



## 96TH GENERAL ASSEMBLY

### State of Illinois

### 2009 and 2010

### HB5212

Introduced 2/3/2010, by Rep. Michael W. Tryon

#### SYNOPSIS AS INTRODUCED:

New Act

|                  |                          |
|------------------|--------------------------|
| 15 ILCS 405/6.01 | from Ch. 15, par. 206.01 |
| 15 ILCS 405/20   | from Ch. 15, par. 220    |
| 25 ILCS 155/4    | from Ch. 63, par. 344    |

Creates the Truth in Accounting Act of 2010 and amends the State Comptroller Act and the Commission on Government Forecasting and Accountability Act. Prohibits the General Assembly from passing appropriation bills until it adopts a joint resolution reflecting for that fiscal year the State's estimated income, balance sheet, cash flow, and surplus or deficit. Requires the Commission's annual March estimates to include the State's estimated income, balance sheet, cash flow, and surplus or deficit, based on full accrual accounting standards developed by the Governmental Accounting Standards Board. Requires electronic publication of appropriation bills and amendments before legislative committee consideration or General Assembly passage. Provides that the State's financial accounting and reporting standards shall comply with full accrual accounting standards developed by the Governmental Accounting Standards Board. Requires the Comptroller to publish a Consolidated Annual Financial Report based on full accrual accounting principles. Effective immediately.

LRB096 20082 JAM 35603 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the Truth  
5 in Accounting Act of 2010.

6 Section 5. Legislative intent. It is the intent of this Act  
7 to develop a State budgeting process that:

8 (1) Reflects the State's duty to report the best  
9 estimate of its own financial condition.

10 (2) Reflects the principle that the purpose of proper  
11 State budgeting is to preserve intergenerational equity,  
12 in conformity with the understanding of intergenerational  
13 equity promulgated by the Governmental Accounting  
14 Standards Board (GASB), and to prevent the imposition of  
15 undue burdens upon unborn Illinois residents and Illinois  
16 residents who, at the time a budget is enacted into law,  
17 are too young to vote.

18 (3) Reflects the principle that it is not proper to  
19 incur State debt for operating expenses.

20 (4) Preserves intergenerational equity in the State  
21 budgeting process. Prohibiting one generation from  
22 obligating future generations comports with the Government  
23 Accounting Standards Board's interpretation of the purpose

1 of "balanced public budgets".

2 (5) Resolves the ambiguity under the State's current  
3 budgeting process of the State's fiscal deficit.

4 (6) Recognizes the distinction between operating  
5 budgets and capital budgets and that it is proper to incur  
6 long-term obligations to acquire long-lived assets.

7 (7) Addresses the nebulous nature of expenditures that  
8 are defined by their funding sources as "capital  
9 expenditures" or "operating expenditures" when they may be  
10 expenditures of a different type or multiple types.

11 (8) Develops comprehensive definitions of "capital  
12 expenditures" and "capital assets".

13 (9) Adopts the use of a consolidating budget document  
14 to eliminate the difficulty of grasping the State's annual  
15 shortfall or its accumulated deficits due to the amount of  
16 data, the complexity of that data, the relative scale of  
17 the State's financial operations, and the inadequate  
18 reporting systems.

19 (10) Addresses the State's unusual reliance upon the  
20 use of more than 600 special funds.

21 (11) Defines "trust funds" as those with a fiduciary  
22 component.

23 (12) Requires production of the Consolidated Annual  
24 Financial Report within 90 days after the end of the  
25 State's fiscal year.

26 (13) Enables any analysis of the State's budget to be

1 conducted in a holistic fashion that requires gross cash  
2 flowing into the State's accounts to be adjusted to reflect  
3 what is actually available to the State and expenditures  
4 flowing out to be similarly modified.

5 (14) Establishes a more certain definition of "funds  
6 available", to which the Governor and General Assembly are  
7 constitutionally limited for expenditure, by evaluating  
8 such concepts as the use of earned revenues only, the  
9 sweeping of funds, the characterization of debt proceeds as  
10 available funds, and the restricted or unrestricted nature  
11 of federal funds.

12 (15) Enables inclusion in the State budget of accurate  
13 State obligations, including but not limited to current and  
14 future personnel benefit costs and lapse-period  
15 expenditures.

16 Section 10. Definitions; prohibition against covering  
17 operating expenses or expenditures by incurring certain debt.

18 (a) "General long-term capital debt", "operating debt",  
19 "operating expenditures", "capital expenditures", and "debt  
20 service expenditures" shall be as defined by Governmental  
21 Accounting Standards Board Statement 11. "Full accrual" and  
22 "fiduciary funds" shall be as defined by Governmental  
23 Accounting Standards Board Statement 34.

24 (b) The fiscal deficit of the State is the excess of full  
25 accrual expenses over full accrual revenues. A fiscal surplus

1 is the excess of full accrual revenues over full accrual  
2 expenses.

3 (c) The State shall not incur general long-term capital  
4 debt, and shall not incur operating debt, in order to cover  
5 operating expenses or operating expenditures.

6 Section 15. Electronic publication of appropriation bills;  
7 publication deadlines with respect to second and third  
8 readings. The General Assembly shall publish, by means of the  
9 Internet on a web page controlled by the General Assembly, the  
10 texts of all appropriation bills. Each publication shall  
11 include an embedded time stamp setting forth the time of  
12 electronic publication, and no bill to appropriate funds shall  
13 be passed on third reading until at least 72 hours after the  
14 time of electronic publication. No amendment to an  
15 appropriation bill shall be considered on second reading until  
16 at least 72 hours after the amendment has been published  
17 electronically.

18 Section 20. Passage of appropriation bills prohibited  
19 before adoption of joint resolution. The General Assembly shall  
20 not pass any bill to appropriate funds within any fiscal year  
21 prior to its adoption of the joint resolution reflecting the  
22 estimate for that fiscal year.

23 Section 25. State funds as fiduciary funds. All State funds

1 shall be fiduciary funds unless explicitly provided otherwise  
2 by law.

3 Section 90. The State Comptroller Act is amended by  
4 changing Sections 6.01 and 20 as follows:

5 (15 ILCS 405/6.01) (from Ch. 15, par. 206.01)

6 Sec. 6.01. Specification and establishment of accounting  
7 standards and principles. The Comptroller shall specify and  
8 establish the financial accounting and reporting standards and  
9 principles to be used by all State government and State  
10 agencies. The standards and principles shall be effective upon  
11 filing by the Comptroller with the Auditor General. Effective  
12 January 1, 2011, the financial accounting and reporting  
13 standards to be used by all State government and State agencies  
14 shall be in compliance with full accrual accounting standards  
15 as defined by the Governmental Accounting Standards Board  
16 (GASB). The Comptroller shall maintain and publish the  
17 standards and principles as a public document. These standards  
18 and principles shall be known as the Generally Accepted  
19 Accounting Standards and Principles for Illinois State  
20 Government, and shall, whenever possible, be compatible with  
21 any similar nationally existing generally accepted accounting  
22 standards and principles for government.

23 In establishing the Generally Accepted Accounting  
24 Standards and Principles for Illinois State Government, the

1 Comptroller shall consult with the Governor and the other  
2 members of the Executive Branch, the Chief Justice of the  
3 Supreme Court, and the leadership of the General Assembly and  
4 shall provide to these officials draft copies of any proposed  
5 standards at least 90 days prior to their adoption and shall  
6 consider any responses or suggestions that these officials may  
7 present.

8 (Source: P.A. 86-1415.)

9 (15 ILCS 405/20) (from Ch. 15, par. 220)

10 Sec. 20. Annual report. The comptroller shall annually, as  
11 soon as possible after the close of the fiscal year but no  
12 later than December 31, make out and present to the Governor,  
13 the President of the Senate, the Speaker of the House of  
14 Representatives, the Minority Leader of the Senate, and the  
15 Minority Leader of the House of Representatives a report,  
16 showing the amount of warrants drawn on the treasury, on other  
17 funds held by the State Treasurer and on any public funds held  
18 by State agencies, during the preceding fiscal year, and  
19 stating, particularly, on what account they were drawn, and if  
20 drawn on the contingent fund, to whom and for what they were  
21 issued. He shall, also, at the same time, report to the  
22 Governor, the President of the Senate, the Speaker of the House  
23 of Representatives, the Minority Leader of the Senate, and the  
24 Minority Leader of the House of Representatives the amount of  
25 money received into the treasury, into other funds held by the

1 State Treasurer and into any other funds held by State agencies  
2 during the preceding fiscal year, and stating particularly, the  
3 source from which the same may be derived, and also a general  
4 account of all the business of his office during the preceding  
5 fiscal year. The report shall also summarize for the previous  
6 fiscal year the information required under Section 19.

7 Within 60 days after the expiration of each calendar year,  
8 the comptroller shall compile, from records maintained and  
9 available in his office, a list of all persons including those  
10 employed in the office of the comptroller, who have been  
11 employed by the State during the past calendar year and paid  
12 from funds in the hands of the State Treasurer.

13 The list shall be arranged according to counties and shall  
14 state in alphabetical order the name of each employee, the  
15 address in the county in which he votes, except as specified  
16 below, the position and the total salary paid to him during the  
17 past calendar year. For persons employed by the Department of  
18 Corrections, Department of Children and Family Services and the  
19 Department of State Police no address shall be listed. The list  
20 so compiled and arranged shall be kept on file in the office of  
21 the comptroller and be open to inspection by the public at all  
22 times.

23 No person who utilizes the names obtained from this list  
24 for solicitation shall represent that such solicitation is  
25 authorized by any officer or agency of the State of Illinois.  
26 Violation of this provision is a Business Offense punishable by



1 a fine not to exceed \$3,000.

2 Effective January 1, 2011, the Comptroller shall publish a  
3 Consolidated Annual Financial Report (CAFR) no more than 90  
4 days after the end of each State fiscal year. The Report shall  
5 be prepared in accordance with the principles of full accrual  
6 accounting. The Report shall include explanations of any  
7 variance that exists between the estimates adopted by the  
8 General Assembly for each fiscal year and the actual numbers  
9 reported. The Comptroller shall, by administrative rule,  
10 determine a time line and protocol for the publication of this  
11 Report.

12 (Source: P.A. 86-1003.)

13 Section 95. The Commission on Government Forecasting and  
14 Accountability Act is amended by changing Section 4 as follows:

15 (25 ILCS 155/4) (from Ch. 63, par. 344)

16 Sec. 4. (a) The Commission shall publish, at the convening  
17 of each regular session of the General Assembly, a report on  
18 the estimated income of the State from all applicable revenue  
19 sources for the next ensuing fiscal year and of any other funds  
20 estimated to be available for such fiscal year. On the third  
21 Wednesday in March after the session convenes, the Commission  
22 shall issue a revised and updated set of revenue figures  
23 reflecting the latest available information. The House and  
24 Senate by joint resolution shall adopt or modify such estimates

1 as may be appropriate. The joint resolution shall constitute  
2 the General Assembly's estimate, under paragraph (b) of Section  
3 2 of Article VIII of the Constitution, of the funds estimated  
4 to be available during the next fiscal year.

5 (a-5) The annual March estimates issued by the Commission  
6 shall include statements of the State's estimated revenues,  
7 estimated balance sheet, estimated cash flow, and estimated  
8 fiscal surplus or deficit. These estimates shall be based upon  
9 principles of full accrual accounting. The March estimates  
10 shall include a variance report of the ongoing fiscal year's  
11 budget and appropriations.

12 (a-10) In publishing its estimates, the Commission shall  
13 adhere to the standards published by the Governmental  
14 Accounting Standards Board (GASB). In adopting and, when  
15 appropriate, modifying these estimates prior to adoption of the  
16 joint resolution embodying these estimates, the General  
17 Assembly shall adhere to the standards published by GASB.

18 (b) On the third Wednesday in March, the Commission shall  
19 issue estimated:

20 (1) pension funding requirements under P.A. 86-273;

21 and

22 (2) liabilities of the State employee group health  
23 insurance program.

24 These estimated costs shall be for the fiscal year  
25 beginning the following July 1.

26 (c) The requirement for reporting to the General Assembly

1 shall be satisfied by filing copies of the report with the  
2 Speaker, the Minority Leader and the Clerk of the House of  
3 Representatives and the President, the Minority Leader and the  
4 Secretary of the Senate and the Legislative Research unit, as  
5 required by Section 3.1 of the General Assembly Organization  
6 Act, and filing such additional copies with the State  
7 Government Report Distribution Center for the General Assembly  
8 as is required under paragraph (t) of Section 7 of the State  
9 Library Act.

10 (d) For each fiscal year, the General Assembly shall adopt  
11 a joint resolution reflecting the estimated income, estimated  
12 balance sheet, estimated cash flow, and estimated fiscal  
13 surplus or deficit of the State. These estimates shall be based  
14 upon principles of full accrual accounting. The General  
15 Assembly shall not pass any bill to appropriate funds within  
16 any fiscal year prior to its adoption of the joint resolution  
17 reflecting the estimate for that fiscal year.

18 (Source: P.A. 93-632, eff. 2-1-04.)

19 Section 99. Effective date. This Act takes effect upon  
20 becoming law.