



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

HB3856

by Rep. Marcus C. Evans, Jr.

#### SYNOPSIS AS INTRODUCED:

New Act

Creates the Municipal Financial Distress Alert System Act. Requires the State Comptroller to establish an index system to identify municipalities that are in or approaching financial distress. Provides that the Comptroller shall use the index system to indicate municipalities that have failed to submit annual audits or financial reports to the Comptroller as required by law. Requires the Comptroller to annually review audits and financial reports obtained under the Governmental Account Audit Act and publish a report identifying municipalities that are in or approaching financial distress. Defines terms.

LRB099 07928 JLK 28068 b

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 Municipal Financial Distress Alert System Act.

6 Section 5. Purpose. The purpose of this Act is to establish  
7 an alert system, directed by the State Comptroller, to annually  
8 identify municipalities that are in or approaching financial  
9 distress.

10 Section 10. Definitions. For the purpose of this Act,  
11 unless context indicates otherwise:

12 "Municipality" means a city, village, or town with a  
13 population of less than 100,000 that is subject to the  
14 Governmental Account Audit Act.

15 "Financial distress" means a financial state in which a  
16 municipality is in danger of being unable to provide basic  
17 services or pay bills as they come due, according to criteria  
18 established by the State Comptroller in consultation with the  
19 State Comptroller Local Government Advisory Board.

20 "Financial indicators" means a municipality's reported  
21 revenues, expenditures, debt, liabilities, assets, and pension  
22 liabilities across all funds and component units derived from

1 audits and financial reports submitted to the State Comptroller  
2 or other documents available to the State Comptroller.

3 Section 15. Index system.

4 (a) The State Comptroller shall establish an index system  
5 to identify municipalities that are in or approaching financial  
6 distress.

7 (b) If any municipality has failed to submit annual audits  
8 or financial reports to the State Comptroller as required by  
9 law, then the Comptroller shall indicate in the annual index  
10 that the municipality is not in compliance.

11 Section 20. Review of audits. The State Comptroller shall  
12 annually review audits and financial reports obtained under the  
13 Governmental Account Audit Act and publish a report identifying  
14 municipalities that are in or approaching financial distress.