

Public Act 100-0837

SB2638 Enrolled

LRB100 16888 AWJ 32029 b

AN ACT concerning local government.

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

Section 5. The Governmental Account Audit Act is amended by changing Sections 1 and 5 as follows:

(50 ILCS 310/1) (from Ch. 85, par. 701)

Sec. 1. Definitions. As used in this Act, unless the context otherwise indicates:

"Governmental unit" or "unit" includes all municipal corporations in and political subdivisions of this State that appropriate more than \$5,000 for a fiscal year, with the amount to increase or decrease by the amount of the Consumer Price Index (CPI) as reported on January 1 of each year, except the following:

- (1) School districts.
- (2) Cities, villages, and incorporated towns subject to the Municipal Auditing Law, as contained in the Illinois Municipal Code, and cities that file a report with the Comptroller under Section 3.1-35-115 of the Illinois Municipal Code.
- (3) Counties with a population of 1,000,000 or more.
- (4) Counties subject to the County Auditing Law.
- (5) Any other municipal corporations in or political subdivisions of this State, the accounts of which are required by law to be audited by or under the direction of the Auditor General.
- (6) (Blank).
- (7) A drainage district, established under the Illinois Drainage Code (70 ILCS 605), that did not receive or expend any moneys during the immediately preceding fiscal year or obtains approval for assessments and expenditures through the circuit court.
- (8) Public housing authorities that submit financial reports to the U.S. Department of Housing and Urban Development.

"Governing body" means the board or other body or officers having authority to levy taxes, make appropriations, authorize the expenditure of public funds or approve claims for any governmental unit.

"Comptroller" means the Comptroller of the State of Illinois.

"Consumer Price Index" means the Consumer Price Index for All Urban Consumers for all items published by the United States Department of Labor.

"Licensed public accountant" means the holder of a valid certificate as a public accountant under the Illinois Public Accounting Act.

"Audit report" means the written report of the licensed public accountant and all appended statements and schedules relating to that report, presenting or recording the findings of an examination or audit of the financial transactions, affairs, or conditions of a governmental unit.

"Auditor" means a licensed certified public accountant, as that term is defined in Section 0.03 of the Illinois Public Accounting Act, who performs an audit of governmental unit financial statements and records and expresses an assurance or disclaims an opinion on the audited financial statements.

"Report" includes both audit reports and reports filed instead of an audit report by a governmental unit receiving revenue of less than \$850,000 during any fiscal year to which the reports relate.

(Source: P.A. 92-191, eff. 8-1-01; 92-582, eff. 7-1-02.)

(50 ILCS 310/5) (from Ch. 85, par. 705)

Sec. 5. (a) Prior to fiscal year 2019, the ~~The~~ audit report shall contain statements that conform with generally accepted accounting principles or other comprehensive basis of accounting and that set forth, ~~insofar as possible,~~ the

financial position and results of financial operations for each fund of the governmental unit. Each audit report shall include only financial information, findings, and conclusions that are adequately supported by evidence in the auditor's working papers to demonstrate or prove, when called upon, the basis for the matters reported and their correctness and reasonableness. In connection with this, each governmental unit shall retain the right of inspection of the auditor's working papers and shall make them available to the Comptroller, or his or her designee, upon request. The audit report shall also include the professional opinion of the ~~auditor or auditors licensed public accountant~~ with respect to the financial statements or, if an opinion cannot be expressed, a declaration that he or she is unable to express such opinion and an explanation of the reasons he or she cannot do so. Each audit report shall include the certification of the ~~auditor or auditors accountant or accountants~~ making the audit that the audit has been performed in compliance with generally accepted auditing standards.

(b) For fiscal year 2019 and each fiscal year thereafter, the audit report shall contain statements that set forth the financial position and results of financial operations for each fund of the governmental unit. Each audit report shall include only financial information, findings, and conclusions that are adequately supported by evidence in the auditor's working papers to demonstrate or prove, when called upon, the basis for the matters reported and their correctness and reasonableness. In connection with this, each governmental unit shall retain the right of inspection of the auditor's working papers and shall make them available to the Comptroller, or his or her designee, upon request. The audit report shall also include the professional opinion of the auditor or auditors with respect to the financial statements or, if an opinion cannot be expressed, a declaration that he or she is unable to express an opinion and an explanation of the reasons he or she cannot do so. Each audit report shall include the certification of the auditor or auditors making the audit that the audit has been performed in compliance with generally accepted auditing standards.

(c) For fiscal year 2019 and each fiscal year thereafter, audit reports shall contain financial statements prepared in conformity with generally accepted accounting principles and audited in conformity with generally accepted auditing standards if the last audit report filed preceding fiscal year 2019 expressed an unmodified or modified opinion by the independent auditor that the financial statements were presented in conformity with generally accepted accounting principles.

(d) For fiscal year 2019 and each fiscal year thereafter, audit reports containing financial statements prepared in conformity with an other comprehensive basis of accounting may follow the best practices and guidelines as outlined by the American Institute of Certified Public Accountants and shall be audited in conformity with generally accepted auditing standards. If the governing body of a governmental unit submits an audit report containing financial statements prepared in conformity with generally accepted accounting principles, thereafter all future audit reports shall also contain financial statements presented in conformity with generally accepted accounting principles.

(e) Audits may be made on financial statements prepared using either an accrual or cash basis of accounting, depending upon the system followed by the governmental unit, and audit reports shall comply with this Section.

(Source: P.A. 85-1000.)

Section 10. The Counties Code is amended by changing Sections 6-31002 and 6-31006 as follows:

(55 ILCS 5/6-31002) (from Ch. 34, par. 6-31002)

Sec. 6-31002. Definitions. As used in this Division, unless the context otherwise requires:

1. "Comptroller" means the Comptroller of the State of Illinois;
2. "accountant" or "accountants" means and includes all persons authorized to practice public accounting under the laws of this State;
3. "funds and accounts" means all funds of a county derived from property taxes and all funds and accounts derived from sources other than property taxes, including the receipts and expenditures of the fee earnings of each county fee officer;
4. "audit report" means the written report of the

accountant or accountants and all appended statements and schedules relating thereto, presenting or recording the findings of an examination or audit of the financial transactions, affairs and condition of a county;

5. "population" means the number of persons residing in a county according to the last preceding federal decennial census;

6. "auditor" means a licensed certified public accountant, as that term is defined in Section 0.03 of the Illinois Public Accounting Act, who performs an audit of county financial statements and records and expresses an assurance or disclaims an opinion on the audited financial statements; "auditor" does not include a county auditor elected or appointed under Division 3-1 of the Counties Code.

(Source: P.A. 86-962.)

(55 ILCS 5/6-31006) (from Ch. 34, par. 6-31006)
 Sec. 6-31006. Audit report.

(a) ~~Prior to fiscal year 2019, the~~ The audit report shall contain statements that are in conformity with generally accepted public accounting principles ~~or other comprehensive basis of accounting~~ and shall set forth, ~~insofar as possible,~~ the financial position and the results of financial operations for each fund, account, and office of the county government. The audit report shall also include the professional opinion of the ~~auditor or auditors accountant or accountants~~ with respect to the financial status and operations or, if an opinion cannot be expressed, a declaration that such ~~auditor accountant~~ is unable to express such opinion and an explanation of the reasons he ~~or she~~ cannot do so. Each audit report shall include the certification of the ~~auditor or auditors accountant or accountants~~ making the audit that the audit has been performed in compliance with generally accepted auditing standards. Each audit report filed with the Comptroller shall be accompanied by a copy of each official statement or other offering of materials prepared in connection with the issuance of indebtedness of the county since the filing of the last audit report.

(b) ~~For fiscal year 2019 and each fiscal year thereafter, the audit report shall contain statements that set forth the financial position and the results of financial operations for each fund, account, and office of the county government. The audit report shall also include the professional opinion of an auditor or auditors with respect to the financial status and operations or, if an opinion cannot be expressed, a declaration that the auditor is unable to express an opinion and an explanation of the reasons he or she cannot do so. Each audit report shall include the certification of the auditor or auditors making the audit that the audit has been performed in compliance with generally accepted auditing standards. Each audit report filed with the Comptroller shall be accompanied by a copy of each official statement or other offering of materials prepared in connection with the issuance of indebtedness of the county since the filing of the last audit report.~~

(c) ~~For fiscal year 2019 and each fiscal year thereafter, audit reports shall contain financial statements prepared in conformity with generally accepted accounting principles and audited in conformity with generally accepted auditing standards if the last audit report filed preceding fiscal year 2019 expressed an unmodified or modified opinion by the independent auditor that the financial statements were presented in conformity with generally accepted accounting principles.~~

(d) ~~For fiscal year 2019 and each fiscal year thereafter, audit reports containing financial statements prepared in conformity with an other comprehensive basis of accounting may follow the best practices and guidelines outlined by the American Institute of Certified Public Accountants and shall be audited in conformity with generally accepted auditing standards. If the county board of a county submits an audit report containing financial statements prepared in conformity with generally accepted accounting principles, thereafter all future audit reports shall also contain financial statements presented in conformity with generally accepted accounting principles.~~

(e) ~~Audits may be made on financial statements prepared using either an accrual or cash basis of accounting, depending upon the system followed by the county, and audit reports shall comply with this Section.~~

(Source: P.A. 86-962; 87-424.)

Section 15. The Illinois Municipal Code is amended by changing Sections 8-8-2 and 8-8-5 as follows:

(65 ILCS 5/8-8-2) (from Ch. 24, par. 8-8-2)

Sec. 8-8-2. The following terms shall, unless the context otherwise indicates, have the following meanings:

(1) "Municipality" or "municipalities" means all cities, villages and incorporated towns having a population of less than 500,000 as determined by the last preceding Federal census.

(2) "Corporate authorities" means a city council, village board of trustees, library board, police and firemen's pension board, or any other body or officers having authority to levy taxes, make appropriations, or approve claims for any municipality.

(3) "Comptroller" means the Comptroller of the State of Illinois.

(4) "Accountant" or "accountants" means all persons licensed to practice public accounting under the laws of this State.

(5) "Audit report" means the written report of the accountant or accountants and all appended statements and schedules relating thereto, presenting or recording the findings of an examination or audit of the financial transactions, affairs, or condition of a municipality.

(6) "Annual report" means the statement filed, in lieu of an audit report, by the municipalities of less than 800 population, which do not own or operate public utilities and do not have bonded debt.

(7) "Supplemental report" means the annual statement filed, in addition to any audit report provided for herein, by all municipalities, except municipalities of less than 800 population which do not own or operate public utilities and do not have bonded debt.

(8) "Auditor" means a licensed certified public accountant, as that term is defined in Section 0.03 of the Illinois Public Accounting Act, who performs an audit of municipal financial statements and records and expresses an assurance or disclaims an opinion on the audited financial statements.

(Source: P.A. 81-1050.)

(65 ILCS 5/8-8-5) (from Ch. 24, par. 8-8-5)

Sec. 8-8-5. ~~(a) Prior to fiscal year 2019, the~~ The audit shall be made in accordance with generally accepted auditing standards. Reporting on the financial position and results of financial operations for each fund of the municipality shall be in accordance with generally accepted accounting principles or other comprehensive basis of accounting, insofar as possible. Each audit report shall include only financial information, findings, and conclusions that are adequately supported by evidence in the auditor's working papers to demonstrate or prove, when called upon, the basis for the matters reported and their correctness and reasonableness. In connection with this, each municipality shall retain the right of inspection of the auditor's working papers and shall make them available to the Comptroller, or his or her designee, upon request. The audit report shall consist of the professional opinion of the auditor or auditors ~~accountant or accountants~~ with respect to the financial statements or, if an opinion cannot be expressed, a declaration that the auditor ~~accountant~~ is unable to express such opinion and an explanation of the reasons he or she cannot do so. Municipal authorities shall not impose limitations on the scope of the audit to the extent that the effect of such limitations will result in the qualification of the opinion of the auditor or auditors ~~accountant or accountants~~. Each audit report filed with the Comptroller shall be accompanied by a copy of each official statement or other offering of materials prepared in connection with the issuance of indebtedness of the municipality since the filing of the last audit report.

~~Audits under this Division may be made upon either an accrual or cash basis of accounting depending upon the system followed by each municipality.~~

(b) For fiscal year 2019 and each fiscal year thereafter, the audit shall be made in accordance with generally accepted auditing standards. Each audit report shall include only financial information, findings, and conclusions that are adequately supported by evidence in the auditor's working

papers to demonstrate or prove, when called upon, the basis for the matters reported and their correctness and reasonableness. In connection with this, each municipality shall retain the right of inspection of the auditor's working papers and shall make them available to the Comptroller, or his or her designee, upon request. The audit report shall also consist of the professional opinion of an auditor or auditors with respect to the financial statements or, if an opinion cannot be expressed, a declaration that the auditor is unable to express an opinion and an explanation of the reasons he or she cannot do so. Municipal authorities shall not impose limitations on the scope of the audit to the extent that the effect of the limitations will result in the qualification of the opinion of the auditor or auditors. Each audit report filed with the Comptroller shall be accompanied by a copy of each official statement or other offering of materials prepared in connection with the issuance of indebtedness of the municipality since the filing of the last audit report.

(c) For fiscal year 2019 and each fiscal year thereafter, audit reports shall contain financial statements prepared in accordance with generally accepted accounting principles and audited in accordance with generally accepted auditing standards if the last audit report filed preceding fiscal year 2019 expressed an unmodified or modified opinion by the independent auditor that the financial statements were presented in accordance with generally accepted accounting principles.

(d) For fiscal year 2019 and each fiscal year thereafter, audit reports containing financial statements prepared in accordance with an other comprehensive basis of accounting may follow the best practices and guidelines outlined by the American Institute of Certified Public Accountants and shall be audited in accordance with generally accepted auditing standards. If the corporate authority of a municipality submits an audit report containing financial statements prepared in accordance with generally accepted accounting principles, thereafter all future audit reports shall also contain financial statements presented in accordance with generally accepted accounting principles.

(e) Audits may be made on financial statements prepared using either an accrual or cash basis of accounting, depending upon the system followed by the municipality, and audit reports shall comply with this Section.

(Source: P.A. 87-433.)

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

Effective Date: 8/13/2018