Secretary of State Police Services 0759
<b>ASSETS</b>							
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	86	55	38	130	6,234	14	827
Cash and cash equivalents	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	-	-
Due from other government-federal	-	-	-	-	-	-	-
Due from other government-local	-	-	-	-	-	-	4
Due from other State funds	-	-	-	-	-	-	-
Due from other Office funds	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
<b>Total assets</b>	\$ 86	\$ 55	\$ 38	\$ 130	\$ 6,234	\$ 14	\$ 831
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 11	\$ -	\$ -	\$ -	\$ 73	\$ -	\$ 502
Due to other government-Federal	-	-	-	-	-	-	-
Due to other government-Local	-	-	-	-	-	-	-
Due to other State funds	-	-	-	-	5	-	-
Due to other State Fiduciary funds	-	-	-	-	-	-	-
Due to other Office funds	-	-	-	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-
Unearned revenue	1	3	1	4	-	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-
<b>Total liabilities</b>	12	3	1	4	78	-	502
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	-	-	-	-	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	12	3	1	4	78	-	502
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Restricted for:							
General government	74	52	37	-	-	14	-
Committed to:							
General government	-	-	-	126	6,156	-	329
Capital projects	-	-	-	-	-	-	-
Assigned to:							
General government	-	-	-	-	-	-	-
<b>Total fund balances</b>	74	52	37	126	6,156	14	329
<b>Total liabilities, deferred inflows of resources and fund balances</b>	\$ 86	\$ 55	\$ 38	\$ 130	\$ 6,234	\$ 14	\$ 831

State of Illinois  
Office of the Secretary of State  
Combining Balance Sheet -  
Non-major Governmental Funds  
June 30, 2022 (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
<b>ASSETS</b>							
Unexpended appropriations	\$ -	\$ 12	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	55	-	12	7	15	485	7
Cash and cash equivalents	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	-	-
Due from other government-federal	-	-	-	-	-	-	-
Due from other government-local	-	-	-	-	-	-	-
Due from other State funds	-	-	-	-	-	-	-
Due from other Office funds	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
<b>Total assets</b>	\$ 55	\$ 12	\$ 12	\$ 7	\$ 15	\$ 485	\$ 7
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ -	\$ 11	\$ -	\$ -	\$ 9	\$ -	\$ 3
Due to other government-Federal	-	-	-	-	-	-	-
Due to other government-Local	-	-	-	-	-	-	-
Due to other State funds	-	-	-	-	-	-	-
Due to other State Fiduciary funds	-	-	-	-	-	-	-
Due to other Office funds	-	-	-	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-
Unearned revenue	4	-	-	-	2	76	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-
<b>Total liabilities</b>	4	11	-	-	11	76	3
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	-	-	-	-	-	-	-
<b>Total liabilities and deferred inflows of resources</b>	4	11	-	-	11	76	3
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Restricted for:							
General government	-	-	12	7	4	-	4
Committed to:							
General government	51	1	-	-	-	409	-
Capital projects	-	-	-	-	-	-	-
Assigned to:							
General government	-	-	-	-	-	-	-
<b>Total fund balances</b>	51	1	12	7	4	409	4
<b>Total liabilities, deferred inflows of resources and fund balances</b>	\$ 55	\$ 12	\$ 12	\$ 7	\$ 15	\$ 485	\$ 7

State of Illinois  
Office of the Secretary of State  
Combining Balance Sheet -  
Non-major Governmental Funds  
June 30, 2022 (Expressed in Thousands)

	Special Revenue				Capital Projects				Total
	Ducks Unlimited 0918	Secretary of State Grant 0948	Secretary of State Antique Vehicle Show 1390	Capital Development 0141	State Construction Account 0902	Build Illinois Bond 0971			
<b>ASSETS</b>									
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 330	
Cash equity with State Treasurer	20	241	-	-	71,674	-	-	354,552	
Cash and cash equivalents	-	-	14	-	-	-	-	14	
Securities lending collateral of State Treasurer	-	-	-	-	-	-	-	5,996	
Other receivables, net	-	-	-	-	1,098	-	-	3,810	
Due from other government-federal	-	-	-	-	-	-	-	1,780	
Due from other government-local	-	-	-	-	-	-	-	4	
Due from other State funds	-	-	-	-	-	-	-	89	
Due from other Office funds	-	-	-	-	4,602	-	-	4,602	
Inventories	-	-	-	-	-	-	-	3,924	
<b>Total assets</b>	<b>\$ 20</b>	<b>\$ 241</b>	<b>\$ 14</b>	<b>\$ -</b>	<b>\$ 77,374</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 375,101</b>	
<b>LIABILITIES</b>									
Accounts payable and accrued liabilities	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,867	
Due to other government-Federal	-	-	-	-	-	-	-	78	
Due to other government-Local	-	-	-	-	-	-	-	1,721	
Due to other State funds	-	-	-	-	-	-	-	727	
Due to other State Fiduciary funds	-	-	-	-	-	-	-	229	
Due to other Office funds	-	-	-	-	-	-	-	8,625	
Due to State of Illinois component units	-	-	-	-	-	-	-	31	
Unearned revenue	1	-	-	-	5,687	-	-	25,473	
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	5,996	
<b>Total liabilities</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>5,687</b>	<b>-</b>	<b>-</b>	<b>50,747</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue	-	-	-	-	-	-	-	68	
<b>Total liabilities and deferred inflows of resources</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>5,687</b>	<b>-</b>	<b>-</b>	<b>50,815</b>	
<b>FUND BALANCES</b>									
Nonspendable	-	-	-	-	-	-	-	3,924	
Inventories	-	-	-	-	-	-	-	-	
Restricted for:									
General government	19	-	14	-	-	-	-	13,493	
Committed to:									
General government	-	-	-	-	-	-	-	234,646	
Capital projects	-	-	-	-	71,687	-	-	71,687	
Assigned to:									
General government	-	239	-	-	-	-	-	536	
<b>Total fund balances</b>	<b>19</b>	<b>239</b>	<b>14</b>	<b>-</b>	<b>71,687</b>	<b>-</b>	<b>-</b>	<b>324,286</b>	
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 20</b>	<b>\$ 241</b>	<b>\$ 14</b>	<b>\$ -</b>	<b>\$ 77,374</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 375,101</b>	

State of Illinois  
Office of the Secretary of State

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

For the Year Ended June 30, 2022 (Expressed in Thousands)

		Special Revenue						
	Road 0011	Motor Fuel Tax 0012	Alzheimer's Awareness 0020	Illinois Nurses Foundation 0028	Drivers Education 0031	Illinois Sheriffs' Scholarship & Training 0032	Illinois State Police Memorial Park 0034	Lobbyist Registration Administration 0044
<b>REVENUES</b>								
Federal government, net	-	-	-	-	-	-	-	-
Licenses and fees, net	1,592,147	-	17	34	12,763	5	31	1,368
Interest and other investment income	-	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	182
Other operating grants	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>1,592,147</b>	<b>-</b>	<b>17</b>	<b>34</b>	<b>12,763</b>	<b>5</b>	<b>31</b>	<b>1,550</b>
<b>EXPENDITURES</b>								
General government	-	1,300	1,221	25	-	5	554	1,168
Debt service - principal	-	-	-	-	-	-	-	27
Debt service - interest	-	-	-	-	-	-	-	4
Capital outlays	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>1,300</b>	<b>1,221</b>	<b>25</b>	<b>-</b>	<b>5</b>	<b>554</b>	<b>1,199</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,592,147</b>	<b>(1,300)</b>	<b>(1,204)</b>	<b>9</b>	<b>12,763</b>	<b>-</b>	<b>(523)</b>	<b>351</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>								
Appropriations from State resources	2,425	1,300	-	-	-	-	-	-
Lapsed appropriations	(1,066)	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	(1,569,290)	-	-	-	(12,819)	-	-	-
Lease and installment purchase acquisitions	-	-	-	-	-	-	-	-
Transfers-in	-	-	1,159	-	-	-	385	-
Transfers-out	-	-	-	-	-	-	-	-
<b>Net other sources (uses) of financial resources</b>	<b>(1,567,931)</b>	<b>1,300</b>	<b>1,159</b>	<b>-</b>	<b>(12,819)</b>	<b>-</b>	<b>385</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>24,216</b>	<b>-</b>	<b>(45)</b>	<b>9</b>	<b>(56)</b>	<b>-</b>	<b>(138)</b>	<b>351</b>
Fund balances, July 1, 2021	65,208	-	46	16	1,194	8	211	2,906
Increase (decrease) for changes in inventories	-	-	-	-	-	-	-	-
<b>FUND BALANCES, JUNE 30, 2022</b>	<b>\$ 89,424</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 25</b>	<b>\$ 1,138</b>	<b>\$ 8</b>	<b>\$ 73</b>	<b>\$ 3,257</b>

State of Illinois  
Office of the Secretary of State

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

For the Year Ended June 30, 2022 (Expressed in Thousands)

	Special Revenue							
	Accessible Electronic Information Services 0106	CDLIS/ AAMVA Net Trust 0109	Motor Vehicle Theft Prevention & Insurance Verification 0156	Registered Limited Liability Partnership 0167	Secretary of State Federal Projects 0176	Driver Services Administration 0182	Secretary of State Special License Plate 0185	
<b>REVENUES</b>								
Federal government, net	-	\$ -	\$ -	\$ -	\$ 78	\$ -	\$ -	
Licenses and fees, net	-	6,475	7,185	585	-	2,802	3,265	
Interest and other investment income	-	-	75	-	-	-	-	
Other charges for services	-	-	-	-	-	-	-	
Other revenues	-	-	-	-	-	-	-	
Other operating grants	-	-	-	-	-	-	-	
<b>Total revenues</b>	-	6,475	7,260	585	78	2,802	3,265	
<b>EXPENDITURES</b>								
General government	-	4,267	8,946	159	50	1,526	3,405	
Debt service - principal	-	-	-	-	-	-	-	
Debt service - interest	-	-	-	-	-	-	-	
Capital outlays	-	-	-	-	-	-	-	
<b>Total expenditures</b>	-	4,267	8,946	159	50	1,526	3,405	
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	2,208	(1,686)	426	28	1,276	(140)	
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>								
Appropriations from State resources	-	-	-	-	-	-	-	
Lapsed appropriations	-	-	-	-	-	-	-	
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	
Lease and installment purchase acquisitions	-	-	-	-	-	-	-	
Transfers-in	-	-	-	-	-	-	-	
Transfers-out	-	-	-	(320)	-	-	-	
<b>Net other sources (uses) of financial resources</b>	-	-	-	(320)	-	-	-	
<b>Net change in fund balances</b>	-	2,208	(1,686)	106	28	1,276	(140)	
Fund balances, July 1, 2021	2	7,216	23,513	918	68	6,237	3,523	
Increase (decrease) for changes in inventories	-	(88)	-	-	-	-	(42)	
<b>FUND BALANCES, JUNE 30, 2022</b>	2	\$ 9,336	\$ 21,827	\$ 1,024	\$ 96	\$ 7,513	\$ 3,341	

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

For the Year Ended June 30, 2022 (Expressed in Thousands)

	Special Revenue						Secretary of State Evidence 0374
	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	
<b>REVENUES</b>							
Federal government, net	-	-	-	-	-	-	\$ -
Licenses and fees, net	-	-	167	238	10,198	18,065	-
Interest and other investment income	-	-	-	-	159	-	-
Other charges for services	-	-	-	-	-	-	-
Other revenues	944	-	-	-	-	-	35
Other operating grants	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>944</b>	<b>-</b>	<b>167</b>	<b>238</b>	<b>10,357</b>	<b>18,065</b>	<b>35</b>
<b>EXPENDITURES</b>							
General government	184	1	154	52	6,717	11,373	-
Debt service - principal	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>184</b>	<b>1</b>	<b>154</b>	<b>52</b>	<b>6,717</b>	<b>11,373</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>760</b>	<b>(1)</b>	<b>13</b>	<b>186</b>	<b>3,640</b>	<b>6,692</b>	<b>35</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>							
Appropriations from State resources	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-
Lease and installment purchase acquisitions	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-
Transfers-out	(1,500)	-	-	-	(5,000)	(5,732)	-
<b>Net other sources (uses) of financial resources</b>	<b>(1,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,000)</b>	<b>(5,732)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(740)</b>	<b>(1)</b>	<b>13</b>	<b>186</b>	<b>(1,360)</b>	<b>960</b>	<b>35</b>
Fund balances, July 1, 2021	3,089	202	358	58	17,481	5,770	43
Increase (decrease) for changes in inventories	-	-	-	-	-	-	-
<b>FUND BALANCES, JUNE 30, 2022</b>	<b>\$ 2,349</b>	<b>\$ 201</b>	<b>\$ 371</b>	<b>\$ 244</b>	<b>\$ 16,121</b>	<b>\$ 6,730</b>	<b>\$ 78</b>

**State of Illinois**  
**Office of the Secretary of State**  
**Combining Statement of Revenues,**  
**Expenditures and Changes in Fund Balance -**  
**Non-major Governmental Funds**  
For the Year Ended June 30, 2022 (Expressed in Thousands)

	Special Revenue						
	State College and University Trust 0417	Alternative Fuels 0422	Indigent BAID 0451	Monitoring Device Driving Permit Administration 0453	Rotary Club 0454	Ovarian Cancer Awareness 0459	Illinois Professional Golfers Association Junior Golf 0463
<b>REVENUES</b>							
Federal government, net	-	-	-	-	-	-	-
Licenses and fees, net	254	2,021	200	676	4	12	53
Interest and other investment income	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>254</b>	<b>2,021</b>	<b>200</b>	<b>676</b>	<b>4</b>	<b>12</b>	<b>53</b>
<b>EXPENDITURES</b>							
General government	-	225	271	1,259	4	12	51
Debt service - principal	-	-	-	56	-	-	-
Debt service - interest	-	-	-	2	-	-	-
Capital outlays	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>225</b>	<b>271</b>	<b>1,317</b>	<b>4</b>	<b>12</b>	<b>51</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>254</b>	<b>1,796</b>	<b>(71)</b>	<b>(641)</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>							
Appropriations from State resources	-	225	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	(252)	(2,029)	-	-	-	-	-
Lease and installment purchase acquisitions	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-
<b>Net other sources (uses) of financial resources</b>	<b>(252)</b>	<b>(1,804)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>2</b>	<b>(8)</b>	<b>(71)</b>	<b>(641)</b>	<b>-</b>	<b>-</b>	<b>2</b>
Fund balances, July 1, 2021	15	420	99	4,681	8	1	1
Increase (decrease) for changes in inventories	-	-	-	-	-	-	-
<b>FUND BALANCES, JUNE 30, 2022</b>	<b>17</b>	<b>412</b>	<b>28</b>	<b>4,040</b>	<b>8</b>	<b>1</b>	<b>3</b>

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

For the Year Ended June 30, 2022 (Expressed in Thousands)

	Special Revenue							
	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	Secretary of State Identification and Theft Prevention 0480	Secretary of State Special Services Our Troops 0483	Support 0496
<b>REVENUES</b>								
Federal government, net	-	-	-	-	-	-	-	-
Licenses and fees, net	20	157	3	-	-	-	46	46
Interest and other investment income	-	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	2	-	90	-
Other operating grants	-	-	-	-	2	-	-	-
<b>Total revenues</b>	<b>20</b>	<b>157</b>	<b>3</b>	<b>8,513</b>	<b>4</b>	<b>46</b>	<b>31,260</b>	<b>46</b>
<b>EXPENDITURES</b>								
General government	19	140	6	8,455	3	10,352	23,722	57
Debt service - principal	-	-	-	-	-	-	560	-
Debt service - interest	-	-	-	-	-	-	15	-
Capital outlays	-	-	-	58	-	-	3,582	-
<b>Total expenditures</b>	<b>19</b>	<b>140</b>	<b>6</b>	<b>8,513</b>	<b>3</b>	<b>10,352</b>	<b>27,879</b>	<b>57</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1</b>	<b>17</b>	<b>(3)</b>	<b>-</b>	<b>1</b>	<b>(10,306)</b>	<b>3,381</b>	<b>(11)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>								
Appropriations from State resources	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-
Lease and installment purchase acquisitions	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	14,287	-	-
Transfers-out	-	-	-	-	-	-	-	-
<b>Net other sources (uses) of financial resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,287</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>1</b>	<b>17</b>	<b>(3)</b>	<b>-</b>	<b>1</b>	<b>3,981</b>	<b>3,381</b>	<b>(11)</b>
Fund balances, July 1, 2021	21	58	17	-	19	30,366	19,604	16
Increase (decrease) for changes in inventories	-	-	-	-	-	-	-	-
<b>FUND BALANCES, JUNE 30, 2022</b>	<b>\$ 22</b>	<b>\$ 75</b>	<b>\$ 14</b>	<b>\$ -</b>	<b>\$ 20</b>	<b>\$ 34,347</b>	<b>\$ 22,985</b>	<b>\$ 5</b>



State of Illinois  
Office of the Secretary of State

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

For the Year Ended June 30, 2022 (Expressed in Thousands)

	Special Revenue							
	Motor Vehicle License Plate 0622	Chicago Police Memorial Foundation 0639	Illinois Police Association 0655	Octave Chanute Aero Heritage 0662	Organ Donor Awareness 0716	Secretary of State DUI Administration 0732	Secretary of State DUI 0758	
<b>REVENUES</b>								
Federal government, net	358	-	-	-	-	-	-	-
Licenses and fees, net	12,402	44	111	33	113	2,717	-	-
Interest and other investment income	-	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	1	-
Other revenues	1,275	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>14,035</b>	<b>44</b>	<b>111</b>	<b>33</b>	<b>113</b>	<b>2,717</b>	<b>1</b>	<b>1</b>
<b>EXPENDITURES</b>								
General government	13,989	577	120	30	170	2,100	-	-
Debt service - principal	276	-	-	-	-	92	-	-
Debt service - interest	29	-	-	-	-	6	-	-
Capital outlays	56	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>14,350</b>	<b>577</b>	<b>120</b>	<b>30</b>	<b>170</b>	<b>2,198</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(315)</b>	<b>(533)</b>	<b>(9)</b>	<b>3</b>	<b>(57)</b>	<b>519</b>	<b>1</b>	<b>1</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>								
Appropriations from State resources	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-
Lease and installment purchase acquisitions	40	-	-	-	-	-	-	-
Transfers-in	-	385	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-	-
<b>Net other sources (uses) of financial resources</b>	<b>40</b>	<b>385</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(275)</b>	<b>(148)</b>	<b>(9)</b>	<b>3</b>	<b>(57)</b>	<b>519</b>	<b>1</b>	<b>1</b>
Fund balances, July 1, 2021	20,218	222	61	34	183	5,637	13	-
Increase (decrease) for changes in inventories	(287)	-	-	-	-	-	-	-
<b>FUND BALANCES, JUNE 30, 2022</b>	<b>\$ 19,656</b>	<b>\$ 74</b>	<b>\$ 52</b>	<b>\$ 37</b>	<b>\$ 126</b>	<b>\$ 6,156</b>	<b>\$ 14</b>	<b>\$ 14</b>

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

For the Year Ended June 30, 2022 (Expressed in Thousands)

		Special Revenue										
		Illinois EMS					Fraternal Order of Police					
Secretary of State Police Services 0759	Marine Corps Scholarship 0760	State Parking Facility Maintenance 0782	Memorial Scholarship and Training 0800	International Brotherhood of Teamsters 0803	Share the Road 0854	Cycle Rider Safety Training 0863	Fraternal Order of Police 0867					
\$	13 \$	- \$	- \$	- \$	- \$	- \$	- \$					
	468	141	10	9	35	3,814	16					
	-	-	-	-	-	-	-					
	39	-	-	-	-	-	-					
	-	-	-	-	-	-	-					
	520	141	10	9	35	3,814	16					
	444	155	32	8	36	-	17					
	-	-	-	-	-	-	-					
	-	-	-	-	-	-	-					
	128	-	3	-	-	-	-					
	572	155	35	8	36	-	17					
	(52)	(14)	(25)	1	(1)	3,814	(1)					
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>												
	-	-	300	-	-	-	-					
	-	-	(264)	-	-	-	-					
	-	-	(10)	-	-	(3,800)	-					
	-	-	-	-	-	-	-					
	-	-	-	-	-	-	-					
	-	-	-	-	-	-	-					
	-	-	26	-	-	(3,800)	-					
	(52)	(14)	1	1	(1)	14	(1)					
	381	65	-	12	6	395	5					
	-	-	-	-	-	-	-					
	329 \$	51 \$	1 \$	12 \$	7 \$	409 \$	4 \$					

Fund balances, July 1, 2021  
Increase (decrease) for changes in inventories

**FUND BALANCES, JUNE 30, 2022**

**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, 2022 (Expressed in Thousands)

	Special Revenue				Capital Projects				Total
	Ducks Unlimited 0918	Secretary of State Grant 0948	Secretary of State Antiquique Vehicle Show 1390	Capital Development 0141	State Construction Account 0902	Build Illinois Bond 0971			
<b>REVENUES</b>									
Federal government, net	\$ -	\$ -	-	\$ -	-	\$ -	-	\$ -	9,008
Licenses and fees, net	22	-	20	-	475,862	-	-	-	2,188,739
Interest and other investment income	-	-	-	-	-	-	-	-	234
Other charges for services	-	-	-	-	-	-	-	-	1
Other revenues	-	13	-	-	-	-	-	-	2,585
Other operating grants	-	-	-	-	-	-	-	-	2
<b>Total revenues</b>	<b>22</b>	<b>13</b>	<b>20</b>	<b>-</b>	<b>475,862</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,200,569</b>
<b>EXPENDITURES</b>									
General government	20	43	18	7,858	-	-	-	-	112,408
Debt service - principal	-	-	-	-	-	-	-	-	1,011
Debt service - interest	-	-	-	-	-	-	-	-	56
Capital outlays	-	-	-	4,145	-	-	-	-	7,972
<b>Total expenditures</b>	<b>20</b>	<b>43</b>	<b>18</b>	<b>12,003</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>121,447</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2</b>	<b>(30)</b>	<b>2</b>	<b>(12,003)</b>	<b>475,862</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,079,122</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>									
Appropriations from State resources	-	-	-	63,600	-	84	-	-	67,934
Lapsed appropriations	-	-	-	(51,597)	-	(84)	-	-	(53,011)
Receipts collected and transmitted to State Treasury	-	-	-	-	(477,880)	-	-	-	(2,066,460)
Lease and installment purchase acquisitions	-	-	-	-	-	-	-	-	40
Transfers-in	-	-	-	-	-	-	-	-	16,601
Transfers-out	-	-	-	-	-	-	-	-	(14,506)
<b>Net other sources (uses) of financial resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,003</b>	<b>(477,880)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,049,402)</b>
<b>Net change in fund balances</b>	<b>2</b>	<b>(30)</b>	<b>2</b>	<b>-</b>	<b>(2,018)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,720</b>
Fund balances, July 1, 2021	17	269	12	-	73,705	-	-	-	294,983
Increase (decrease) for changes in inventories	-	-	-	-	-	-	-	-	(417)
<b>FUND BALANCES, JUNE 30, 2022</b>	<b>\$ 19</b>	<b>\$ 239</b>	<b>\$ 14</b>	<b>\$ -</b>	<b>\$ 71,687</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 324,286</b>

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

**Combining Statement of Fiduciary Net Position -  
 Custodial Funds**  
 June 30, 2022 (Expressed in Thousands)

	Safety Responsibility 0436	International Registration Plan 0890	Go-Back 1110	Safekeeping 1344	Total
<b>ASSETS</b>					
Cash equity with State Treasurer	\$ 3,446	\$ 35	\$ -	\$ -	\$ 3,481
Cash and cash equivalents	-	-	5	144	149
Investments	-	-	-	50	50
<b>Total assets</b>	<b>\$ 3,446</b>	<b>\$ 35</b>	<b>\$ 5</b>	<b>\$ 194</b>	<b>\$ 3,680</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ 35	\$ -	\$ -	\$ 35
Other liabilities	-	-	5	-	5
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 35</b>	<b>\$ 5</b>	<b>\$ -</b>	<b>\$ 40</b>
<b>NET POSITION</b>					
Restricted net position	3,446	-	-	194	3,640
<b>Total net position</b>	<b>\$ 3,446</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 194</b>	<b>\$ 3,640</b>

State of Illinois  
Office of the Secretary of State

**Combining Statement of Changes in Fiduciary Net Position -  
Custodial Funds**

For the Year Ended June 30, 2022 (Expressed in Thousands)

	Safety Responsibility 0436	International Registration Plan 0890	Go-Back 1110	Safekeeping 1344	Total
<b>Additions</b>					
Collateral deposits received	\$ -	\$ -	\$ -	\$ 43	\$ 43
License and fee collections for other governments		94,360	-	-	94,360
Other additions	992		21	-	1,013
<b>Total additions</b>	<u>992</u>	<u>94,360</u>	<u>21</u>	<u>43</u>	<u>95,416</u>
<b>Deductions</b>					
Collateral deposits returned	-	-	-	68	68
Payments of licences and fees to other governments	-	94,360	-	-	94,360
Other deductions	-	-	21	-	21
<b>Total deductions</b>	<u>-</u>	<u>94,360</u>	<u>21</u>	<u>68</u>	<u>94,449</u>
<b>Net increase (decrease) in fiduciary net position</b>	992	-	-	(25)	967
Net position, July 1, 2021	2,454	-	-	219	2,673
<b>Net position, June 30, 2022</b>	<u>\$ 3,446</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194</u>	<u>\$ 3,640</u>

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**INDEPENDENT AUDITOR'S REPORT**  
**ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON**  
**COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL**  
**STATEMENTS PERFORMED IN ACCORDANCE WITH**  
**GOVERNMENT AUDITING STANDARDS**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Office of the Secretary of State (Office), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Office's basic financial statements, and we have issued our report thereon dated February 7, 2023.

**Report on Internal Control Over Financial Reporting**

Management of the Office is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the Office's internal control as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2022-001 that we consider to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Office'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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as item 2022-001.

### **Office's Response to the Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Office's response to the finding identified in our audit and described in the accompanying Schedule of Findings. The Office's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

### **Restricted Use of this 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 Office management, and is not intended to be and should not be used by anyone other than these specified parties.

**SIGNED ORIGINAL ON FILE**

Springfield, Illinois  
February 7, 2023

STATE OF ILLINOIS  
**OFFICE OF THE SECRETARY OF STATE**  
SCHEDULE OF FINDINGS – *GOVERNMENT AUDITING STANDARDS* FINDINGS  
For the Year Ended June 30, 2022

2022-001 **FINDING** (Inaccurate Census Data)

The Office of the Illinois Secretary of State (Office) had certain deficiencies in their internal control to ensure accurate census data was provided to the State Employees' Retirement System of Illinois (System) for use in the applicable annual actuarial valuations.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or other postemployment benefit (OPEB) plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuations (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plans actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the Office's employees are members of both the pension plan administered by the System and the State Employees Group Insurance Program (SEGIP) sponsored by the State of Illinois which includes OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans.

During the performance of the census examination, it was identified that:

- During backwards testing, the auditors identified two of sixty (3%) employees included on Office payroll reports, one with an incorrect retirement deduction code and the other an incorrect date of birth.
- The Office had not performed an initial complete reconciliation of its census data recorded by the System to its internal records to establish a base year of complete and accurate census data.

The result of the error in the first bullet above led to inaccurate census data being utilized by the System and the State in the performance of the annual pension and OPEB actuarial valuation processes. The independent actuaries utilized by the System and the State of Illinois for the pension and OPEB plans deemed the errors immaterial to the plan level valuations as a whole.

STATE OF ILLINOIS  
**OFFICE OF THE SECRETARY OF STATE**  
SCHEDULE OF FINDINGS – *GOVERNMENT AUDITING STANDARDS* FINDINGS  
For the Year Ended June 30, 2022

2022-001 **FINDING** (Inaccurate Census Data) (Continued)

For employers participating in plans with multiple-employer and cost-sharing characteristics, the American Institute of Certified Public Accountants' *Audit and Accounting Guide: State and Local Governments* (AAG- SLG) (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expenses, and the associated deferred inflows and deferred outflows of

resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple- employer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

Further, the State Records Act (5 ILCS 160/8) requires the Office make and preserve records containing adequate and proper documentation of its essential transactions to protect the legal and financial rights of the State and of persons directly affected by the Office's activities.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Office establish and maintain a system, or systems, of internal fiscal and administrative control to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

Office officials indicated these exceptions were due to oversight.

Failure to ensure census data reported to the System was complete and accurate may result in significant misstatements of the Office's financial statements and reduce the overall accuracy of System-related pension liabilities, deferred inflows and outflows of resources, and expense recorded by the State and its agencies. In addition, failure to reconcile active members' census data reported to and held by the System to the Office's records could result in each plan's actuary relying on incomplete or inaccurate census data in the calculation of the Office's pension and OPEB balances, which may result in a misstatement of these amounts. (Finding Code No. 2022-001, 2021-002, 2020-002)

STATE OF ILLINOIS  
**OFFICE OF THE SECRETARY OF STATE**  
SCHEDULE OF FINDINGS – *GOVERNMENT AUDITING STANDARDS* FINDINGS  
For the Year Ended June 30, 2022

2022-001 **FINDING** (Inaccurate Census Data) (Continued)

**RECOMMENDATION**

We recommend the Office strengthen controls to ensure accurate census data is provided to the System for use in the annual actuarial valuation process. If differences are noted between the Office’s data and the System’s data, these differences should be communicated timely and rectified to ensure the actuarial valuations are using accurate data.

Further, we recommend the Office work with the System to develop an annual reconciliation process of its active members’ census data from its underlying records to a report from each plan of census data submitted to the plan’s actuary. After completing an initial full reconciliation, the Office may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods.

**OFFICE RESPONSE**

The Office accepts this recommendation. The Office did perform the reconciliation of census data but the System was miscalculating some of the Office’s employee data. The Office believes the problem has been found and will continue to work with the System to perform future reconciliations.

STATE OF ILLINOIS  
**OFFICE OF THE SECRETARY OF STATE**  
SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED  
For the Year Ended June 30, 2022

A. **FINDING** (Weaknesses in Determination of Cash On Hand and Cash In Transit Amounts Reported in the Financial Statements)

During the financial audit of the Office of the Secretary of State (Office) for the year ended June 30, 2021, the Office used incorrect queries to determine the adjustment to record cash on hand and cash in transit at fiscal year-end. The Office also mistakenly included receipts from July 2021 in receipts deposited in the Illinois State Treasurer’s clearing accounts at the end of June 2021.

During the current engagement, our testing indicated the Office used the correct queries to determine the adjustment to record cash on hand and cash in transit at fiscal year-end. Our testing also indicated the Office correctly reported receipts in the proper month. (Finding Code 2021-001, 2020-001, 2019-001, 2018-001, 2017-001, 2016-001)

B. **FINDING** (Inadequate Internal Controls over Census Data)

During the financial audit of the Office for the year ended June 30, 2021, the Office did not develop or retain adequate supporting documentation for its personnel transactions and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

During the current engagement, our testing indicated the Office had develop and retained adequate supporting documentation for its personnel transactions. However, our testing indicated the Office did have certain deficiencies in their internal control to ensure accurate census data was provided to the State Employees’ Retirement System of Illinois for use in the applicable annual actuarial valuations. This has been reported in Finding 2022-001. (Finding Code 2021-002, 2020-002)

C. **FINDING** (Inadequate Controls over Change Management)

During the financial audit of the Office for the year ended June 30, 2021, the Office lacked controls over changes to its applications.

During the current engagement, our testing indicated the Office had adequate controls over changes to its applications. (Finding Code 2021-003)