

1 AN ACT concerning local government.

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

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

6 (50 ILCS 310/1) (from Ch. 85, par. 701)

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

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

15 (1) School districts.

16 (2) Cities, villages, and incorporated towns subject
17 to the Municipal Auditing Law, as contained in the Illinois
18 Municipal Code, and cities that file a report with the
19 Comptroller under Section 3.1-35-115 of the Illinois
20 Municipal Code.

21 (3) Counties with a population of 1,000,000 or more.

22 (4) Counties subject to the County Auditing Law.

23 (5) Any other municipal corporations in or political

1 subdivisions of this State, the accounts of which are
2 required by law to be audited by or under the direction of
3 the Auditor General.

4 (6) (Blank).

5 (7) A drainage district, established under the
6 Illinois Drainage Code (70 ILCS 605), that did not receive
7 or expend any moneys during the immediately preceding
8 fiscal year or obtains approval for assessments and
9 expenditures through the circuit court.

10 (8) Public housing authorities that submit financial
11 reports to the U.S. Department of Housing and Urban
12 Development.

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

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

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

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

25 "Audit report" means the written report of the licensed
26 public accountant and all appended statements and schedules

1 relating to that report, presenting or recording the findings
2 of an examination or audit of the financial transactions,
3 affairs, or conditions of a governmental unit.

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

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

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

14 (50 ILCS 310/5) (from Ch. 85, par. 705)

15 Sec. 5. (a) Prior to fiscal year 2019, the ~~The~~ audit report
16 shall contain statements that conform with generally accepted
17 accounting principles or other comprehensive basis of
18 accounting and that set forth, ~~insofar as possible,~~ the
19 financial position and results of financial operations for each
20 fund of the governmental unit. Each audit report shall include
21 only financial information, findings, and conclusions that are
22 adequately supported by evidence in the auditor's working
23 papers to demonstrate or prove, when called upon, the basis for
24 the matters reported and their correctness and reasonableness.
25 In connection with this, each governmental unit shall retain

1 the right of inspection of the auditor's working papers and
2 shall make them available to the Comptroller, or his or her
3 designee, upon request. The audit report shall also include the
4 professional opinion of the auditor or auditors ~~licensed public~~
5 ~~accountant~~ with respect to the financial statements or, if an
6 opinion cannot be expressed, a declaration that he or she is
7 unable to express such opinion and an explanation of the
8 reasons he or she cannot do so. Each audit report shall include
9 the certification of the auditor or auditors ~~accountant or~~
10 ~~accountants~~ making the audit that the audit has been performed
11 in compliance with generally accepted auditing standards.

12 (b) For fiscal year 2019 and each fiscal year thereafter,
13 the audit report shall contain statements that set forth the
14 financial position and results of financial operations for each
15 fund of the governmental unit. Each audit report shall include
16 only financial information, findings, and conclusions that are
17 adequately supported by evidence in the auditor's working
18 papers to demonstrate or prove, when called upon, the basis for
19 the matters reported and their correctness and reasonableness.
20 In connection with this, each governmental unit shall retain
21 the right of inspection of the auditor's working papers and
22 shall make them available to the Comptroller, or his or her
23 designee, upon request. The audit report shall also include the
24 professional opinion of the auditor or auditors with respect to
25 the financial statements or, if an opinion cannot be expressed,
26 a declaration that he or she is unable to express an opinion

1 and an explanation of the reasons he or she cannot do so. Each
2 audit report shall include the certification of the auditor or
3 auditors making the audit that the audit has been performed in
4 compliance with generally accepted auditing standards.

5 (c) For fiscal year 2019 and each fiscal year thereafter,
6 audit reports shall contain financial statements prepared in
7 conformity with generally accepted accounting principles and
8 audited in conformity with generally accepted auditing
9 standards if the last audit report filed preceding fiscal year
10 2019 expressed an unmodified or modified opinion by the
11 independent auditor that the financial statements were
12 presented in conformity with generally accepted accounting
13 principles.

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

26 (e) Audits may be made on financial statements prepared

1 using either an accrual or cash basis of accounting, depending
2 upon the system followed by the governmental unit, and audit
3 reports shall comply with this Section.

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

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

7 (55 ILCS 5/6-31002) (from Ch. 34, par. 6-31002)

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

10 1. "Comptroller" means the Comptroller of the State of
11 Illinois;

12 2. "accountant" or "accountants" means and includes all
13 persons authorized to practice public accounting under the laws
14 of this State;

15 3. "funds and accounts" means all funds of a county derived
16 from property taxes and all funds and accounts derived from
17 sources other than property taxes, including the receipts and
18 expenditures of the fee earnings of each county fee officer;

19 4. "audit report" means the written report of the
20 accountant or accountants and all appended statements and
21 schedules relating thereto, presenting or recording the
22 findings of an examination or audit of the financial
23 transactions, affairs and condition of a county;

24 5. "population" means the number of persons residing in a

1 county according to the last preceding federal decennial
2 census;~~;~~

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

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

11 (55 ILCS 5/6-31006) (from Ch. 34, par. 6-31006)

12 Sec. 6-31006. Audit report.

13 (a) Prior to fiscal year 2019, the ~~The~~ audit report shall
14 contain statements that are in conformity with generally
15 accepted public accounting principles or other comprehensive
16 basis of accounting and shall set forth, ~~insofar as possible,~~
17 the financial position and the results of financial operations
18 for each fund, account, and office of the county government.
19 The audit report shall also include the professional opinion of
20 the auditor or auditors ~~accountant or accountants~~ with respect
21 to the financial status and operations or, if an opinion cannot
22 be expressed, a declaration that such auditor ~~accountant~~ is
23 unable to express such opinion and an explanation of the
24 reasons he or she cannot do so. Each audit report shall include
25 the certification of the auditor or auditors ~~accountant or~~

1 ~~accountants~~ making the audit that the audit has been performed
2 in compliance with generally accepted auditing standards. Each
3 audit report filed with the Comptroller shall be accompanied by
4 a copy of each official statement or other offering of
5 materials prepared in connection with the issuance of
6 indebtedness of the county since the filing of the last audit
7 report.

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

25 (c) For fiscal year 2019 and each fiscal year thereafter,
26 audit reports shall contain financial statements prepared in

1 conformity with generally accepted accounting principles and
2 audited in conformity with generally accepted auditing
3 standards if the last audit report filed preceding fiscal year
4 2019 expressed an unmodified or modified opinion by the
5 independent auditor that the financial statements were
6 presented in conformity with generally accepted accounting
7 principles.

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

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

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

25 Section 15. The Illinois Municipal Code is amended by

1 changing Sections 8-8-2 and 8-8-5 as follows:

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

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

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

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

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

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

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

24 (6) "Annual report" means the statement filed, in lieu of
25 an audit report, by the municipalities of less than 800

1 population, which do not own or operate public utilities and do
2 not have bonded debt.

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

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

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

15 (65 ILCS 5/8-8-5) (from Ch. 24, par. 8-8-5)

16 Sec. 8-8-5. (a) Prior to fiscal year 2019, the ~~The~~ audit
17 shall be made in accordance with generally accepted auditing
18 standards. Reporting on the financial position and results of
19 financial operations for each fund of the municipality shall be
20 in accordance with generally accepted accounting principles or
21 other comprehensive basis of accounting, ~~insofar as possible.~~
22 Each audit report shall include only financial information,
23 findings, and conclusions that are adequately supported by
24 evidence in the auditor's working papers to demonstrate or
25 prove, when called upon, the basis for the matters reported and

1 their correctness and reasonableness. In connection with this,
2 each municipality shall retain the right of inspection of the
3 auditor's working papers and shall make them available to the
4 Comptroller, or his or her designee, upon request. The audit
5 report shall consist of the professional opinion of the auditor
6 or auditors ~~accountant or accountants~~ with respect to the
7 financial statements or, if an opinion cannot be expressed, a
8 declaration that the auditor ~~accountant~~ is unable to express
9 such opinion and an explanation of the reasons he or she cannot
10 do so. Municipal authorities shall not impose limitations on
11 the scope of the audit to the extent that the effect of such
12 limitations will result in the qualification of the opinion of
13 the auditor or auditors ~~accountant or accountants~~. Each audit
14 report filed with the Comptroller shall be accompanied by a
15 copy of each official statement or other offering of materials
16 prepared in connection with the issuance of indebtedness of the
17 municipality since the filing of the last audit report.

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

21 (b) For fiscal year 2019 and each fiscal year thereafter,
22 the audit shall be made in accordance with generally accepted
23 auditing standards. Each audit report shall include only
24 financial information, findings, and conclusions that are
25 adequately supported by evidence in the auditor's working
26 papers to demonstrate or prove, when called upon, the basis for

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

18 (c) For fiscal year 2019 and each fiscal year thereafter,
19 audit reports shall contain financial statements prepared in
20 accordance with generally accepted accounting principles and
21 audited in accordance with generally accepted auditing
22 standards if the last audit report filed preceding fiscal year
23 2019 expressed an unmodified or modified opinion by the
24 independent auditor that the financial statements were
25 presented in accordance with generally accepted accounting
26 principles.

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

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

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

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