



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB3231

Introduced 2/24/2011, by Rep. Michael W. Tryon

SYNOPSIS AS INTRODUCED:

New Act

15 ILCS 405/6.01 from Ch. 15, par. 206.01

15 ILCS 405/19.5 new

15 ILCS 405/30 new

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

Creates the Long-Term Accounting Act of 2011. Provides that the purpose of the Act is to improve transparency and accountability during the State budget process. Contains provisions concerning the passage of appropriation bills and the electronic publication of appropriation bills. Amends the State Comptroller Act. Requires that the Comptroller publish a comprehensive annual financial report. Amends the Commission on Governmental Forecasting and Accountability Act. Provides that the Commission on Governmental Forecasting and Accountability must publish fiscal budget statements. Sets forth the requirements for the fiscal budget statements. Contains other provisions. Effective immediately.

LRB097 10921 RLJ 51479 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
5 Long-Term Accounting Act of 2011.

6 Section 5. Legislative intent. It is the intent of this Act
7 to improve transparency and accountability during the State
8 budget process that:

9 (1) Confirms and strengthens the State's special
10 responsibility to disclose its actions and results of those
11 actions in a timely and useful way.

12 (2) Establishes the concept that State budgeting
13 disclosures and financial reporting are created primarily for
14 the purpose of informing the public of government activity and
15 creating widespread understanding of these actions.

16 (3) Adopts the use of a consolidating budget documents to
17 facilitate the public's ability to understand the State's
18 annual and accumulated shortfalls despite the relative scale of
19 the State's financial operations and the volume and complexity
20 of budget and financial data.

21 (4) Establishes the State's duty to report the best
22 estimate of its own financial condition.

23 (5) Requires a comprehensive indication of the total

1 activity of government and the long-term effects of current
2 policy.

3 (6) Calls for the calculation of the long-term financial
4 implications to the State and others of the budgetary
5 decisions.

6 (7) Provides the full costing information to necessary to
7 accurately calculate performance measurements.

8 (8) Establishes definitions of existing statutory language
9 to strengthen the Governor's and the General Assembly's ability
10 to determine compliance with the intent of the Section 2 of
11 Article XIII of the Illinois Constitution requirement, which is
12 to preserve intergenerational equity.

13 (9) Requires explicit disclosure and accurate reporting by
14 the Governor and the General Assembly of:

15 (A) debt incurred to fund current operating expenses;

16 (B) current and past costs shifted to future budgets
17 and imposed upon future taxpayers;

18 (C) State obligations, including, but not limited to,
19 current and future personnel benefit costs and
20 lapse-period expenditures; and

21 (D) a fiscal deficit in terms of the excess of full
22 accrual expenses over full accrual revenues and a budget
23 surplus in terms of the excess of full accrual revenues
24 over full accrual expenses at the time the final budget is
25 sent to the Governor.

26 (10) Calls for the Governor and the General Assembly to

1 determine if future budgetary resources will likely be
2 sufficient to sustain public services and to meet obligations
3 as they come due.

4 (11) Acknowledges costs when incurred during the budget
5 year regardless of when they are paid.

6 (12) Injects the expertise and knowledge of the State
7 Comptroller's Office into the preparation of budget
8 calculations.

9 (13) Unveils the State's unusual reliance upon the use of
10 more than 600 special funds.

11 (14) Requires the Annual Budget and the State's
12 Comprehensive Annual Financial Report to be prepared to
13 facilitate a simple comparison of budgeted amounts to the
14 actual amounts spent and received.

15 (15) Requires State agencies to report to the Comptroller
16 all fiscal information necessary to prepare a comprehensive
17 annual financial report in a timely manner.

18 (16) Mandates the production of the State's Comprehensive
19 Annual Financial Report within 6 months after the State's
20 fiscal year end.

21 Section 10. Definitions.

22 "Amounts due to pension funds" means the unfunded actuarial
23 accrued liability for the State pension plans, including the
24 portion of multiple-employer plans attributed to the State.

25 "Benefit enhancements" means the actuarial present value

1 of total projected benefits attributed to the estimated
2 increase in the benefits of retirees or beneficiaries granted
3 by the proposed budget or proposed or enacted changes to the
4 Illinois Pension Code. The benefit enhancements that result
5 from plan members' expected future service amount may be
6 reduced by the amount of specified revenue sources enacted into
7 law.

8 "Capital assets" shall be defined using Governmental
9 Accounting Standards Board concepts outlined in GASB Statement
10 34.

11 "Comptroller's budget statements" means the estimated
12 balance sheet, the estimated statement of activities, and the
13 estimated statement of cash flow.

14 "Estimated balance sheet" means the estimated statement of
15 net assets prepared using the GASB concepts outlined in GASB
16 34.

17 "Estimated retirement plans' assets gain or loss" means the
18 change in the actuarial value of assets at the beginning of the
19 budget period and the actuarial value of assets at the end of
20 the budget period.

21 "Fiscal budget statements" means the estimated statement
22 of fiscal balance, the estimated statement of fiscal deficit,
23 and the estimated financial state of the State.

24 "Fiduciary funds" shall be defined using GASB concepts
25 outlined in Governmental Accounting Standards Board Statement
26 34.

1 "Government-Wide Generally Accepted Accounting Principles
2 (Government-Wide GAAP)" means the accounting standards used in
3 the preparation of the State's government-wide financial
4 statements, using GASB concepts outlined in the Governmental
5 Accounting Standards Board Statement 34. While the
6 Governmental Accounting Standards Board does not prescribe
7 standards for preparing governmental budgets, the accounting
8 standards' concepts shall be applied to the fiscal budget
9 statements prepared under this Act.

10 "Increase (Decrease) in Other Post Employment Benefits
11 (OPEB) Due" means the change in the State's OPEB plans'
12 estimated actuarial accrued liability at the beginning of the
13 budget period and the State's OPEB plans' estimated actuarial
14 accrued liability at the end of the budget period.

15 "Increase (Decrease) in Pension Benefits Due" means the
16 change in the State's pension plans' estimated actuarial
17 accrued liability at the beginning of the budget period and the
18 sum of each pension plan's estimated actuarial accrued
19 liability at the end of the budget period.

20 "Net Pension Obligation (Asset)", "Net Other Post
21 Employment Obligation (Asset)", "Actuarial Value of Assets",
22 "Actuarial Accrued Liability" and "Unfunded Actuarial Accrued
23 Liability (UAAL)" "Actuarial Present Value of Total Projected
24 Benefits" shall be defined using GASB concepts outlined in GASB
25 Statement 45, GASB Statement 25 and GASB Statement 27, as
26 amended by GASB 50.

1 "Off Balance Sheet Other Post Employment (OPEB)
2 Liabilities" means the difference between the State OPEB plans'
3 Estimated UAAL and the estimated Net OPEB Obligation (Asset)
4 included in the estimated balance sheet.

5 "Off Balance Sheet Pension Liabilities" means the
6 difference between the State pension plans' estimated unfunded
7 actuarial accrued liability (UAAL) and the estimated net
8 pension obligation (Asset) included in the estimated balance
9 sheet.

10 "Retirees' health care benefits" means the unfunded
11 actuarial accrued liability (UAAL) for the State OPEB Plans,
12 including the portion of multiple-employer plans attributed to
13 the State.

14 "State Other Post Employment Benefit (OPEB) Plans" include
15 the State's Single-Employer Other Post Employment Benefit
16 (OPEB) plans, and also include the portion of Agent
17 Multiple-Employer (OPEB) plans attributed to the State.

18 "State pension plans" means the State's single-employer
19 pension plans and the portion of agent multiple-employer
20 pension plans attributed to the State.

21 Section 15. Electronic publication of appropriation bills;
22 publication deadlines with respect to second and third
23 readings. The General Assembly shall publish, on a web page
24 controlled by the General Assembly, the texts of all
25 appropriations bills. Each publication shall include an

1 embedded time stamp setting forth the time of electronic
2 publication. No amendment to an appropriation bill shall be
3 considered on second reading until at least 72 hours after the
4 amendment has been published electronically and no bill to
5 appropriate funds shall be passed on third reading until at
6 least 72 hours after the time of electronic publication in
7 final form.

8 Section 20. Passage of appropriation bills prohibited
9 before adoption of joint resolution. The General Assembly shall
10 not enact any bill to appropriate funds within any fiscal year
11 prior to their adoption of the joint resolution reflecting the
12 estimate of funds available for that fiscal year as required
13 under Section 4 of the Commission on Government Forecasting and
14 Accountability Act.

15 Section 25. State funds as fiduciary funds. All State funds
16 shall be fiduciary funds unless explicitly provided otherwise
17 by law.

18 Section 90. The State Comptroller Act is amended by
19 changing Section 6.01 and by adding Sections 19.5 and 30 as
20 follows:

21 (15 ILCS 405/6.01) (from Ch. 15, par. 206.01)

22 Sec. 6.01. Specification and establishment of accounting

1 standards and principles. The Comptroller shall specify and
2 establish the financial accounting and reporting standards and
3 principles to be used by all State government and State
4 agencies. The standards and principles shall be effective upon
5 filing by the Comptroller with the Auditor General. The
6 Comptroller shall maintain and publish the standards and
7 principles as a public document. These standards and principles
8 shall be known as the Generally Accepted Accounting Standards
9 and Principles for Illinois State Government, and shall be
10 compatible with generally accepted accounting standards and
11 principles for government as prescribed by the Governmental
12 Accounting Standards Board (GASB). ~~Whenever possible, be~~
13 ~~compatible with any similar nationally existing generally~~
14 ~~accepted accounting standards and principles for government.~~

15 In establishing the Generally Accepted Accounting
16 Standards and Principles for Illinois State Government, the
17 Comptroller shall consult with the Governor and the other
18 members of the Executive Branch, the Chief Justice of the
19 Supreme Court, and the leadership of the General Assembly and
20 shall provide to these officials, and publish on the
21 Comptroller's website, draft copies of any proposed standards
22 at least 90 days prior to their adoption and shall consider any
23 responses or suggestions that these officials or the public may
24 present.

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

1 (15 ILCS 405/19.5 new)

2 Sec. 19.5. Timely reporting. On or before October 31 of
3 each year, the director or secretary of each State agency shall
4 report to the Comptroller all of the agency's fiscal
5 information necessary to prepare a comprehensive annual
6 financial report (CAFR) for the fiscal year ending June 30 of
7 that year. The Comptroller may require certain State agencies
8 to report the information prior to October 31 under a schedule
9 established by the Comptroller. Whenever the Comptroller
10 determines that a State agency director or secretary is
11 delinquent in reporting the information, the Comptroller shall
12 notify in writing the Office of the Auditor General, the Office
13 of the Governor, the Speaker and Minority Leader of the House
14 of Representatives, and the President and Minority Leader of
15 the Senate of the delinquency.

16 (15 ILCS 405/30 new)

17 Sec. 30. Comprehensive annual financial reports. The
18 Comptroller shall publish each comprehensive annual financial
19 report (CAFR) within 6 months after the end of the fiscal year
20 to which the report relates. At a minimum the Comptroller shall
21 publish the CAFR by on a web page controlled by the
22 Comptroller. If the report is not published within that period,
23 the Comptroller must promptly give notice of the delay to the
24 Governor, the Speaker and Minority Leader of the House of
25 Representatives, and the President and Minority Leader of the

1 Senate and post notice of the delay on a web page controlled by
2 the Comptroller.

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

5 (25 ILCS 155/4) (from Ch. 63, par. 344)

6 Sec. 4. (a) The Commission shall publish, at the convening
7 of each regular session of the General Assembly, a report on
8 the estimated income of the State from all applicable revenue
9 sources for the next ensuing fiscal year and of any other funds
10 estimated to be available for such fiscal year. The Commission,
11 in its discretion, may consult with the Governor's Office of
12 Management and Budget in preparing the report. On the third
13 Wednesday in March after the session convenes, the Commission
14 shall issue a revised and updated set of revenue figures
15 reflecting the latest available information. The House and
16 Senate by joint resolution shall adopt or modify such estimates
17 as may be appropriate. The joint resolution must include all
18 applicable revenues and other funds available. The joint
19 resolution shall constitute the General Assembly's estimate,
20 under paragraph (b) of Section 2 of Article VIII of the
21 Constitution, of the funds estimated to be available during the
22 next fiscal year. The report must estimate all applicable
23 revenues and must estimate other funds available. The report
24 shall clearly separate and distinguish all applicable revenues

1 and other funds available when estimating the funds estimated
2 to be available for purposes of calculating funds estimated to
3 be available as required under subsection (b) of Section 2 of
4 Article VIII of the Illinois Constitution.

5 (a-5) The annual March estimates issued by the Commission
6 shall include an estimated balance sheet, an estimated
7 statement of activities, and an estimated statement of cash
8 flow. The March estimates shall include a variance report of
9 the ongoing fiscal year's budget and appropriations.

10 (a-10) The Commission shall also prepare:

11 (1) The estimated statement of fiscal balance, which
12 shall include:

13 (A) The columns used in the estimated balance
14 sheet.

15 (B) The total net assets, as determined in the
16 estimated balance sheet.

17 (C) The off-balance sheet pension liability.

18 (D) The off-balance sheet OPEB liability

19 (E) The resulting fiscal balance.

20 (2) The estimated statement of fiscal deficit, which
21 shall include:

22 (A) The columns used in the estimated statement of
23 activities.

24 (B) The change in net assets, as determined in the
25 estimated statement of activities.

26 (C) Benefit enhancements.

- 1 (D) Retirement plans' assets gain or loss.
2 (E) Increase (decrease) in pension benefits due.
3 (F) Increase (decrease) in OPEB benefits due.
4 (G) The resulting fiscal deficit.

5 (3) The estimated financial state of the State, which
6 shall include:

7 (A) Amounts reported on the State's Comprehensive
8 Annual Financial Report (CAFR) for the State's fiscal
9 year 2 years prior to the current budget year.

10 (B) The estimated values from last period's
11 budget.

12 (C) The estimated values from the current budget
13 period.

14 (D) What the State owns:

15 (i) Capital assets.

16 (ii) Other assets that are derived from the
17 total assets reported on the statement of net
18 assets/balance sheet minus capital assets.

19 (iii) State assets shall equal the total
20 assets.

21 (E) What the State owes:

22 (i) The amount of State bonds, including, but
23 not limited to, General Obligation Bonds and
24 Special Revenue Bonds.

25 (ii) Amounts due pension funds.

26 (iii) Retirees' health care benefits (OPEB).

1 (iv) Other liabilities that are derived by
2 subtracting the State bonds, the net pension
3 obligation, and the net OPEB obligation from the
4 total liabilities reported on the statement of net
5 assets/balance sheet.

6 (v) State bills.

7 (F) Where the State stands:

8 (i) Illinois' financial position.

9 (ii) Each Illinois family's share, which is
10 derived by dividing Illinois' financial position
11 divided by the Illinois population estimate as
12 determined by the U.S. Census Bureau divided by the
13 national average size of a family as determined by
14 the U.S. Census Bureau.

15 (a-20) In conjunction with the State Comptroller, the
16 Commission shall publish the fiscal budget statements outlined
17 in subsection (a-5) in concert with Government Wide-GAAP. The
18 fiscal budget statements shall include information about the
19 State as a whole. The fiscal budget statements should include
20 the primary government and its component units, except for the
21 fiduciary funds of the primary government and component units
22 that are fiduciary in nature. The fiscal budget statements
23 should be prepared using the economic resources measurement
24 focus and the accrual basis of accounting. The fiscal budget
25 statements should not be presented using the current financial
26 resources measurement focus and the modified accrual basis of

1 accounting, which are used to prepare the State's governmental
2 funds financial statements. The Commission shall obtain from
3 each of the State's pension and OPEB plans' actuaries to
4 determine the pension and OPEB amounts needed to prepare the
5 fiscal budget statements.

6 (b) On the third Wednesday in March, the Commission shall
7 issue estimated:

8 (1) pension funding requirements under P.A. 86-273;
9 and

10 (2) liabilities of the State employee group health
11 insurance program.

12 These estimated costs shall be for the fiscal year
13 beginning the following July 1.

14 (c) The requirement for reporting to the General Assembly
15 shall be satisfied by filing copies of the report with the
16 Speaker, the Minority Leader and the Clerk of the House of
17 Representatives and the President, the Minority Leader and the
18 Secretary of the Senate and the Legislative Research unit, as
19 required by Section 3.1 of the General Assembly Organization
20 Act, and filing such additional copies with the State
21 Government Report Distribution Center for the General Assembly
22 as is required under paragraph (t) of Section 7 of the State
23 Library Act.

24 (d) For each fiscal year, the General Assembly shall adopt
25 a joint resolution accepting the amounts reported on the fiscal
26 budget statements.

1 (e) For the purposes of this Section, "all applicable
2 revenues" means "own source revenues", including:

3 (1) personal income tax;

4 (2) corporate income tax;

5 (3) corporate personal property replacement tax;

6 (4) sales tax retained by the State;

7 (5) excise taxes, such as excise taxes on alcohol,
8 gasoline, or energy;

9 (6) user fees;

10 (7) fines and penalties;

11 (8) gaming taxes;

12 (9) investment income;

13 (10) unencumbered funds provided by other governmental
14 units; or

15 (11) any other revenue source for which the State has
16 no ongoing or unfulfilled obligation to any other party.

17 For the purposes of this Section, "other funds available"
18 means:

19 (1) funds that result from the actions of another
20 entity or government;

21 (2) funds received that are held in trust or have a
22 fiduciary element;

23 (3) pass-through funds or funds received by the State
24 when acting as an agent or collector for another entity;

25 (4) pension contributions made by State employees not
26 used to pay pensions or used to purchase assets for the

- 1 State's pension funds;
2 (5) that portion of sales tax collections that
3 retailers pay to the State but that will be remitted to
4 home rule and local governments;
5 (6) court-ordered collections of child support;
6 (7) inter-period borrowings;
7 (8) prepaid tuition plans; or
8 (9) any other source of funds for which the State has
9 an unfulfilled or ongoing obligation.

10 The definitions set forth in Section 10 of the Truth in
11 Accounting Act of 2010 are incorporated.

12 (Source: P.A. 96-958, eff. 7-1-10.)

13 Section 99. Effective date. This Act takes effect upon
14 becoming law.