



Filed: 5/20/2009

09600SB0226ham001

LRB096 08010 NHT 26993 a

1 AMENDMENT TO SENATE BILL 226

2 AMENDMENT NO. _____. Amend Senate Bill 226 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The School Code is amended by changing Sections
5 1A-8, 3-7, 3-15.5, 10-9, 10-22.45, 23-3, and 23-6 and by adding
6 Sections 10-16.9, 10-17b, 10-17c, 10-17d, 10-20.46, 23-5.5,
7 34-18.37, 34-18.38, 34-18.39, 34-18.40, and 34-18.41 as
8 follows:

9 (105 ILCS 5/1A-8) (from Ch. 122, par. 1A-8)

10 Sec. 1A-8. Powers of the Board in Assisting Districts
11 Deemed in Financial Difficulties. To promote the financial
12 integrity of school districts, the State Board of Education
13 shall be provided the necessary powers to promote sound
14 financial management and continue operation of the public
15 schools.

16 The State Superintendent of Education may require a school

1 district, including any district subject to Article 34A of this
2 Code, to share financial information relevant to a proper
3 investigation of the district's financial condition and the
4 delivery of appropriate State financial, technical, and
5 consulting services to the district if the district (i) has
6 been designated, through the State Board of Education's School
7 District Financial Profile System, as on financial warning or
8 financial watch status, (ii) has failed to file an annual
9 financial report, annual budget, deficit reduction plan, or
10 other financial information as required by law, or (iii) has
11 been identified, through the district's annual audit or other
12 financial and management information, as in serious financial
13 difficulty in the current or next school year. In addition to
14 financial, technical, and consulting services provided by the
15 State Board of Education, at the request of a school district,
16 the State Superintendent may provide for an independent
17 financial consultant to assist the district review its
18 financial condition and options.

19 The State Board of Education, after proper investigation of
20 a district's financial condition, may certify that a district,
21 including any district subject to Article 34A, is in financial
22 difficulty when any of the following conditions occur:

23 (1) The district has issued school or teacher orders
24 for wages as permitted in Sections 8-16, 32-7.2 and 34-76
25 of this Code;

26 (2) The district has issued tax anticipation warrants

1 or tax anticipation notes in anticipation of a second
2 year's taxes when warrants or notes in anticipation of
3 current year taxes are still outstanding, as authorized by
4 Sections 17-16, 34-23, 34-59 and 34-63 of this Code, or has
5 issued short-term debt against 2 future revenue sources,
6 such as, but not limited to, tax anticipation warrants and
7 general State Aid certificates or tax anticipation
8 warrants and revenue anticipation notes;

9 (3) The district has for 2 consecutive years shown an
10 excess of expenditures and other financing uses over
11 revenues and other financing sources and beginning fund
12 balances on its annual financial report for the aggregate
13 totals of the Educational, Operations and Maintenance,
14 Transportation, and Working Cash Funds;

15 (4) The district refuses to provide financial
16 information or cooperate with the State Superintendent in
17 an investigation of the district's financial condition.

18 No school district shall be certified by the State Board of
19 Education to be in financial difficulty by reason of any of the
20 above circumstances (i) arising as a result of the failure of
21 the county to make any distribution of property tax money due
22 the district at the time such distribution is due; (ii) arising
23 as a result of the inability of the State to disburse
24 reimbursements authorized under Sections 14-7.02, 14-7.02b,
25 14-7.03, 14-13.01, 18-3, 18-11, 18-4.3, and 29-5 for receipt by
26 the school district no later than June 30th of each year; or

1 (iii) if the district clearly demonstrates to the satisfaction
2 of the State Board of Education at the time of its
3 determination that such condition no longer exists. If the
4 State Board of Education certifies that a district in a city
5 with 500,000 inhabitants or more is in financial difficulty,
6 the State Board shall so notify the Governor and the Mayor of
7 the city in which the district is located. The State Board of
8 Education may require school districts certified in financial
9 difficulty, except those districts subject to Article 34A, to
10 develop, adopt and submit a financial plan within 45 days after
11 certification of financial difficulty. The financial plan
12 shall be developed according to guidelines presented to the
13 district by the State Board of Education within 14 days of
14 certification. Such guidelines shall address the specific
15 nature of each district's financial difficulties. Any proposed
16 budget of the district shall be consistent with the financial
17 plan submitted to and approved by the State Board of Education.

18 A district certified to be in financial difficulty, other
19 than a district subject to Article 34A, shall report to the
20 State Board of Education at such times and in such manner as
21 the State Board may direct, concerning the district's
22 compliance with each financial plan. The State Board may review
23 the district's operations, obtain budgetary data and financial
24 statements, require the district to produce reports, and have
25 access to any other information in the possession of the
26 district that it deems relevant. The State Board may issue

1 recommendations or directives within its powers to the district
2 to assist in compliance with the financial plan. The district
3 shall produce such budgetary data, financial statements,
4 reports and other information and comply with such directives.
5 If the State Board of Education determines that a district has
6 failed to comply with its financial plan, the State Board of
7 Education may rescind approval of the plan and appoint a
8 Financial Oversight Panel for the district as provided in
9 Section 1B-4. This action shall be taken only after the
10 district has been given notice and an opportunity to appear
11 before the State Board of Education to discuss its failure to
12 comply with its financial plan.

13 No bonds, notes, teachers orders, tax anticipation
14 warrants or other evidences of indebtedness shall be issued or
15 sold by a school district or be legally binding upon or
16 enforceable against a local board of education of a district
17 certified to be in financial difficulty unless and until the
18 financial plan required under this Section has been approved by
19 the State Board of Education.

20 Any financial watch list distributed by the State Board of
21 Education pursuant to this Section shall designate those school
22 districts on the watch list that would not otherwise be on the
23 watch list were it not for the inability or refusal of the
24 State of Illinois to make timely disbursements of any payments
25 due school districts or to fully reimburse school districts for
26 mandated categorical programs pursuant to reimbursement

1 formulas provided in this School Code.

2 (Source: P.A. 94-234, eff. 7-1-06.)

3 (105 ILCS 5/3-7) (from Ch. 122, par. 3-7)

4 Sec. 3-7. Failure to prepare and forward information. If
5 the trustees of schools of any township in Class II county
6 school units, or any school district which forms a part of a
7 Class II county school unit but which is not subject to the
8 jurisdiction of the trustees of schools of any township in
9 which such district is located, or any school district in any
10 Class I county school units fail to prepare and forward or
11 cause to be prepared and forwarded to the regional
12 superintendent of schools, reports required by this Act, the
13 regional superintendent of schools shall furnish such
14 information or he shall employ a person or persons to furnish
15 such information, as far as practicable. Such person shall have
16 access to the books, records and papers of the school district
17 to enable him or them to prepare such reports, and the school
18 district shall permit such person or persons to examine such
19 books, records and papers at such time and such place as such
20 person or persons may desire for the purpose aforesaid. For
21 such services the regional superintendent of schools shall bill
22 the district an amount to cover the cost of preparation of such
23 reports if he employs a person to prepare such reports.

24 Each school district shall, as of June 30 of each year,
25 cause an audit of its accounts to be made by a person lawfully

1 qualified to practice public accounting as regulated by the
2 Illinois Public Accounting Act. Such audit shall include (i)
3 development of a risk assessment of internal controls, (ii) an
4 annual review and update of the risk assessment, and (iii) an
5 annual management letter that analyzes significant risk
6 assessment findings, recommends changes for strengthening
7 controls and reducing identified risks, and specifies
8 timeframes for implementation of these recommendations, as
9 well as financial statements of the district applicable to the
10 type of records required by other sections of this Act and in
11 addition shall set forth the scope of audit and shall include
12 the professional opinion signed by the auditor, or if such an
13 opinion is denied by the auditor, shall set forth the reasons
14 for such denial. Each school district shall on or before
15 October 15 of each year, submit an original and one copy of the
16 ~~such~~ audit to the regional superintendent of schools in the
17 educational service region having jurisdiction in which case
18 the regional superintendent of schools shall be relieved of
19 responsibility in regard to the accounts of the school
20 district. If any school district fails to supply the regional
21 superintendent of schools with a copy of such audit report on
22 or before October 15, or within such time extended by the
23 regional superintendent of schools from that date, not to
24 exceed 60 days, then it shall be the responsibility of the
25 regional superintendent of schools having jurisdiction to
26 cause such audit to be made by employing an accountant licensed

1 to practice in the State of Illinois to conduct such audit and
2 shall bill the district for such services, or shall with the
3 personnel of his office make such audit to his satisfaction and
4 bill the district for such service. In the latter case, if the
5 audit is made by personnel employed in the office of the
6 regional superintendent of schools having jurisdiction, then
7 the regional superintendent of schools shall not be relieved of
8 the responsibility as to the accountability of the school
9 district. The copy of the audit shall be forwarded by the
10 regional superintendent to the State Board of Education on or
11 before November 15 of each year and shall be filed by the State
12 Board of Education. Beginning on July 1, 2010, all school
13 districts shall utilize a competitive request for proposals
14 process at least once every 5 years when contracting for such
15 an annual audit.

16 Each school district that is the administrative district
17 for several school districts operating under a joint agreement
18 as authorized by this Act shall, as of June 30 each year, cause
19 an audit of the accounts of the joint agreement to be made by a
20 person lawfully qualified to practice public accounting as
21 regulated by the Illinois Public Accounting Act. Such audit
22 shall include (i) development of a risk assessment of internal
23 controls, (ii) an annual review and update of the risk
24 assessment, and (iii) an annual management letter that analyzes
25 significant risk assessment findings, recommends changes for
26 strengthening controls and reducing identified risks, and

1 specifies timeframes for implementation of these
2 recommendations, as well as financial statements of the
3 operation of the joint agreement applicable to the type of
4 records required by this Act and, in addition, shall set forth
5 the scope of the audit and shall include the professional
6 opinion signed by the auditor, or if such an opinion is denied,
7 the auditor shall set forth the reason for such denial. Each
8 administrative district of a joint agreement shall on or before
9 October 15 each year, submit an original and one copy of such
10 audit to the regional superintendent of schools in the
11 educational service region having jurisdiction in which case
12 the regional superintendent of schools shall be relieved of
13 responsibility in regard to the accounts of the joint
14 agreement. The copy of the audit shall be forwarded by the
15 regional superintendent to the State Board of Education on or
16 before November 15 of each year and shall be filed by the State
17 Board of Education. The cost of such an audit shall be
18 apportioned among and paid by the several districts who are
19 parties to the joint agreement, in the same manner as other
20 costs and expenses accruing to the districts jointly. Beginning
21 on July 1, 2010, all school districts operating under a joint
22 agreement shall utilize a competitive request for proposals
23 process at least once every 5 years when contracting for such
24 an annual audit.

25 The State Board of Education shall determine the adequacy
26 of the audits. All audits shall be kept on file in the office

1 of the State Board of Education.

2 (Source: P.A. 86-1441; 87-473.)

3 (105 ILCS 5/3-15.5) (from Ch. 122, par. 3-15.5)

4 Sec. 3-15.5. Removal of school board members. To remove any
5 member of a school board from office for willful ~~wilful~~ failure
6 to perform his or her official duties, after an investigation
7 that results in such claims being substantiated. Within 10 days
8 after completing an investigation of a board member, regardless
9 of the outcome of the investigation, the regional
10 superintendent of schools shall send a written report of his or
11 her investigation and findings to (i) the appropriate State's
12 Attorney if criminal activity is suspected, (ii) the school
13 board president and superintendent of the school district
14 identified or referenced in the findings, (iii) the person who
15 made a report resulting in an investigation, if any, and (iv)
16 the person who is the subject of the investigation.

17 (Source: Laws 1961, p. 31.)

18 (105 ILCS 5/10-9) (from Ch. 122, par. 10-9)

19 Sec. 10-9. Interest of board member or general counsel in
20 contracts.

21 (a) No school board member shall be interested, directly or
22 indirectly, in his own name or in the name of any other person,
23 association, trust or corporation, in any contract, work or
24 business of the district or in the sale of any article,

1 whenever the expense, price or consideration of the contract,
2 work, business or sale is paid either from the treasury or by
3 any assessment levied by any statute or ordinance. No school
4 board member or general counsel shall be interested, directly
5 or indirectly, in the purchase of any property which (1)
6 belongs to the district, or (2) is sold for taxes or
7 assessments, or (3) is sold by virtue of legal process at the
8 suit of the district.

9 (b) However, any board member may provide materials,
10 merchandise, property, services or labor, if:

11 A. the contract is with a person, firm, partnership,
12 association, corporation or cooperative association in
13 which the board member has less than a 7 1/2% share in the
14 ownership; and

15 B. such interested board member publicly discloses the
16 nature and extent of his interest prior to or during
17 deliberations concerning the proposed award of the
18 contract; and

19 C. such interested board member abstains from voting on
20 the award of the contract, though he shall be considered
21 present for the purposes of establishing a quorum; and

22 D. such contract is approved by a majority vote of
23 those board members presently holding office; and

24 E. the contract is awarded after sealed bids to the
25 lowest responsible bidder if the amount of the contract
26 exceeds \$1500, or awarded without bidding if the amount of

1 the contract is less than \$1500; and

2 F. the award of the contract would not cause the
3 aggregate amount of all such contracts so awarded to the
4 same person, firm, association, partnership, corporation
5 or cooperative association in the same fiscal year to
6 exceed \$25,000.

7 (c) In addition to the above exemption, any board member
8 may provide materials, merchandise, property, services or
9 labor if:

10 A. the award of the contract is approved by a majority
11 vote of the board provided that any such interested member
12 shall abstain from voting; and

13 B. the amount of the contract does not exceed \$1,000;
14 and

15 C. the award of the contract would not cause the
16 aggregate amount of all such contracts so awarded to the
17 same person, firm, association, partnership, corporation,
18 or cooperative association in the same fiscal year to
19 exceed \$2,000, except with respect to a board member of a
20 school district in which the materials, merchandise,
21 property, services, or labor to be provided under the
22 contract are not available from any other person, firm,
23 association, partnership, corporation, or cooperative
24 association in the district, in which event the award of
25 the contract shall not cause the aggregate amount of all
26 contracts so awarded to that same person, firm,

1 association, partnership, or cooperative association in
2 the same fiscal year to exceed \$5,000; and

3 D. such interested member publicly discloses the
4 nature and extent of his interest prior to or during
5 deliberations concerning the proposed award of the
6 contract; and

7 E. such interested member abstains from voting on the
8 award of the contract, though he shall be considered
9 present for the purposes of establishing a quorum.

10 (d) In addition to exemptions otherwise authorized by this
11 Section, any board member may purchase for use as the board
12 member's primary place of residence a house constructed by the
13 district's vocational education students on the same basis that
14 any other person would be entitled to purchase the property.
15 The sale of the house by the district must comply with the
16 requirements set forth in Section 5-22 of The School Code.

17 (e) A contract for the procurement of public utility
18 services by a district with a public utility company is not
19 barred by this Section by one or more members of the board
20 being an officer or employee of the public utility company or
21 holding an ownership interest of no more than 7 1/2% in the
22 public utility company, or holding an ownership interest of any
23 size if the school district has a population of less than 7,500
24 and the public utility's rates are approved by the Illinois
25 Commerce Commission. An elected or appointed member of the
26 board having such an interest shall be deemed not to have a

1 prohibited interest under this Section.

2 (f) Nothing contained in this Section, including the
3 restrictions set forth in subsections (b), (c), (d) and (e),
4 shall preclude a contract of deposit of monies, loans or other
5 financial services by a school district with a local bank or
6 local savings and loan association, regardless of whether a
7 member or members of the governing body of the school district
8 are interested in such bank or savings and loan association as
9 an officer or employee or as a holder of less than 7 1/2% of the
10 total ownership interest. A member or members holding such an
11 interest in such a contract shall not be deemed to be holding a
12 prohibited interest for purposes of this Act. Such interested
13 member or members of the governing body must publicly state the
14 nature and extent of their interest during deliberations
15 concerning the proposed award of such a contract, but shall not
16 participate in any further deliberations concerning the
17 proposed award. Such interested member or members shall not
18 vote on such a proposed award. Any member or members abstaining
19 from participation in deliberations and voting under this
20 Section may be considered present for purposes of establishing
21 a quorum. Award of such a contract shall require approval by a
22 majority vote of those members presently holding office.
23 Consideration and award of any such contract in which a member
24 or members are interested may only be made at a regularly
25 scheduled public meeting of the governing body of the school
26 district.

1 (g) Any school board member or general counsel who violates
2 this Section is guilty of a Class 4 felony and in addition
3 thereto any office held by such person so convicted shall
4 become vacant and shall be so declared as part of the judgment
5 of the court.

6 (Source: P.A. 89-244, eff. 8-4-95.)

7 (105 ILCS 5/10-16.9 new)

8 Sec. 10-16.9. Complaint policy. Each school board shall
9 adopt a policy allowing a person to report to the school board
10 if he or she believes that the school board or an individual
11 school board member or employee has violated State or federal
12 law or board policy. The complaint policy shall include each of
13 the following:

14 (1) Instructions for filing a complaint under this
15 Section.

16 (2) A complaint resolution process that includes, when
17 appropriate, referral to the appropriate State's Attorney
18 or the regional superintendent of schools.

19 (3) A statement that an elective school board office
20 becomes vacant whenever, among other reasons, a school
21 board member is convicted of an infamous crime, an offense
22 involving a violation of official oath, or a violent crime
23 against a child, pursuant to item (5) of Section 10-11 of
24 this Code, of having a prohibited interest in a district
25 contract under Section 10-9 of this Code, of official

1 misconduct under Section 33-3 of the Criminal Code of 1961,
2 or of bid-rigging under Section 33E-3 of the Criminal Code
3 of 1961.

4 (4) A statement that the appropriate regional
5 superintendent of schools is authorized to remove a school
6 board member from office for willful failure to perform
7 official duties pursuant to Section 3-15.5 of this Code.

8 Within 10 days after completing an investigation of a
9 complaint referred to him or her under a board policy
10 implementing this Section, the regional superintendent of
11 schools or State's Attorney shall send a written report of his
12 or her investigation and findings to the school board president
13 and superintendent of the school district identified or
14 referenced in the findings, the person who made the initial
15 complaint, and any person who is the subject of the complaint.

16 (105 ILCS 5/10-17b new)

17 Sec. 10-17b. Financial policies. Each school board shall
18 adopt a formal, written financial policy. The policy may
19 include information in the following areas:

20 (1) Debt capacity, issuance, and management.

21 (2) Capital asset management.

22 (3) Reserve or stabilization funds.

23 (4) Periodic budget to actual comparison reports.

24 (5) Fees and charges.

25 (6) The use of one-time revenue.

1 (7) Risk management.

2 (8) Purchasing.

3 (9) Vehicle acquisition and maintenance.

4 The school board shall make the policy publicly available.

5 (105 ILCS 5/10-17c new)

6 Sec. 10-17c. Long-term financial plan. Each school board
7 shall develop a long-term financial plan that extends over at
8 least a 3-year period and that is updated and approved
9 annually. The plan must include multi-year forecasts of
10 revenues, expenditures, and debt. The school board may make the
11 plan available to the public by publishing it as a separate
12 document and submitting it with the annual budget or by posting
13 the plan as a document on the school district's Internet
14 website, if any. The forecasts that are the foundation of the
15 plan must be available to participants in the budget process
16 before budgetary decisions are made. The public must be
17 provided opportunities for providing dialog with respect to the
18 long-term financial planning process.

19 (105 ILCS 5/10-17d new)

20 Sec. 10-17d. Capital improvement plan. Each school board
21 shall develop a 5-year capital improvement plan that is updated
22 and approved annually. The plan must include a summary list of
23 the description of the capital projects to be completed over
24 the next 5 years, along with projected expenditures, and

1 revenue sources. The school board shall make the plan available
2 to the public. The school board shall hold a public hearing on
3 the capital improvement plan, which hearing may be held at a
4 regularly scheduled meeting of the board.

5 (105 ILCS 5/10-20.46 new)

6 Sec. 10-20.46. School district financial accountability.

7 (a) A school board shall annually include a user-friendly
8 executive summary as part of the district's budget. The
9 executive summary shall include all of the following:

10 (1) The district's major goals and objectives.

11 (2) A discussion of the major financial factors and
12 trends affecting the budget, such as changes in revenues,
13 enrollment, and debt.

14 (3) A description of the budget process.

15 (4) An overview of revenues and expenditures for all
16 funds, including 3 to 5 years of prior trends.

17 (5) An explanation of significant financial and
18 demographic trends.

19 (6) An explanation of the reasons for a budget deficit
20 and an explanation of how the deficit is being addressed.

21 (7) A budget forecast for 3 to 5 years in the future.

22 (8) Student enrollment trends, including a future
23 forecast.

24 (9) The number of personnel by type.

25 (10) Changes in debt burden.

1 (b) A school board shall annually include in the full
2 budget document the following items; any or all of the
3 following items may be published as separate documents provided
4 that they are explicitly referenced in the annual budget and
5 provided that they are made publicly available at the same time
6 as the budget document:

7 (1) An organizational chart.

8 (2) Formal financial policies.

9 (3) The district's long-term financial plan or a
10 summary of the long-term financial plan.

11 (4) The district's capital improvement plan or a
12 summary of the capital improvement plan.

13 (105 ILCS 5/10-22.45) (from Ch. 122, par. 10-22.45)

14 Sec. 10-22.45. A school board shall ~~to~~ establish an audit
15 committee, which may include ~~and to appoint~~ members of the
16 board, ~~or~~ or other appropriate officers, or persons who do not
17 serve on the board ~~to the committee~~, to review audit reports
18 and any other financial reports and documents, including
19 management letters prepared by or on behalf of the board.
20 Nothing in this Section prohibits a school district from
21 maintaining its own internal audit function.

22 (Source: P.A. 82-644.)

23 (105 ILCS 5/23-3) (from Ch. 122, par. 23-3)

24 Sec. 23-3. Filing copy of constitution, by-laws and

1 amendments. Within 30 days after the adoption by any such
2 association of its constitution or by-laws or any amendment
3 thereto, it shall file a copy thereof, certified by its
4 president and executive director, with the Governor, the State
5 Superintendent of Education, ~~Public Instruction~~ and the
6 regional county superintendent of schools of each region county
7 in which it has any membership.

8 (Source: Laws 1961, p. 31.)

9 (105 ILCS 5/23-5.5 new)

10 Sec. 23-5.5. Professional development and training. Any
11 such association shall offer professional development and
12 training to school board members on topics that include, but
13 are not limited to, basics of school finance, financial
14 oversight and accountability, labor law and collective
15 bargaining, ethics, duties and responsibilities of a school
16 board member, and board governance principles. Every school
17 board member is expected to receive at least 4 hours of
18 professional development and training per year.

19 (105 ILCS 5/23-6) (from Ch. 122, par. 23-6)

20 Sec. 23-6. Annual report. Each association shall make an
21 annual report within 60 days after the close of its fiscal year
22 to the Governor, the State Board of Education and the regional
23 superintendent of schools of each region in which it has
24 members, setting forth the activities of the association for

1 the preceding fiscal year, the institutes held, the subjects
2 discussed, and the attendance, and shall furnish the Governor,
3 the State Board of Education and such regional superintendents
4 with copies of all publications sent to its members. The
5 association shall include the board training topics offered and
6 the number of school board members that availed themselves of
7 professional development and training.

8 (Source: P.A. 81-1508.)

9 (105 ILCS 5/34-18.37 new)

10 Sec. 34-18.37. Financial policies. The board shall adopt a
11 formal, written financial policy. The policy may include
12 information in the following areas:

13 (1) Debt capacity, issuance, and management.

14 (2) Capital asset management.

15 (3) Reserve or stabilization funds.

16 (4) Periodic budget to actual comparison reports.

17 (5) Fees and charges.

18 (6) The use of one-time revenue.

19 (7) Risk management.

20 (8) Purchasing.

21 (9) Vehicle acquisition and maintenance.

22 The board shall make the policy publicly available.

23 (105 ILCS 5/34-18.38 new)

24 Sec. 34-18.38. Long-term financial plan. The board shall

1 develop a long-term financial plan that extends over at least a
2 3-year period and that is updated and approved annually. The
3 plan must include multi-year forecasts of revenues,
4 expenditures, and debt. The board may make the plan available
5 to the public by publishing it as a separate document and
6 submitting it with the annual budget or by posting the plan as
7 a document on the school district's Internet website. The
8 forecasts that are the foundation of the plan must be available
9 to participants in the budget process before budgetary
10 decisions are made. The public must be provided opportunities
11 for providing dialog with respect to the long-term financial
12 planning process.

13 (105 ILCS 5/34-18.39 new)

14 Sec. 34-18.39. Capital improvement plan. The board shall
15 develop a 5-year capital improvement plan that is updated and
16 approved annually. The plan must include a summary list of the
17 description of the capital projects to be completed over the
18 next 5 years, along with projected expenditures, and revenue
19 sources. The board shall make the plan available to the public.
20 The board shall hold a public hearing on the capital
21 improvement plan, which hearing may be held at a regularly
22 scheduled meeting of the board.

23 (105 ILCS 5/34-18.40 new)

24 Sec. 34-18.40. School district financial accountability.

1 (a) The board shall annually include a user-friendly
2 executive summary as part of the district's budget. The
3 executive summary shall include all of the following:

4 (1) The district's major goals and objectives.

5 (2) A discussion of the major financial factors and
6 trends affecting the budget, such as changes in revenues,
7 enrollment, and debt.

8 (3) A description of the budget process.

9 (4) An overview of revenues and expenditures for all
10 funds, including 3 to 5 years of prior trends.

11 (5) An explanation of significant financial and
12 demographic trends.

13 (6) An explanation of the reasons for a budget deficit
14 and an explanation of how the deficit is being addressed.

15 (7) A budget forecast for 3 to 5 years in the future.

16 (8) Student enrollment trends, including a future
17 forecast.

18 (9) The number of personnel by type.

19 (10) Changes in debt burden.

20 (b) The board shall annually include in the full budget
21 document the following items; any or all of the following items
22 may be published as separate documents provided that they are
23 explicitly referenced in the annual budget and provided that
24 they are made publicly available at the same time as the budget
25 document:

26 (1) An organizational chart.

1 (2) Formal financial policies.

2 (3) The district's long-term financial plan or a
3 summary of the long-term financial plan.

4 (4) The district's capital improvement plan or a
5 summary of the capital improvement plan.

6 (105 ILCS 5/34-18.41 new)

7 Sec. 34-18.41. Audit committee. The board shall establish
8 an audit committee, which may include members of the board,
9 other appropriate officers, or persons who do not serve on the
10 board, to review the board's independent auditor's report on
11 the comprehensive annual financial report and other financial
12 reports and documents, including management letters. Nothing
13 in this Section prohibits the school district from maintaining
14 its own internal audit function.

15 Section 99. Effective date. This Act takes effect upon
16 becoming law, except that the provisions changing Sections 3-7,
17 10-22.45, and 23-6 and adding Sections 10-17b, 10-17c, 10-17d,
18 10-20.46, 23-5.5, 34-18.37, 34-18.39, 34-18.40, and 34-18.41
19 of the School Code take effect July 1, 2010.".