



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

FINANCIAL AUDIT

For the Year Ended June 30, 2023

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

[SIKICH.COM](https://www.sikich.com)

**STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE
FINANCIAL AUDIT
For the Year Ended June 30, 2023**

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STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE
FINANCIAL AUDIT
For the Year Ended June 30, 2023

AGENCY OFFICIALS

Secretary of State (7/1/22 – 1/8/23)	The Honorable Jesse White
Secretary of State (1/9/23 – Present)	The Honorable Alexi Giannoulias
Deputy Secretary of State/ Chief of Staff (7/1/22 – 1/8/23)	Mr. Thomas N. Benigno
Deputy Secretary of State (1/9/23 – Present)	Ms. Hanah Jubeh
Deputy Secretary of State (1/9/23 – Present)	Mr. Scott Burnham
Director of Internal Audit	Ms. Stell Mallios
General Counsel (7/1/22 – 1/8/23)	Ms. Irene Lyons
General Counsel (1/9/23 – Present)	Mr. Rob Gamrath
Inspector General	Mr. Paul Thompson
Director of Budget and Fiscal Management/Chief Fiscal Officer (7/1/22 – 2/28/23)	Ms. Jacqueline Price
Director of Budget and Fiscal Management/Chief Fiscal Officer (3/1/23 – Present)	Ms. Amanda Trimmer
Director of Accounting Revenue (7/1/22 – 11/30/22)	Mr. John Grzymiski
Director of Accounting Revenue (Acting 12/1/22 – 6/4/23)	Mr. Adam Ausmus
Director of Accounting Revenue (6/5/23 – Present)	Ms. Dana Homer

AGENCY OFFICES

The Agency's primary administrative offices are located at:

Howlett Building
501 S 2nd St.
Springfield, Illinois 62756

Capitol Building
401 S. 2nd St., Room 213
Springfield, Illinois 62701

115 S.LaSalle St., Suite 300
Chicago, Illinois 60603

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE
 FINANCIAL AUDIT
 For the Year Ended June 30, 2023

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

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

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2023-001	64	2023/ 2020	Inaccurate Census Data	Noncompliance and Significant Deficiency

Prior Findings Not Repeated

None

EXIT CONFERENCE

The Office waived an exit conference in a correspondence from Amanda Trimmer, Director of Budget and Fiscal Management/Chief Fiscal Officer, on January 19, 2024. The response to the recommendation was provided by Amanda Trimmer, Director, Budget and Fiscal Management, on May 5, 2023.

3051 Hollis Dr., 3rd Floor
Springfield, IL 62704
217.793.3363

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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, 2023, 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, 2023, 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, 2023, 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 2023 the Office adopted new accounting guidance from GASB 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 for government end users. The requirements of this statement resulted in the Restatement of beginning SBITA's assets and obligations as discussed in Note 14. 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.

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 required 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the agency officials page but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024, 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
January 19, 2024

BASIC FINANCIAL STATEMENTS

State of Illinois
Office of the Secretary of State

Statement of Net Position and Governmental Funds Balance Sheet

June 30, 2023 (Expressed in Thousands)

	General Fund	Other Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Net Position
ASSETS					
Unexpended appropriations	\$ 30,948	\$ 321	\$ 31,269	\$ -	\$ 31,269
Cash equity with State Treasurer	57,368	363,487	420,855	-	420,855
Cash and cash equivalents	5	14	19	-	19
Securities lending collateral of State Treasurer	-	10,485	10,485	-	10,485
Intergovernmental receivables, net	-	305	305	-	305
Other receivables, net	5,482	5,753	11,235	-	11,235
Due from other State funds	-	10,492	10,492	-	10,492
Due from other Office funds	2,624	8,388	11,012	(11,012)	-
Inventories	470	6,631	7,101	-	7,101
Prepaid expenses	-	-	-	4,974	4,974
Capital assets not being depreciated	-	-	-	129,889	129,889
Capital assets being depreciated, net	-	-	-	159,607	159,607
Total assets	<u>96,897</u>	<u>405,876</u>	<u>502,773</u>	<u>283,458</u>	<u>786,231</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pensions	-	-	-	254,776	254,776
OPEB	-	-	-	130,242	130,242
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,018</u>	<u>385,018</u>
Total assets and deferred outflows of resources	<u>\$ 96,897</u>	<u>\$ 405,876</u>	<u>\$ 502,773</u>	<u>\$ 668,476</u>	<u>\$ 1,171,249</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 14,829	\$ 4,964	\$ 19,793	\$ -	\$ 19,793
Intergovernmental payables	14,341	283	14,624	-	14,624
Due to other State fiduciary funds	222	204	426	-	426
Due to other Office funds	-	11,012	11,012	(11,012)	-
Due to other State funds	141	595	736	-	736
Due to State of Illinois component units	4	2	6	-	6
Unearned revenue	4,128	27,614	31,742	-	31,742
Obligations under securities lending of State Treasurer	-	10,485	10,485	-	10,485
Long-term obligations:					
Net Pension Liability	-	-	-	1,387,146	1,387,146
Total OPEB Liability, current portion	-	-	-	19,512	19,512
Total OPEB Liability, long-term portion	-	-	-	439,184	439,184
Compensated absences, current portion	-	-	-	2,011	2,011
Compensated absences, long-term portion	-	-	-	13,259	13,259
Subscription-based IT arrangement, current portion	-	-	-	3,036	3,036
Subscription-based IT arrangement, long-term portion	-	-	-	255	255
Lease obligations, current portion	-	-	-	4,972	4,972
Lease obligations, long-term portion	-	-	-	13,089	13,089
Total liabilities	<u>33,665</u>	<u>55,159</u>	<u>88,824</u>	<u>1,871,452</u>	<u>1,960,276</u>
DEFERRED INFLOWS OF RESOURCES					
Pensions	-	-	-	185,834	185,834
OPEB	-	-	-	822,558	822,558
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,008,392</u>	<u>1,008,392</u>
Total liabilities and deferred inflows of resources	<u>33,665</u>	<u>55,159</u>	<u>88,824</u>	<u>2,879,844</u>	<u>2,968,668</u>
FUND BALANCES/NET POSITION					
Nonspendable:					
Inventories	470	6,631	7,101	(7,101)	-
Restricted for:					
General government	4	14,574	14,578	(14,578)	-
Committed to:					
General government	2,043	253,559	255,602	(255,602)	-
Capital projects	-	75,472	75,472	(75,472)	-
Assigned to:					
General government	-	483	483	(483)	-
Unassigned	60,715	(2)	60,713	(60,713)	-
Net investment in capital assets	-	-	-	268,144	268,144
Restricted assets	-	-	-	14,578	14,578
Unrestricted net position	-	-	-	(2,080,141)	(2,080,141)
Total fund balances/net position	<u>63,232</u>	<u>350,717</u>	<u>413,949</u>	<u>(2,211,368)</u>	<u>(1,797,419)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 96,897</u>	<u>\$ 405,876</u>	<u>\$ 502,773</u>	<u>\$ 668,476</u>	<u>\$ 1,171,249</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, 2023
(Expressed in Thousands)

Total fund balances-governmental funds	\$	413,949
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		289,496
Prepaid expenses for governmental activities are current uses of financial resources for funds.		4,974
Deferred Outflows of Resources for Pensions that do not use current financial resources are deferred in the funds.		254,776
Deferred Outflows of Resources for OPEB that do not use current financial resources are deferred in the funds.		130,242
Deferred Inflows of Resources for Pensions do not require the use of current financial resources in the funds.		(185,834)
Deferred Inflows of Resources for OPEB do not require the use of current financial resources in the funds.		(822,558)
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		(1,387,146)
Total OPEB Liability		(458,696)
Compensated absences		(15,270)
Subscription-based IT arrangement		(3,291)
Capital lease obligations		(18,061)
Net assets of governmental activities	\$	<u>(1,797,419)</u>

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, 2023 (Expressed in Thousands)

	General Fund	Other Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Activities
Expenditures/expenses:					
General government	\$ 421,768	\$ 122,349	\$ 544,117	\$ (205,366)	\$ 338,751
Debt service - principal	7,361	4,248	11,609	(11,609)	-
Debt service - interest	591	37	628	-	628
Capital outlays	7,564	2,833	10,397	(10,397)	-
Total expenditures/expenses	437,284	129,467	566,751	(227,372)	339,379
Program revenues:					
Charges for services:					
Licenses and fees, net	475,142	2,172,759	2,647,901	-	2,647,901
Other	-	3	3	-	3
Total charges for services	475,142	2,172,762	2,647,904	-	2,647,904
Operating grant revenue:					
Federal, net	-	6,922	6,922	(68)	6,854
Other	-	3	3	-	3
Total operating grant revenue	-	6,925	6,925	(68)	6,857
Net program revenues	37,858	2,050,220	2,088,078	227,304	2,315,382
General revenues:					
Interest and investment income	-	1,303	1,303	-	1,303
Other taxes, net	232,231	-	232,231	-	232,231
Other, net	173	715	888	-	888
Total general revenues	232,404	2,018	234,422	-	234,422
Other sources (uses):					
Appropriations from State resources	449,575	59,006	508,581	-	508,581
Lapsed appropriations	(7,603)	(37,174)	(44,777)	-	(44,777)
Receipts collected and transmitted to State Treasury	(703,398)	(2,083,181)	(2,786,579)	-	(2,786,579)
Loss on disposition of capital assets	-	-	-	(33)	(33)
Capital asset transfers	-	-	-	101,307	101,307
Amount of SAMS transfers-in	(3,412)	-	(3,412)	-	(3,412)
Amount of SAMS transfers-out	20,904	-	20,904	-	20,904
Transfers-in	3,644	46,196	49,840	(47,544)	2,296
Transfers-out	(34,000)	(13,544)	(47,544)	47,544	-
Transfers of administration of funds to other State Agencies	-	(11)	(11)	-	(11)
Proceeds from lease financing	5,856	194	6,050	(6,050)	-
Total other sources (uses)	(268,434)	(2,028,514)	(2,296,948)	95,224	(2,201,724)
Change in fund balance/net position	1,828	23,724	25,552	322,528	348,080
Fund balance/net position, July 1, 2022	61,408	324,286	385,694	(2,531,193)	(2,145,499)
Increase (decrease) for changes in inventories	(4)	2,707	2,703	(2,703)	-
Fund balance/net position, June 30, 2023	\$ 63,232	\$ 350,717	\$ 413,949	\$ (2,211,368)	\$ (1,797,419)

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, 2023
(Expressed in Thousands)

Net change in fund balances	\$	25,552
Change in inventories		2,703
		28,255
 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.		(15,721)
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.		101,307
Some capital assets were disposed of prior to being fully depreciated, resulting in a loss on disposition.		(33)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the decrease in unavailable revenue over the prior year.		(68)
The financing of certain leases and subscription based IT arrangements are considered a source of financing in government funds, but in the Statement of Net Position, the lease or subscription obligation is reported as a liability.		(8,771)
Repayment of leases and subscription based IT arrangements are reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position		11,609
Prepaid expenses in the Statement of Activities are not reported as expenses in governmental funds. This amount represents the increase in prepaid expenses over the prior year.		3,062
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	38,504	
Decrease in deferred outflows of resources - pensions	(28,778)	
Decrease in deferred inflows of resources - pensions	16,909	
Decrease in Total OPEB Liability	555,719	
Decrease in deferred outflows of resources - OPEB	(49,815)	
Increase in deferred inflows of resources - OPEB	(305,868)	
Decrease in compensated absences obligation	1,769	
Net increase in expenses for net changes in long-term liabilities not reported in governmental funds		228,440
Change in net position of governmental activities	\$	348,080

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

State of Illinois
Office of the Secretary of State

Statement of Fiduciary Net Position

June 30, 2023 (Expressed in Thousands)

	<u>Custodial Funds</u>
ASSETS	
Cash equity with State Treasurer	\$ 3,783
Cash and cash equivalents	155
Investments	56
Total assets	<u>3,994</u>
LIABILITIES	
Accounts payable and accrued liabilities	28
Other liabilities	3
Total liabilities	<u>31</u>
NET POSITION	
Restricted net position	3,963
Total net position	<u>\$ 3,963</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

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2023 (Expressed in Thousands)

	<u>Custodial Funds</u>
Additions	
Collateral deposits received	\$ 96
License and fee collections for other governments	107,278
Other additions	328
Total additions	<u>107,702</u>
Deductions	
Collateral deposits returned	82
Payments of licenses and fees to other governments	107,278
Other deductions	19
Total deductions	<u>107,379</u>
Net increase (decrease) in fiduciary net position	323
Net position, July 1, 2022	<u>3,640</u>
Net position, June 30, 2023	<u>\$ 3,963</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, 2023

(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 sub-accounts 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.

(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, 2023, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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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).

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.

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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 leases and subscription-based information technology arrangements are reported as other financing sources.

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

(d) Shared Fund Presentation

The financial statement presentation for the General Revenue Account, Common School Account, Capital Projects Account and Vehicle Inspection Account of the General Fund and the Road Fund, Motor Fuel Tax Fund, Drivers Education Fund, Capital Development Fund, State College and University Trust Fund, Alternative Fuels Fund, Off Highway Vehicle Trails Fund, State Parking Facility Maintenance Fund, Cycle Rider Safety Training Fund, 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:

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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.

(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.

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(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. Right-to-use lease assets and subscription-based information technology arrangements (SBITAs) are recorded at cost based on the present value of expected payments over the lease or SBITA term plus any payments made to the lessor at or before the commencement of the lease or SBITA term and certain direct costs that are ancillary charges necessary to place the asset into service. Capital assets, right-to-use lease assets, and SBITAs are depreciated or amortized using the straight-line method over the following estimated useful lives or over the lease or SBITA term.

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
Right-to-use lease assets	25,000	Lease Term
SBITAs	25,000	SBITA Term
Software	25,000	3-10
Works of Art, Historical Treasures	5,000	N/A

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(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) Subscription Based Information Technology Arrangements (SBITA's)

The Office has SBITA's for non-cancellable software agreements. The Office recognizes a SBITA liability and an intangible SBITA asset in the government-wide financial statements. The Office recognizes SBITA liabilities with an initial, individual value of \$25,000 or more. At the commencement of a SBITA, the Office initially measures the SBITA liability at the present value of payments expected to be made during the contract term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the SBITA commencement date, plus certain implementation costs, if applicable. Subsequently, the SBITA asset is amortized on a straight-line basis over the shorter of the asset useful life or the SBITA term.

(l) 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.

(m) Fund Balances

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

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

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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.

(n) 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, 2023, \$14.578 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."

(o) 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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(p) 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.

(q) 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 11).

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

(r) Deferred Outflows/Inflows of Resources

A deferred outflow/inflow of resources is a consumption/acquisition of net assets that is applicable to a future reporting period. The Office has recorded deferred outflows/inflows of resources in the government-wide financial statements in connection with the net pension liability and total OPEB liability reported and explained in Notes 10 and 11 respectively.

(s) Adoption of New Accounting Pronouncements

Effective for the year ending June 30, 2023, the Office adopted 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. The implementation of this statement had no financial impact on the Office's net position or results of operations.

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Statement No. 94, *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, which is intended to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The implementation of this statement had no financial impact on the Office's net position or results of operations.

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). The impact of implementing this statement has been disclosed in Note 8.

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. The implementation of this statement had no financial impact on the Office's net position or results of operations.

(t) Future Adoption of GASB Statements

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.

(u) 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 11 (OPEB) were also received from these sources.

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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>

(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 \$18 thousand at June 30, 2023. Deposits of locally-held funds of fiduciary funds had a carrying amount and a bank balance of \$155 thousand at June 30, 2023.

Cash on hand totaled \$1 thousand at June 30, 2023.

(b) Investments

As of June 30, 2023 the Office had the following investments outside of the State Treasury which were valued using quoted market prices (Level 1 inputs):

<i>Fiduciary Funds</i>	Fair Value (Thousands)	Average Maturity (Years)
US Treasury Notes	\$ 56	2

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.

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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.

Credit Risk: The Office does not have a formal investment policy that limits investment choices. The Governmental Activities US Treasury Notes were rated Aaa by Moody's Investors Service.

(c) *Securities Lending Collateral*

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

During Fiscal Year 2023, 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 2023 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 2023 resulting from a default of the borrowers or Deutsche Bank AG.

During Fiscal Year 2023, the State Treasurer and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank AG and marked to market daily at no less than 102%. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The State Treasurer had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent.

In accordance with GASB Statement No. 28, *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, 2023 arising from securities lending agreements to the various funds of the State. The total allocated to the Office at June 30, 2023 was \$10.485 million.

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(4) Other Receivable

Other receivables (amounts expressed in thousands) at June 30, 2023 are as follows:

	<u>Governmental Activities</u>			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Fiduciary Funds</u>	
Other receivables:				
Licenses and fees receivable	\$ 7,016	\$ 11,134	\$ 13	\$ 18,163
Less: allowance for uncollectible amounts	<u>(1,534)</u>	<u>(5,381)</u>	<u>(13)</u>	<u>(6,928)</u>
Total other receivables, net	<u>\$ 5,482</u>	<u>\$ 5,753</u>	<u>\$ -</u>	<u>\$ 11,235</u>

(5) Interfund Balances and Activity

(a) Balances Due to/from Other Funds

The following balances (amounts expressed in thousands) at June 30, 2023 represent amounts due from other Office and State funds.

<u>Fund</u>	<u>Due From</u>		<u>Description/Purpose</u>
	<u>Other State Funds</u>	<u>Other Office Funds</u>	
General	\$ -	\$ 2,624	Due from other Office funds for statutorily required transfers.
Nonmajor governmental funds	10,492	8,388	Due from other States Funds from various fund and grant activity, due from other Office funds for the accrual of licenses and fees.
	<u>\$ 10,492</u>	<u>\$ 11,012</u>	

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The following balances (amounts expressed in thousands) at June 30, 2023 represent amounts owing to other Office and State of Illinois funds.

Fund	Due to			Description/Purpose
	Other Office Funds	Other State Funds	Other State Fiduciary Funds	
General	\$ -	\$ 141	\$ 222	Due to other State funds for purchases of services and group insurance and to other State fiduciary funds for payment of retirement costs.
Nonmajor governmental funds	11,012	595	204	Due to other Office Funds for statutorily required transfers and accrual of licenses and fees; 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 costs.
	<u>\$ 11,012</u>	<u>\$ 736</u>	<u>\$ 426</u>	

(b) Transfers to/from Other Funds

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2023 were as follows:

Fund	Transfers in from		Description/Purpose
	Other Office Funds	Other State Funds	
General	\$ 3,644	\$ -	Transfer from other Office funds pursuant to State statute.
Nonmajor governmental funds			Transfer from other Office funds and other State funds pursuant to State statute.
	<u>43,900</u>	<u>2,296</u>	
	<u>\$ 47,544</u>	<u>\$ 2,296</u>	

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Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2023 were as follows:

Fund	<u>Transfers out to Other Office Funds</u>	Description/Purpose
General	\$ 34,000	Transfer to other Office funds pursuant to State
Nonmajor governmental funds	<u>13,544</u>	Transfer to other Office funds pursuant to State
	<u>\$ 47,544</u>	

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

The following balances (amounts expressed in thousands) at June 30, 2023 represent amounts due to State of Illinois Component Units for reimbursement of expenses incurred.

Due to Component Units	General Fund	Nonmajor Governmental Funds
Illinois Toll Highway Authority	\$ 4	\$ 2
	<u>\$ 4</u>	<u>\$ 2</u>

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(6) Capital Assets

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2023 was as follows:

	Balance June 30, 2022, as restated	Additions	Deletions	Net Transfers	Balance June 30, 2023
Governmental activities:					
Capital assets not being depreciated:					
Land and land improvements	\$ 6,637	\$ -	\$ -	\$ -	\$ 6,637
Historical treasures & works of art	100	-	-	-	100
Construction in progress	28,441	-	763	95,474	123,152
Total capital assets not being depreciated	<u>35,178</u>	<u>-</u>	<u>763</u>	<u>95,474</u>	<u>129,889</u>
Capital assets being depreciated:					
Site Improvements	449	-	-	-	449
Buildings and building improvements	517,022	2,051	-	6,596	525,669
Right-to-use leased building	23,228	5,152	3,475	-	24,905
Equipment	56,906	2,296	2,753	-	56,449
Right-to-use leased equipment	1,744	866	1,144	-	1,466
Software	29	-	-	-	29
Subscription based IT arrangements	8,050	32	-	-	8,082
Other Lease	143	-	143	-	-
Total capital assets being depreciated	<u>607,571</u>	<u>10,397</u>	<u>7,515</u>	<u>6,596</u>	<u>617,049</u>
Less accumulated depreciation/amortization:					
Site Improvements	445	3	-	-	448
Buildings and building improvements	382,825	12,407	-	-	395,232
Right-to-use leased building	5,588	6,227	3,475	-	8,340
Equipment	49,024	3,262	2,720	-	49,566
Right-to-use leased equipment	824	702	1,144	-	382
Software	29	-	-	-	29
Subscription based IT arrangements	-	3,445	-	-	3,445
Other Lease	71	72	143	-	-
Total accumulated depreciation/amortization	<u>438,806</u>	<u>26,118</u>	<u>7,482</u>	<u>-</u>	<u>457,442</u>
Total capital assets being depreciated/amortized, net	<u>168,765</u>	<u>(15,721)</u>	<u>33</u>	<u>6,596</u>	<u>159,607</u>
Governmental activity capital assets, net	<u>\$ 203,943</u>	<u>\$ (15,721)</u>	<u>\$ 796</u>	<u>\$ 102,070</u>	<u>\$ 289,496</u>

Depreciation and amortization expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2023 was charged as follows:

General government \$ 26,118

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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 9 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, 2023, right-to-use assets under leases (amounts expressed in thousands) are as follows:

	Amount
Buildings and building improvements	\$ 24,905
Equipment	1,466
	26,371
Less: Accumulated amortization	8,722
	\$ 17,649

Future minimum commitments (amounts expressed in thousands) for non-cancelable leases as of June 30, 2023, are as follows:

Year Ending June 30	Principal	Interest
2024	\$ 4,972	\$ 562
2025	4,211	396
2026	2,644	279
2027	2,011	196
2028	1,271	136
2029-2033	2,952	204
Total minimum lease payments	\$ 18,061	\$ 1,773

(8) Subscription-Based Information Technology Arrangements (SBITAs)

The Office has entered into various SBITAs with remaining contract terms ranging from one year to 4 years. Although subscription terms vary, certain agreements are renewable subject to appropriation by the General Assembly. If renewal is reasonably assured, agreements requiring appropriation by the General Assembly are considered noncancelable agreements for financial reporting purposes. The renewal and termination options are not included in the subscription asset or subscription liability balance until they are reasonably certain of exercise.

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At June 30, 2023, subscription assets under SBITAs are as follows:

Subscription Assets	\$	8,082
Less: Accumulated amortization		3,445
	\$	4,637

Future minimum commitments for non-cancelable SBITAs as of June 30, 2023, are as follows:

Year Ending June 30	Principal	Interest
2024	\$ 3,036	\$ 149
2025	97	12
2026	83	7
2027	75	3
Total minimum SBITA payments	\$ 3,291	\$ 171

(9) Changes in Long-Term Obligations

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2023 were as follows:

	Balance July 1, 2022, as restated	Additions	Deletions	Balance June 30, 2023	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 17,039	\$ 14,220	\$ 15,989	\$ 15,270	\$ 2,011
Net pension liability	1,425,650	-	38,504	1,387,146	-
Total OPEB liability	1,014,415	-	555,719	458,696	19,512
Subscription-based IT arrangement	8,050	32	4,791	3,291	3,036
Lease Obligations	16,140	8,739	6,818	18,061	4,972
	\$ 2,481,294	\$ 22,991	\$ 621,821	\$ 1,882,464	\$ 29,531

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. Lease obligations and subscription-based IT arrangements will be liquidated through the General Revenue Fund and the special revenue funds that report the related lease and subscription payments.

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(10) 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 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.

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.

Regular Formula Tier 1	Regular Formula Tier 2
<p>A member must have a minimum of eight years of service credit and may retire at:</p> <ul style="list-style-type: none"> • Age 60, with 8 years of service credit. • Any age, when the member's age (years & whole months) plus years of service credit (years & whole months) equal 85 years (1,020 months) (Rule of 85) with 8 years of credited service. • Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60). <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"> • Age 67, with 10 years of credited service. • Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67). <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 2022 rate is \$119,892.</p> <p>If the member retires before age 67 with a reduced retirement benefit, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every January 1 after the member turns age 67 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>

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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.

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 2023, this amount was \$123,489.

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 2023, 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 2023, the employer contribution rate was 53.258%. The Office's contribution amount for fiscal year 2023 was \$10.178 million. In addition, the Office recorded \$98.913 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, 2023, the Office reported a liability of \$1.387 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, 2022 (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, 2022. As of the current year measurement date of June 30, 2022, the Office's proportion was 4.2899%, which was a decrease of 0.0173% from its proportion measured as of the prior year measurement date of June 30, 2021.

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For the year ended June 30, 2023, the Office recognized pension expense of \$84.777 million. At June 30, 2023, the Office reported deferred outflows and deferred inflows of resources related to the pension liability, as of the measurement date of June 30, 2023, from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,620	\$ 153
Changes of assumptions	35,999	118,794
Net difference between projected and actual investment earnings on pension plan investments	26,652	-
Changes in proportion	67,414	66,887
Office contributions subsequent to the measurement date	109,091	-
Total	\$ 254,776	\$ 185,834

\$109.091 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, 2024. 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):

Year ended June 30,

2024	\$ (5,516)
2025	(10,528)
2026	(33,703)
2027	9,598
Thereafter	-
Total	\$ (40,149)

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Actuarial methods and assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>SERS</u>
Valuation date	6/30/2022
Measurement date	6/30/2022
Actuarial cost method	Entry Age
Actuarial assumptions:	
Investment rate of return	6.75%
Projected salary increases*	2.50% - 7.41%
Inflation rate	2.25%
Postretirement benefit increases	
Tier 1	3%, compounded
Tier 2	Lesser of 3% or 1/2 of CPI [^] , on original benefit
Retirement age experience study ^{^^}	July 2018 - June 2021
Mortality ^{^^^}	Pub-2010 General and Public Safety Healthy Retiree mortality tables, sex distinct, with rates projected to 2021 generational mortality improvement factors were updated to projection scale MP-2021
SERS	
Note: the above actuarial assumptions were used to calculate the total pension liability as of the current year measurement date and are consistent with the actuarial assumptions used to calculate the total pension liability as of the prior year measurement date except for the following:	
Projected salary increases*	2.75% - 7.17%
Retirement age experience study ^{^^}	July 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
* Includes inflation rate listed.	
[^] Consumer Price Index	
^{^^} The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined.	
^{^^^} Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.	

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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 weighing 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, 2022, the best estimates of geometric real rates of return are summarized in the following table:

Asset Class	Target Allocation	Long- Term Expected Real Rate of Return
U.S. Equity	23.0%	4.6%
Developed Foreign Equity	13.0%	4.9%
Emerging Market Equity	8.0%	5.9%
Private Equity	9.0%	6.9%
Intermediate Investment Grade Bonds	15.0%	-0.5%
Long-term Government Bonds	5.0%	0.3%
TIPS	3.0%	-0.5%
High Yield and Bank Loans	2.0%	1.9%
Opportunistic Debt	9.0%	4.4%
Emerging Market Debt	0.0%	0.0%
Real Estate	10.0%	3.3%
Infrastructure	3.0%	6.8%
Total	100%	

Discount rate. A discount rate of 6.58% was used to measure the total pension liability as of the measurement date of June 30, 2022 as compared to a discount rate of 6.20% used to measure the total pension liability as of the prior year measurement date. The June 30, 2022 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 3.69%, 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 5.58%	Discount Rate 6.58%	1% Increase 7.58%
Office's Proportionate Share of the Net Pension Liability	\$ 1,687,727	\$ 1,387,146	\$ 1,138,566

Payables to the pension plan. At June 30, 2023, the Office reported a payable of \$0.226 million to SERS for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

(11) 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 10. 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.

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.

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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 2023, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was \$12,635.52 (\$6,989.52 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and \$14,646.00 (\$5,882.40 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, 2023, was measured as of June 30, 2022, with an actuarial valuation as of June 30, 2021. At June 30, 2023, the Office recorded a liability of \$458.696 million 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, 2022. As of the current year measurement date of June 30, 2022, the Office's proportion was 2.6855%, which was a decrease of 0.2201% from its proportion measured as of the prior year measurement date of June 30, 2021.

For the year ended June 30, 2023, the Office recognized a reduction to pension expense of \$170.778 million to account for the decrease in the Office's proportion. In addition, the Office recorded \$17.324 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, 2023, the Office reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2022, from the following sources (amounts expressed in thousands):

Deferred outflows of resources

Differences between expected and actual experience	\$ 4,692
Changes of assumptions	11,322
Changes in proportion and differences between employer contributions and proportionate share of contributions	94,715
Department contributions subsequent to the measurement date (a)	<u>19,513</u>
Total deferred outflows of resources	<u>\$ 130,242</u>

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Deferred inflows of resources

Differences between expected and actual experience	\$ 125,431
Changes of assumptions	449,300
Changes in proportion and differences between employer contributions and proportionate share of contributions	247,827
Total deferred inflows of resources	\$ 822,558

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, 2024. 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):

Year ended June 30,

2024	\$ (187,706)
2025	(178,970)
2026	(189,324)
2027	(125,409)
2028	(30,420)
Total	\$ (711,829)

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, 2021, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2022.

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Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial assumptions:	
Inflation Rate	2.25%
Projected Salary Increases*	2.50% - 12.75%
Healthcare Cost Trend Rate:	
Medical and RX Pre-Medicare - QCHP**	Trend rates start at 8.00% in 2024, decreasing by 0.25% per year to an ultimate trend rate of 4.25% in year 2039.
Post-Medicare - MAPD***	Trend rates are 0.00% in years 2024 to 2028, 19.42% from 2029 to 2033, then 5.77% in 2034 decreasing ratably to an ultimate trend rate of 4.25% in 2039.
Retirees' share of benefit-related costs	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 2022 and 2023 are based on actual premiums. Premiums after 2023 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:	
Healthcare Cost Trend Rate:	
Medical and Rx (Pre-Medicare & Post-Medicare)	1.80% grading up 6.20% in the first year to 8.00%, then grading down 0.25% per year to an ultimate trend of 4.25% in year 2038. There is no additional trend rate adjustment due to the repeal of the Excise Tax.
Medical and Rx (Post-Medicare)	-7.56% grading up 15.56% in the first year to 8.00%, then grading down 0.25% per year to an ultimate trend of 4.25% in year 2038.
Dental and Vision	3.75% grading up 0.25% in the first year to 4.00% through 2038.
* Dependent upon service and participation in the respective retirement systems. Includes inflation rate listed.	
** Quality Care Health Plan	
*** Medicare Advantage Prescription Drug	

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Additionally, the demographic assumptions used in the OPEB valuation are identical to those used in the June 30, 2021 valuations for GARS, JRS, SERS, TRS, and SURS as follows:

	Retirement age experience study [^]	Mortality ^{^^}
GARS	July 2018 - June 2021	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, scaling factors of 99% for males and females, and the MP-2018 two-dimensional generational mortality improvement scales
JRS	July 2018 - June 2021	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, scaling factors of 102% for males and 98% for females, and the MP-2018 two-dimensional generational mortality improvement scales
SERS	July 2018 - June 2021	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
TRS	July 2017 - June 2020	Pub-2010 adjusted for TRS experience for future mortality improvements on a fully generational basis using projection table MP-2020
SURS	July 2017 - June 2020	Rates based on Pub-2010 Healthy Retiree Mortality tables and the most recent MP-2020 projection scale. Teachers table was used for Academic members and General

[^] The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined.

^{^^} 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 1.92% at June 30, 2021, and 3.69% at June 30, 2022, 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 3.69%, 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 (4.69%) or lower (2.69%) than the current rate (amounts expressed in thousands):

	1% Decrease (2.69%)	Current Single Discount Rate Assumption (3.69%)	1% Increase (4.69%)
Total OPEB liability	\$ 506,077	\$ 458,696	\$ 407,418

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JUNE 30, 2023

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 2024 decreasing to an ultimate trend rate of 4.25% in 2039.

	1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
Total OPEB liability	\$ 397,139	\$ 458,696	\$ 521,086

(12) 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, 2023.

The Office is exposed to various risks of loss related to employee health and dental insurance programs. The State uses the Health Insurance Reserve Fund to account for employee health and dental insurance benefit programs, which are partially self-funded. The Department of Central Management Services administers and reports the Health Insurance Reserve Fund.

(13) 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, 2023, 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.

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(14) Restatement

The Office's financial statements and certain notes to the financial statements have been restated as of June 30, 2022, as a result of the following:

Implementation of GASB Statement No. 96, Subscription-Based Information Technology Arrangements

The Office's financial statements and notes have been restated as of June 30, 2022 as a result of the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which establishes that a subscription-based information technology arrangement (SBITA) results in a right to use a subscription asset - an intangible asset - and a corresponding subscription liability. Implementation of Statement No. 96 had no financial impact on the Agency's beginning net position. Restatement of beginning SBITA's assets and obligations as of June 30, 2022 were as follows (amounts expressed in thousands):

	Note 6	Note 9
	Capital Assets	Long-Term Obligations
June 30, 2022, as previously reported	\$ 195,893	\$ 2,473,244
Implementation of GASB 96		
Subscription-based information technology arrangements	8,050	
Subscription-based information, technology arrangement obligations		8,050
June 30, 2022, as restated	\$ 203,943	\$ 2,481,294

SUPPLEMENTARY INFORMATION

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

June 30, 2023 (Expressed in Thousands)

	General Revenue 0001	Live and Learn 0026	Corporate Franchise Tax Refund 0380	Common School 0412	Capital Projects 0694	Vehicle Inspection 0963	Special Advance 1198	Eliminations	Total
ASSETS									
Unexpended appropriations	\$ 30,846	\$ -	\$ -	\$ -	\$ -	\$ 102	\$ -	\$ -	\$ 30,948
Cash equity with State Treasurer	23,385	4,690	2,043	262	26,988	-	-	-	57,368
Cash and cash equivalents	1	-	-	-	-	-	4	-	5
Other receivables, net	5,482	-	-	-	-	-	-	-	5,482
Due from other Office funds	1,837	-	-	787	-	-	-	-	2,624
Inventories	470	-	-	-	-	-	-	-	470
Total assets	\$ 62,021	\$ 4,690	\$ 2,043	\$ 1,049	\$ 26,988	\$ 102	\$ 4	\$ -	\$ 96,897
LIABILITIES									
Accounts payable and accrued liabilities	\$ 14,757	\$ 24	\$ -	\$ -	\$ -	\$ 48	\$ -	\$ -	\$ 14,829
Due to other government-federal	670	-	-	-	-	3	-	-	673
Due to other government-local	13,222	446	-	-	-	-	-	-	13,668
Due to other state funds	116	1	-	-	-	24	-	-	141
Due to other state fiduciary funds	196	-	-	-	-	26	-	-	222
Due to component units	4	-	-	-	-	-	-	-	4
Unearned revenue-liability	64	-	-	-	4,064	-	-	-	4,128
Unearned revenue-DIR	-	-	-	-	-	-	-	-	-
Total liabilities	29,029	471	-	-	4,064	101	-	-	33,665
FUND BALANCES									
Nonspendable:									
Inventories	470	-	-	-	-	-	-	-	470
Restricted for:									
General government	-	-	-	-	-	-	4	-	4
Committed to:									
General government	-	-	2,043	-	-	-	-	-	2,043
Unassigned	32,522	4,219	-	1,049	22,924	1	-	-	60,715
Total fund balances (deficits)	32,992	4,219	2,043	1,049	22,924	1	4	-	63,232
Total liabilities and fund balances (deficits)	\$ 62,021	\$ 4,690	\$ 2,043	\$ 1,049	\$ 26,988	\$ 102	\$ 4	\$ -	\$ 96,897

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, 2023 (Expressed in Thousands)

	General Revenue 0001	Live and Learn 0026	Corporate Franchise Tax Refund 0380	Common School 0412	Capital Projects 0694	Vehicle Inspection 0963	Special Advance 1198	Eliminations	Total
REVENUES									
Licenses and fees	\$ 193,388	\$ -	\$ -	\$ 802	\$ 280,952	\$ -	\$ -	\$ -	\$ 475,142
Other taxes, net	228,769	-	3,462	-	-	-	-	-	232,231
Other revenue, net	173	-	-	-	-	-	-	-	173
Total revenues	422,330	-	3,462	802	280,952	-	-	-	707,546
EXPENDITURES									
General government	397,617	21,057	-	-	-	3,093	1	-	421,768
Debt service - interest	591	-	-	-	-	-	-	-	591
Debt service - principal	7,361	-	-	-	-	-	-	-	7,361
Capital outlays	7,564	-	-	-	-	-	-	-	7,564
Total expenditures	413,133	21,057	-	-	-	3,093	1	-	437,284
Excess (deficiency) of revenues over (under) expenditures	9,197	(21,057)	3,462	802	280,952	(3,093)	(1)	-	270,262
OTHER SOURCES (USES) OF FINANCIAL RESOURCES									
Appropriations from State resources	445,921	-	-	-	-	3,654	-	-	449,575
Lapsed appropriations	(7,042)	-	-	-	-	(561)	-	-	(7,603)
Receipts collected and transmitted to State Treasury	(421,448)	-	-	(587)	(281,363)	-	-	-	(703,398)
Amount of SAMS Transfers-in	(1,419)	-	-	(1,993)	-	-	-	-	(3,412)
Amount of SAMS Transfers-out	20,904	-	-	-	-	-	-	-	20,904
Transfers-in	1,837	20,904	-	1,807	-	-	-	(20,904)	3,644
Transfers-out	(50,904)	-	(4,000)	-	-	-	-	20,904	(34,000)
Proceeds from lease financing	5,856	-	-	-	-	-	-	-	5,856
Net other sources (uses) of financial resources	(6,295)	20,904	(4,000)	(773)	(281,363)	3,093	-	-	(268,434)
Net change in fund balances	2,902	(153)	(538)	29	(411)	-	(1)	-	1,828
Fund balances, July 1, 2022,	30,094	4,372	2,581	1,020	23,335	1	5	-	61,408
Increase (decrease) for changes in inventories	(4)	-	-	-	-	-	-	-	(4)
FUND BALANCES, JUNE 30, 2023	\$ 32,992	\$ 4,219	\$ 2,043	\$ 1,049	\$ 22,924	\$ 1	\$ 4	\$ -	\$ 63,232

State of Illinois
Office of the Secretary of State

Combining Balance Sheet -
Non-major Governmental Funds
June 30, 2023 (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	Accessible Electronic Information Services 0106	
ASSETS										
Unexpended appropriations	\$ 321	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	102,108	-	11	37	1,077	10	14	3,919	2	
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	
Securities lending collateral of State Treasurer	-	-	-	-	-	-	-	-	-	
Intergovernmental receivables, net										
Other receivables, net	1,672	-	-	-	9	-	-	-	-	
Due from other government-federal	-	-	-	-	-	-	-	-	-	
Due from other government-local	-	-	-	-	-	-	-	-	-	
Due from other State funds	-	-	131	-	-	-	-	-	-	
Due from other Office funds	-	-	-	-	-	-	-	-	-	
Inventories	-	-	-	-	-	-	-	-	-	
Total assets	\$ 104,101	\$ -	\$ 142	\$ 37	\$ 1,086	\$ 10	\$ 14	\$ 3,919	\$ 2	
LIABILITIES										
Accounts payable and accrued liabilities	\$ 321	\$ -	\$ 8	\$ -	\$ -	\$ -	\$ 9	\$ 25	\$ -	
Due to other government-Federal	-	-	-	-	-	-	-	1	-	
Due to other government-Local	-	-	-	-	-	-	-	-	-	
Due to other State funds	-	-	-	-	-	-	-	3	-	
Due to other State Fiduciary funds	-	-	-	-	-	-	-	8	-	
Due to other Office funds	8,388	-	-	-	-	-	-	-	-	
Due to State of Illinois component units	-	-	-	-	-	-	-	-	-	
Unearned revenue	20,476	-	1	1	-	-	2	-	-	
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-	-	
Total liabilities	29,185	-	9	1	-	-	11	37	-	
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue	-	-	-	-	-	-	-	-	-	
Total liabilities and deferred inflows of resources	29,185	-	9	1	-	-	11	37	-	
FUND BALANCES										
Nonspendable										
Inventories	-	-	-	-	-	-	-	-	-	
Restricted for:										
General government	-	-	133	36	1,086	10	3	-	-	
Committed to:										
General government	74,916	-	-	-	-	-	-	3,882	2	
Capital projects	-	-	-	-	-	-	-	-	-	
Assigned to:										
General government	-	-	-	-	-	-	-	-	-	
Unassigned	-	-	-	-	-	-	-	-	-	
Total fund balances	74,916	-	133	36	1,086	10	3	3,882	2	
Total liabilities, deferred inflows of resources and fund balances	\$ 104,101	\$ -	\$ 142	\$ 37	\$ 1,086	\$ 10	\$ 14	\$ 3,919	\$ 2	

State of Illinois
Office of the Secretary of State

Combining Balance Sheet -
Non-major Governmental Funds
June 30, 2023 (Expressed in Thousands)

	Special Revenue								
	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	Electronic Notarization 0210	Securities Investors Education 0292	Interagency Grant 0295
ASSETS									
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	9,599	38,727	1,034	647	9,454	2,607	178	1,593	199
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer	-	6,987	-	-	-	-	-	-	-
Intergovernmental receivables, net	-	-	-	-	-	-	-	-	-
Other receivables, net	-	1,687	-	-	-	-	-	566	-
Due from other government-federal	-	-	-	25	-	-	-	-	-
Due from other government-local	-	-	-	-	-	-	-	-	-
Due from other State funds	-	10,265	-	-	-	-	-	-	-
Due from other Office funds	-	-	-	-	-	-	-	-	-
Inventories	1,937	-	-	-	-	646	-	-	-
Total assets	\$ 11,536	\$ 57,666	\$ 1,034	\$ 672	\$ 9,454	\$ 3,253	\$ 178	\$ 2,159	\$ 199
LIABILITIES									
Accounts payable and accrued liabilities	\$ 60	\$ 58	\$ 4	\$ 1	\$ 29	\$ 3	\$ -	\$ 2	\$ -
Due to other government-Federal	-	2	-	-	2	-	-	-	-
Due to other government-Local	-	-	-	-	-	-	-	-	-
Due to other State funds	-	9	2	-	8	4	-	1	-
Due to other State Fiduciary funds	-	10	2	-	4	-	-	1	-
Due to other Office funds	-	-	2	-	-	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	575	-	79	-	-	-
Obligations under securities lending of State Treasurer	-	6,987	-	-	-	-	-	-	-
Total liabilities	60	7,066	10	576	43	86	-	4	-
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	-	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	60	7,066	10	576	43	86	-	4	-
FUND BALANCES									
Nonspendable									
Inventories	1,937	-	-	-	-	646	-	-	-
Restricted for:									
General government	-	-	-	-	9,411	-	178	-	-
Committed to:									
General government	9,539	50,600	1,024	-	-	2,521	-	2,155	-
Capital projects	-	-	-	-	-	-	-	-	-
Assigned to:									
General government	-	-	-	96	-	-	-	-	199
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	11,476	50,600	1,024	96	9,411	3,167	178	2,155	199
Total liabilities, deferred inflows of resources and fund balances	\$ 11,536	\$ 57,666	\$ 1,034	\$ 672	\$ 9,454	\$ 3,253	\$ 178	\$ 2,159	\$ 199

State of Illinois
Office of the Secretary of State

Combining Balance Sheet -
Non-major Governmental Funds
June 30, 2023 (Expressed in Thousands)

	Special Revenue							
	Family Financial Responsibility 0322	Motor Vehicle Review Board 0323	Securities Audit and Enforcement 0362	Department of Business Services Special Operations 0363	Secretary of State Evidence 0374	State College and University Trust 0417	Alternative Fuels 0422	Indigent BAIID Fund 0451
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	421	285	19,662	9,076	78	24	634	59
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer	-	-	3,498	-	-	-	-	-
Intergovernmental receivables, net	-	-	-	-	-	-	-	-
Other receivables, net	-	-	820	-	-	-	-	17
Due from other government-federal	-	-	-	-	-	-	-	-
Due from other government-local	-	-	-	-	-	-	-	-
Due from other State funds	-	-	-	-	-	-	-	-
Due from other Office funds	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	\$ 421	\$ 285	\$ 23,980	\$ 9,076	\$ 78	\$ 24	\$ 634	\$ 76
LIABILITIES								
Accounts payable and accrued liabilities	\$ 2	\$ 5	\$ 116	\$ 238	\$ -	\$ -	\$ -	\$ 48
Due to other government-Federal	-	-	6	16	-	-	-	-
Due to other government-Local	-	-	-	-	-	-	-	-
Due to other State funds	-	-	27	89	-	-	-	-
Due to other State Fiduciary funds	-	3	57	119	-	-	-	-
Due to other Office funds	-	-	-	1,835	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	11	58	-
Obligations under securities lending of State Treasurer	-	-	3,498	-	-	-	-	-
Total liabilities	2	8	3,704	2,297	-	11	58	48
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	2	8	3,704	2,297	-	11	58	48
FUND BALANCES								
Nonspendable								
Inventories	-	-	-	-	-	-	-	-
Restricted for:								
General government	-	-	-	-	78	-	-	28
Committed to:								
General government	419	277	20,276	6,779	-	13	576	-
Capital projects	-	-	-	-	-	-	-	-
Assigned to:								
General government	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	419	277	20,276	6,779	78	13	576	28
Total liabilities, deferred inflows of resources and fund balances	\$ 421	\$ 285	\$ 23,980	\$ 9,076	\$ 78	\$ 24	\$ 634	\$ 76

State of Illinois
Office of the Secretary of State

Combining Balance Sheet -
Non-major Governmental Funds
June 30, 2023 (Expressed in Thousands)

	Special Revenue									
	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	Sheet Metal Workers Int'l Assoc. of Illinois 0468	Library Services 0470	State Library 0471	
ASSETS										
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	3,180	8	4	54	22	92	11	35	21	
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	
Securities lending collateral of State Treasurer	-	-	-	-	-	-	-	-	-	
Intergovernmental receivables, net	-	-	-	-	-	-	-	-	-	
Other receivables, net	-	-	-	-	-	-	-	-	-	2
Due from other government-federal	-	-	-	-	-	-	-	275	-	
Due from other government-local	-	-	-	-	-	-	-	-	-	
Due from other State funds	-	-	-	-	-	-	-	-	-	
Due from other Office funds	-	-	-	-	-	-	-	-	-	
Inventories	-	-	-	-	-	-	-	-	-	
Total assets	\$ 3,180	\$ 8	\$ 4	\$ 54	\$ 22	\$ 92	\$ 11	\$ 310	\$ 23	
LIABILITIES										
Accounts payable and accrued liabilities	\$ 5	\$ -	\$ 3	\$ 49	\$ -	\$ -	\$ -	\$ 64	\$ -	
Due to other government-Federal	-	-	-	-	-	-	-	34	-	
Due to other government-Local	-	-	-	-	-	-	-	212	-	
Due to other State funds	-	8	-	-	-	-	-	-	-	
Due to other State Fiduciary funds	-	-	-	-	-	-	-	-	-	
Due to other Office funds	-	-	-	-	-	-	-	-	-	
Due to State of Illinois component units	-	-	-	-	-	-	-	-	-	
Unearned revenue	-	-	-	2	1	5	-	-	-	
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-	-	
Total liabilities	5	8	3	51	1	5	-	310	-	
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue	-	-	-	-	-	-	-	-	-	
Total liabilities and deferred inflows of resources	5	8	3	51	1	5	-	310	-	
FUND BALANCES										
Nonspendable										
Inventories	-	-	-	-	-	-	-	-	-	
Restricted for:										
General government	3,175	-	1	3	21	87	11	-	-	
Committed to:										
General government	-	-	-	-	-	-	-	-	23	
Capital projects	-	-	-	-	-	-	-	-	-	
Assigned to:										
General government	-	-	-	-	-	-	-	-	-	
Unassigned	-	-	-	-	-	-	-	-	-	
Total fund balances	3,175	-	1	3	21	87	11	-	23	
Total liabilities, deferred inflows of resources and fund balances	\$ 3,180	\$ 8	\$ 4	\$ 54	\$ 22	\$ 92	\$ 11	\$ 310	\$ 23	

State of Illinois
Office of the Secretary of State

Combining Balance Sheet -
Non-major Governmental Funds
June 30, 2023 (Expressed in Thousands)

	Special Revenue								
	Secretary of State Identification and Theft Prevention 0480	Secretary of State Special Services 0483	Support Our Troops 0496	Master Mason 0508	Off Highway Vehicle Trails 0574	Pan Hellenic Trust 0584	Park District Youth Program 0585	Professional Sports Team Education 0587	Illinois Route 66 Heritage Project 0594
ASSETS									
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	37,365	23,000	15	8	40	172	7	842	87
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer	-	-	-	-	-	-	-	-	-
Intergovernmental receivables, net	-	-	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	-	-	-	-
Due from other government-federal	-	-	-	-	-	-	-	-	-
Due from other government-local	-	-	-	-	-	-	-	-	-
Due from other State funds	-	96	-	-	-	-	-	-	-
Due from other Office funds	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Total assets	\$ 37,365	\$ 23,096	\$ 15	\$ 8	\$ 40	\$ 172	\$ 7	\$ 842	\$ 87
LIABILITIES									
Accounts payable and accrued liabilities	\$ 1,398	\$ 880	\$ 11	\$ 9	\$ -	\$ 71	\$ 6	\$ -	\$ 47
Due to other government-Federal	-	2	-	-	-	-	-	-	-
Due to other government-Local	-	3	-	-	-	-	-	-	-
Due to other State funds	-	408	1	-	-	-	-	-	-
Due to other State Fiduciary funds	-	-	-	-	-	-	-	-	-
Due to other Office funds	-	-	-	-	-	-	-	787	-
Due to State of Illinois component units	-	1	-	-	-	-	-	-	-
Unearned revenue	-	206	1	1	-	2	1	55	8
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-	-
Total liabilities	1,398	1,500	13	10	-	73	7	842	55
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	-	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	1,398	1,500	13	10	-	73	7	842	55
FUND BALANCES									
Nonspendable									
Inventories	-	-	-	-	-	-	-	-	-
Restricted for:									
General government	-	-	2	-	-	99	-	-	32
Committed to:									
General government	35,967	21,596	-	-	40	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-
Assigned to:									
General government	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(2)	-	-	-	-	-
Total fund balances	35,967	21,596	2	(2)	40	99	-	-	32
Total liabilities, deferred inflows of resources and fund balances	\$ 37,365	\$ 23,096	\$ 15	\$ 8	\$ 40	\$ 172	\$ 7	\$ 842	\$ 87

State of Illinois
Office of the Secretary of State

Combining Balance Sheet -
Non-major Governmental Funds
June 30, 2023 (Expressed in Thousands)

	Special Revenue							
	Police Memorial Committee 0598	Mammogram 0599	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
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	64	-	16,465	15	49	43	65	6,873
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer	-	-	-	-	-	-	-	-
Intergovernmental receivables, net	-	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	-	-	-
Due from other government-federal	-	-	-	-	-	-	-	-
Due from other government-local	-	-	-	-	-	-	-	-
Due from other State funds	-	-	-	-	-	-	-	-
Due from other Office funds	-	-	-	-	-	-	-	-
Inventories	-	-	4,048	-	-	-	-	-
Total assets	\$ 64	\$ -	\$ 20,513	\$ 15	\$ 49	\$ 43	\$ 65	\$ 6,873
LIABILITIES								
Accounts payable and accrued liabilities	\$ 43	\$ -	\$ 1,281	\$ 11	\$ -	\$ -	\$ -	\$ 93
Due to other government-Federal	-	-	4	-	-	-	-	-
Due to other government-Local	-	-	1	-	-	-	-	-
Due to other State funds	-	-	29	-	-	-	-	6
Due to other State Fiduciary funds	-	-	-	-	-	-	-	-
Due to other Office funds	-	-	-	-	-	-	-	-
Due to State of Illinois component units	-	-	1	-	-	-	-	-
Unearned revenue	5	-	-	2	4	1	4	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-
Total liabilities	48	-	1,316	13	4	1	4	99
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	48	-	1,316	13	4	1	4	99
FUND BALANCES								
Nonspendable								
Inventories	-	-	4,048	-	-	-	-	-
Restricted for:								
General government	16	-	-	2	45	42	-	-
Committed to:								
General government	-	-	15,149	-	-	-	61	6,774
Capital projects	-	-	-	-	-	-	-	-
Assigned to:								
General government	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	16	-	19,197	2	45	42	61	6,774
Total liabilities, deferred inflows of resources and fund balances	\$ 64	\$ -	\$ 20,513	\$ 15	\$ 49	\$ 43	\$ 65	\$ 6,873

State of Illinois
Office of the Secretary of State

Combining Balance Sheet -
Non-major Governmental Funds
June 30, 2023 (Expressed in Thousands)

	Special Revenue							
	Secretary of State DUI 0758	Secretary of State Police Services 0759	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
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	15	636	50	-	12	8	14	430
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral of State Treasurer	-	-	-	-	-	-	-	-
Intergovernmental receivables, net	-	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	-	-	-
Due from other government-federal	-	-	-	-	-	-	-	-
Due from other government-local	-	5	-	-	-	-	-	-
Due from other State funds	-	-	-	-	-	-	-	-
Due from other Office funds	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	\$ 15	\$ 641	\$ 50	\$ -	\$ 12	\$ 8	\$ 14	\$ 430
LIABILITIES								
Accounts payable and accrued liabilities	\$ -	\$ 39	\$ 12	\$ -	\$ -	\$ -	\$ 9	\$ -
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	96
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-
Total liabilities	-	39	16	-	-	-	11	96
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	-	39	16	-	-	-	11	96
FUND BALANCES								
Nonspendable								
Inventories	-	-	-	-	-	-	-	-
Restricted for:								
General government	15	-	-	-	12	8	3	-
Committed to:								
General government	-	602	34	-	-	-	-	334
Capital projects	-	-	-	-	-	-	-	-
Assigned to:								
General government	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	15	602	34	-	12	8	3	334
Total liabilities, deferred inflows of resources and fund balances	\$ 15	\$ 641	\$ 50	\$ -	\$ 12	\$ 8	\$ 14	\$ 430

State of Illinois
Office of the Secretary of State

Combining Balance Sheet -
Non-major Governmental Funds
June 30, 2023 (Expressed in Thousands)

	Special Revenue				Capital Projects			Total
	Fraternal Order of Police 0867	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	
ASSETS								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 321
Cash equity with State Treasurer	6	22	188	-	-	72,114	-	363,487
Cash and cash equivalents	-	-	-	14	-	-	-	14
Securities lending collateral of State Treasurer	-	-	-	-	-	-	-	10,485
Intergovernmental receivables, net	-	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	980	-	5,753
Due from other government-federal	-	-	-	-	-	-	-	300
Due from other government-local	-	-	-	-	-	-	-	5
Due from other State funds	-	-	-	-	-	-	-	10,492
Due from other Office funds	-	-	-	-	-	8,388	-	8,388
Inventories	-	-	-	-	-	-	-	6,631
Total assets	\$ 6	\$ 22	\$ 188	\$ 14	\$ -	\$ 81,482	\$ -	\$ 405,876
LIABILITIES								
Accounts payable and accrued liabilities	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,964
Due to other government-Federal	-	-	-	-	-	-	-	67
Due to other government-Local	-	-	-	-	-	-	-	216
Due to other State funds	-	-	-	-	-	-	-	595
Due to other State Fiduciary funds	-	-	-	-	-	-	-	204
Due to other Office funds	-	-	-	-	-	-	-	11,012
Due to State of Illinois component units	-	-	-	-	-	-	-	2
Unearned revenue	-	1	-	-	-	6,010	-	27,614
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	10,485
Total liabilities	4	1	-	-	-	6,010	-	55,159
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	4	1	-	-	-	6,010	-	55,159
FUND BALANCES								
Nonspendable								
Inventories	-	-	-	-	-	-	-	6,631
Restricted for:								
General government	2	21	-	14	-	-	-	14,574
Committed to:								
General government	-	-	-	-	-	-	-	253,559
Capital projects	-	-	-	-	-	75,472	-	75,472
Assigned to:								
General government	-	-	188	-	-	-	-	483
Unassigned	-	-	-	-	-	-	-	(2)
Total fund balances	2	21	188	14	-	75,472	-	350,717
Total liabilities, deferred inflows of resources and fund balances	\$ 6	\$ 22	\$ 188	\$ 14	\$ -	\$ 81,482	\$ -	\$ 405,876

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, 2023 (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	Accessible Electronic Information Services 0106
REVENUES									
Federal government, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees, net	1,518,167	-	16	36	12,658	7	34	1,428	-
Interest and other investment income	-	-	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	(65)	184	-
Other operating grants	-	-	-	-	-	-	-	-	-
Total revenues	1,518,167	-	16	36	12,658	7	(31)	1,612	-
EXPENDITURES									
General government	-	1,300	989	25	-	5	436	956	-
Debt service - principal	-	-	-	-	-	-	-	28	-
Debt service - interest	-	-	-	-	-	-	-	3	-
Capital outlays	-	-	-	-	-	-	-	-	-
Total expenditures	-	1,300	989	25	-	5	436	987	-
Excess (deficiency) of revenues over (under) expenditures	1,518,167	(1,300)	(973)	11	12,658	2	(467)	625	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES									
Appropriations from State resources	2,500	1,300	-	-	-	-	-	-	-
Lapsed appropriations	(842)	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	(1,534,333)	-	-	-	(12,710)	-	-	-	-
Lease and installment purchase acquisitions	-	-	-	-	-	-	-	-	-
Transfers-in	-	-	1,105	-	-	-	397	-	-
Transfers-out	-	-	-	-	-	-	-	-	-
Transfers of administration of funds to other State Agencies	-	-	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	(1,532,675)	1,300	1,105	-	(12,710)	-	397	-	-
Net change in fund balances	(14,508)	-	132	11	(52)	2	(70)	625	-
Fund balances, July 1, 2022	89,424	-	1	25	1,138	8	73	3,257	2
Increase (decrease) for changes in inventories	-	-	-	-	-	-	-	-	-
FUND BALANCES, JUNE 30, 2023	\$ 74,916	\$ -	\$ 133	\$ 36	\$ 1,086	\$ 10	\$ 3	\$ 3,882	\$ 2

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, 2023 (Expressed in Thousands)

	Special Revenue								
	Motor CDLIS/ AAMVA Net Trust 0109	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	Electronic Notarization 0210	Securities Investors Education 0292	Interagency Grant 0295
REVENUES									
Federal government, net	\$ -	\$ -	\$ -	\$ 41	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees, net	5,625	6,764	581	-	2,958	3,171	178	-	-
Interest and other investment income	-	774	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	(1)	-
Other operating grants	-	-	-	-	-	-	-	-	-
Total revenues	5,625	7,538	581	41	2,958	3,171	178	(1)	-
EXPENDITURES									
General government	4,224	8,765	179	41	1,060	3,592	-	193	2
Debt service - principal	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	-
Total expenditures	4,224	8,765	179	41	1,060	3,592	-	193	2
Excess (deficiency) of revenues over (under) expenditures	1,401	(1,227)	402	-	1,898	(421)	178	(194)	(2)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES									
Appropriations from State resources	-	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-	-
Lease and installment purchase acquisitions	-	-	-	-	-	-	-	-	-
Transfers-in	-	30,000	-	-	-	-	-	-	-
Transfers-out	-	-	(402)	-	-	-	-	-	-
Transfers of administration of funds to other State Agencies	-	-	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	30,000	(402)	-	-	-	-	-	-
Net change in fund balances	1,401	28,773	-	-	1,898	(421)	178	(194)	(2)
Fund balances, July 1, 2022	9,336	21,827	1,024	96	7,513	3,341	-	2,349	201
Increase (decrease) for changes in inventories	739	-	-	-	-	247	-	-	-
FUND BALANCES, JUNE 30, 2023	\$ 11,476	\$ 50,600	\$ 1,024	\$ 96	\$ 9,411	\$ 3,167	\$ 178	\$ 2,155	\$ 199

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, 2023 (Expressed in Thousands)

	Special Revenue							
	Family Financial Responsibility 0322	Motor Vehicle Review Board 0323	Securities Audit and Enforcement 0362	Department of Business Services Special Operations 0363	Secretary of State Evidence 0374	State College and University Trust 0417	Alternative Fuels 0422	Indigent BAID 0451
REVENUES								
Federal government, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees, net	182	265	13,399	18,914	-	244	2,187	197
Interest and other investment income	-	-	529	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-	-
Total revenues	182	265	13,928	18,914	-	244	2,187	197
EXPENDITURES								
General government	134	232	5,773	11,530	-	-	225	197
Debt service - principal	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	134	232	5,773	11,530	-	-	225	197
Excess (deficiency) of revenues over (under) expenditures	48	33	8,155	7,384	-	244	1,962	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	-	-	225	-
Lapsed appropriations	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	(248)	(2,023)	-
Lease and installment purchase acquisitions	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-	-
Transfers-out	-	-	(4,000)	(7,335)	-	-	-	-
Transfers of administration of funds to other State Agencies	-	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	-	(4,000)	(7,335)	-	(248)	(1,798)	-
Net change in fund balances	48	33	4,155	49	-	(4)	164	-
Fund balances, July 1, 2022	371	244	16,121	6,730	78	17	412	28
Increase (decrease) for changes in inventories	-	-	-	-	-	-	-	-
FUND BALANCES, JUNE 30, 2023	\$ 419	\$ 277	\$ 20,276	\$ 6,779	\$ 78	\$ 13	\$ 576	\$ 28

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, 2023 (Expressed in Thousands)

	Special Revenue								
	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	Sheet Metal Workers Int'l Assoc. of Illinois 0468	Library Services 0470	State Library 0471
REVENUES									
Federal government, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,881	\$ -
Licenses and fees, net	786	4	12	53	18	152	3	-	1
Interest and other investment income	-	-	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-	-	1
Other revenues	-	-	-	-	-	-	-	-	1
Other operating grants	-	-	-	-	-	-	-	-	3
Total revenues	786	4	12	53	18	152	3	6,881	6
EXPENDITURES									
General government	1,606	12	12	53	19	140	6	5,072	3
Debt service - principal	44	-	-	-	-	-	-	1,748	-
Debt service - interest	1	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	61	-
Total expenditures	1,651	12	12	53	19	140	6	6,881	3
Excess (deficiency) of revenues over (under) expenditures	(865)	(8)	-	-	(1)	12	(3)	-	3
OTHER SOURCES (USES) OF FINANCIAL RESOURCES									
Appropriations from State resources	-	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-	-
Lease and installment purchase acquisitions	-	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-	-	-
Transfers of administration of funds to other State Agencies	-	-	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	-	-	-	-	-	-	-	-
Net change in fund balances	(865)	(8)	-	-	(1)	12	(3)	-	3
Fund balances, July 1, 2022	4,040	8	1	3	22	75	14	-	20
Increase (decrease) for changes in inventories	-	-	-	-	-	-	-	-	-
FUND BALANCES, JUNE 30, 2023	\$ 3,175	\$ -	\$ 1	\$ 3	\$ 21	\$ 87	\$ 11	\$ -	\$ 23

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, 2023 (Expressed in Thousands)

	Special Revenue								
	Secretary of State Identification and Theft Prevention 0480	Secretary of State Special Services 0483	Support Our Troops 0496	Master Mason 0508	Off Highway Vehicle Trails 0574	Pan Hellenic Trust 0584	Park District Youth Program 0585	Professional Sports Team Education 0587	Illinois Route 66 Heritage Project 0594
REVENUES									
Federal government, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees, net	-	27,881	43	31	384	70	26	1,807	214
Interest and other investment income	-	-	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-	-	-
Other revenues	-	51	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-	-	-
Total revenues	-	27,932	43	31	384	70	26	1,807	214
EXPENDITURES									
General government	12,280	26,845	46	34	-	60	26	-	215
Debt service - principal	-	2,009	-	-	-	-	-	-	-
Debt service - interest	-	2	-	-	-	-	-	-	-
Capital outlays	-	497	-	-	-	-	-	-	-
Total expenditures	12,280	29,353	46	34	-	60	26	-	215
Excess (deficiency) of revenues over (under) expenditures	(12,280)	(1,421)	(3)	(3)	384	10	-	1,807	(1)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES									
Appropriations from State resources	-	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	(379)	-	-	-	-
Lease and installment purchase acquisitions	-	32	-	-	-	-	-	-	-
Transfers-in	13,900	-	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	(1,807)	-	-
Transfers of administration of funds to other State Agencies	-	-	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	13,900	32	-	-	(379)	-	-	(1,807)	-
Net change in fund balances	1,620	(1,389)	(3)	(3)	5	10	-	-	(1)
Fund balances, July 1, 2022	34,347	22,985	5	1	35	89	-	-	33
Increase (decrease) for changes in inventories	-	-	-	-	-	-	-	-	-
FUND BALANCES, JUNE 30, 2023	\$ 35,967	\$ 21,596	\$ 2	\$ (2)	\$ 40	\$ 99	\$ -	\$ -	\$ 32

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, 2023 (Expressed in Thousands)

	Special Revenue							
	Police Memorial Committee 0598	Mammogram 0599	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
REVENUES								
Federal government, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees, net	169	-	12,749	41	113	35	105	3,202
Interest and other investment income	-	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-	-
Other revenues	(65)	-	612	(65)	-	-	-	-
Other operating grants	-	-	-	-	-	-	-	-
Total revenues	104	-	13,361	(24)	113	35	105	3,202
EXPENDITURES								
General government	575	-	15,188	445	120	30	170	2,487
Debt service - principal	-	-	325	-	-	-	-	94
Debt service - interest	-	-	28	-	-	-	-	3
Capital outlays	-	-	162	-	-	-	-	-
Total expenditures	575	-	15,703	445	120	30	170	2,584
Excess (deficiency) of revenues over (under) expenditures	(471)	-	(2,342)	(469)	(7)	5	(65)	618
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-
Lease and installment purchase acquisitions	-	-	162	-	-	-	-	-
Transfers-in	397	-	-	397	-	-	-	-
Transfers-out	-	-	-	-	-	-	-	-
Transfers of administration of funds to other State Agencies	-	(11)	-	-	-	-	-	-
Net other sources (uses) of financial resources	397	(11)	162	397	-	-	-	-
Net change in fund balances	(74)	(11)	(2,180)	(72)	(7)	5	(65)	618
Fund balances, July 1, 2022	90	11	19,656	74	52	37	126	6,156
Increase (decrease) for changes in inventories	-	-	1,721	-	-	-	-	-
FUND BALANCES, JUNE 30, 2023	\$ 16	\$ -	\$ 19,197	\$ 2	\$ 45	\$ 42	\$ 61	\$ 6,774

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, 2023 (Expressed in Thousands)

	Special Revenue							
	Secretary of State DUI 0758	Secretary of State Police Services 0759	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
REVENUES								
Federal government, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees, net	-	416	138	57	-	9	34	3,603
Interest and other investment income	-	-	-	-	-	-	-	-
Other charges for services	1	1	-	-	-	-	-	-
Other revenues	-	62	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-	-
Total revenues	1	479	138	57	-	9	34	3,603
EXPENDITURES								
General government	-	144	155	2	-	8	35	-
Debt service - principal	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-
Capital outlays	-	62	-	96	-	-	-	-
Total expenditures	-	206	155	98	-	8	35	-
Excess (deficiency) of revenues over (under) expenditures	1	273	(17)	(41)	-	1	(1)	3,603
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	300	-	-	-	-
Lapsed appropriations	-	-	-	(203)	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	(57)	-	-	-	(3,678)
Lease and installment purchase acquisitions	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-	-
Transfers of administration of funds to other State Agencies	-	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	-	-	40	-	-	-	(3,678)
Net change in fund balances	1	273	(17)	(1)	-	1	(1)	(75)
Fund balances, July 1, 2022	14	329	51	1	12	7	4	409
Increase (decrease) for changes in inventories	-	-	-	-	-	-	-	-
FUND BALANCES, JUNE 30, 2023	\$ 15	\$ 602	\$ 34	\$ -	\$ 12	\$ 8	\$ 3	\$ 334

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, 2023 (Expressed in Thousands)

	Special Revenue				Capital Projects			Total
	Fraternal Order of Police 0867	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	
REVENUES								
Federal government, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,922
Licenses and fees, net	14	22	-	18	-	533,538	-	2,172,759
Interest and other investment income	-	-	-	-	-	-	-	1,303
Other charges for services	-	-	-	-	-	-	-	3
Other revenues	-	-	1	-	-	-	-	715
Other operating grants	-	-	-	-	-	-	-	3
Total revenues	14	22	1	18	-	533,538	-	2,181,705
EXPENDITURES								
General government	16	20	52	18	16,597	-	-	122,349
Debt service - principal	-	-	-	-	-	-	-	4,248
Debt service - interest	-	-	-	-	-	-	-	37
Capital outlays	-	-	-	-	1,955	-	-	2,833
Total expenditures	16	20	52	18	18,552	-	-	129,467
Excess (deficiency) of revenues over (under) expenditures	(2)	2	(51)	-	(18,552)	533,538	-	2,052,238
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	54,597	-	84	59,006
Lapsed appropriations	-	-	-	-	(36,045)	-	(84)	(37,174)
Receipts collected and transmitted to State Treasury	-	-	-	-	-	(529,753)	-	(2,083,181)
Lease and installment purchase acquisitions	-	-	-	-	-	-	-	194
Transfers-in	-	-	-	-	-	-	-	46,196
Transfers-out	-	-	-	-	-	-	-	(13,544)
Transfers of administration of funds to other State Agencies	-	-	-	-	-	-	-	(11)
Net other sources (uses) of financial resources	-	-	-	-	18,552	(529,753)	-	(2,028,514)
Net change in fund balances	(2)	2	(51)	-	-	3,785	-	23,724
Fund balances, July 1, 2022	4	19	239	14	-	71,687	-	324,286
Increase (decrease) for changes in inventories	-	-	-	-	-	-	-	2,707
FUND BALANCES, JUNE 30, 2023	\$ 2	\$ 21	\$ 188	\$ 14	\$ -	\$ 75,472	\$ -	\$ 350,717

State of Illinois
Office of the Secretary of State

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

June 30, 2023 (Expressed in Thousands)

	Safety Responsibility 0436	International Registration Plan 0890	Go-Back 1110	Safekeeping 1344	Total
ASSETS					
Cash equity with State Treasurer	\$ 3,755	\$ 28	\$ -	\$ -	\$ 3,783
Cash and cash equivalents	-	-	3	152	155
Investments	-	-	-	56	56
Other receivables, net	-	-	-	-	-
Total assets	\$ 3,755	\$ 28	\$ 3	\$ 208	\$ 3,994
LIABILITIES					
Accounts Payable	\$ -	\$ 28	\$ -	\$ -	\$ 28
Other liabilities	-	-	3	-	3
Total liabilities	\$ -	\$ 28	\$ 3	\$ -	\$ 31
NET POSITION					
Restricted net position	3,755	-	-	208	3,963
Total net position	\$ 3,755	\$ -	\$ -	\$ 208	\$ 3,963

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, 2023 (Expressed in Thousands)

	Safety Responsibility 0436	International Registration Plan 0890	Go-Back 1110	Safekeeping 1344	Total
Additions					
Collateral deposits received	\$ -	\$ -	\$ -	\$ 96	\$ 96
License and fee collections for other governments		107,278	-	-	107,278
Other additions	309		19	-	328
Total additions	309	107,278	19	96	107,702
Deductions					
Collateral deposits returned	-	-	-	82	82
Payments of licences and fees to other governments	-	107,278	-	-	107,278
Other deductions	-	-	19	-	19
Total deductions	-	107,278	19	82	107,379
Net increase (decrease) in fiduciary	309	-	-	14	323
Net position, July 1, 2022	3,446	-	-	194	3,640
Net position, June 30, 2023	\$ 3,755	\$ -	\$ -	\$ 208	\$ 3,963

3051 Hollis Dr., 3rd Floor
Springfield, IL 62704
217.793.3363

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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, 2023, 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 January 19, 2024.

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 2023-001 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 2023-001.

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
January 19, 2024

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE
SCHEDULE OF FINDINGS – *GOVERNMENT AUDITING STANDARDS* FINDINGS
For the Year Ended June 30, 2023

2023-001 **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 plan's 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 OPEB census examination (covering data as of June 30, 2021, used in the June 30, 2022 OPEB actuarial valuation, for use in the employer's June 30, 2023 financial statements), it was identified that:

- During backwards testing, the auditors identified one of sixty (2%) employees included on Office payroll reports with an incorrect date of birth.
- The Office had not performed an initial complete reconciliation of its census data recorded by the System and State to its internal records to establish a base year of complete and accurate census data.

During the performance of the pension census examination (covering data as of June 30, 2022, used in the June 30, 2022 pension actuarial valuation, for use in the employer's June 30, 2023 financial statements), it was identified that:

- During forwards testing, the auditors identified one of sixty (2%) employees included on Office payroll reports with an incorrect gender.

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE
SCHEDULE OF FINDINGS – *GOVERNMENT AUDITING STANDARDS* FINDINGS
For the Year Ended June 30, 2023

2023-001 **FINDING** (Inaccurate Census Data) (Continued)

- During the review of the Office's reconciliation of its census data recorded by the System and State to its internal records, it was noted that, as of March 2023, the reconciliation had not yet been communicated to the System.

The result of the errors in each of the first bullets 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 error immaterial to the plan level valuations as a whole.

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 (AAGSLG) (§ 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 I LCS 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.

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE
SCHEDULE OF FINDINGS – *GOVERNMENT AUDITING STANDARDS* FINDINGS
For the Year Ended June 30, 2023

2023-001 **FINDING** (Inaccurate Census Data) (Continued)

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 in a timely manner 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. 2023-001, 2022-001, 2021-002, 2020-002)

RECOMMENDATION

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

OFFICE RESPONSE

The Office accepts this recommendation. For the OPEB related issues, 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. For the pension related issues, the Office did perform the reconciliation of census data but it was inadvertently sent late. The Office will strengthen its internal controls to meet the deadlines and continue to work with the System to perform future reconciliations.