



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB0082

Introduced 1/17/2025, by Sen. Doris Turner

SYNOPSIS AS INTRODUCED:

65 ILCS 5/8-8-2
65 ILCS 5/8-8-3

from Ch. 24, par. 8-8-2
from Ch. 24, par. 8-8-3

Amends the Illinois Municipal Auditing Law of the Illinois Municipal Code. Provides that certain provisions concerning audit requirements shall become inoperable in fiscal year 2026. Provides that, beginning in Fiscal Year 2026, if a municipality has a population of 1,000 or more, then the municipality shall file annually with the Comptroller an audit report and annual financial report. Provides that, beginning in Fiscal Year 2026, a municipality with a population of less than 1,000 shall file annually with the Comptroller an annual financial report. Provides that, beginning in Fiscal Year 2026, a municipality with a population of less than 1,000 that owns or operates public utilities or has bonded debt shall file an audit report once every 4 years unless the latest audit report filed with the Comptroller contains an adverse opinion or disclaimer of opinion. Provides that, if the audit report contains an adverse opinion or disclaimer of opinion, then the municipality shall file an audit report annually until the audit report shows no adverse opinion or disclaimer of opinion. Provides that, beginning in Fiscal Year 2026, municipalities shall submit completed audit reports and annual financial reports within 180 days after the close of such fiscal year, unless an extension is granted by the Comptroller in writing.

LRB104 03022 RTM 13040 b

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 Illinois Municipal Code is amended by
5 changing Sections 8-8-2 and 8-8-3 as follows:

6 (65 ILCS 5/8-8-2) (from Ch. 24, par. 8-8-2)

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

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

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

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

20 (4) (Blank).

21 (5) "Audit report" means, until Fiscal Year 2026, the
22 written report of the auditor or auditors and all appended
23 statements and schedules relating thereto, presenting or

1 recording the findings of an examination or audit of the
2 financial transactions, affairs, or condition of a
3 municipality. This paragraph (5) becomes inoperable in Fiscal
4 Year 2026.

5 (5.5) "Audit report" means, beginning in Fiscal Year 2026,
6 the written report of the auditor presenting or recording the
7 findings of an examination or audit of (i) all accounts and
8 funds of the municipality and (ii) the financial transactions,
9 affairs, and condition of the municipality. "Audit report"
10 includes, beginning in Fiscal Year 2026, all appended
11 statements and schedules relating to the written report of the
12 auditor.

13 (6) "Annual report" means, until Fiscal Year 2026, the
14 statement filed, in lieu of an audit report, by the
15 municipalities of less than 800 population, which do not own
16 or operate public utilities and do not have bonded debt. This
17 paragraph (6) becomes inoperable in Fiscal Year 2026.

18 (6.5) "Annual financial report" means, beginning in Fiscal
19 Year 2026, the statement filed in lieu of an audit report and
20 containing the information required by the Comptroller on
21 forms devised by the Comptroller in such manner as to not
22 require professional accounting services for its preparation.

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

1 not have bonded debt.

2 (8) "Auditor" means a licensed certified public
3 accountant, as that term is defined in Section 0.03 of the
4 Illinois Public Accounting Act, or the substantial equivalent
5 of a licensed CPA, as provided under Section 5.2 of the
6 Illinois Public Accounting Act, who performs an audit of
7 municipal financial statements and records and expresses an
8 assurance or disclaims an opinion on the audited financial
9 statements.

10 (9) "Generally accepted accounting principles" means
11 accounting principles generally accepted in the United States.

12 (10) "Generally accepted auditing standards" means
13 auditing standards generally accepted in the United States.

14 (Source: P.A. 100-837, eff. 8-13-18; 101-419, eff. 1-1-20.)

15 (65 ILCS 5/8-8-3) (from Ch. 24, par. 8-8-3)

16 Sec. 8-8-3. Audit requirements.

17 (a) The corporate authorities of each municipality coming
18 under the provisions of this Division 8 shall cause an audit of
19 the funds and accounts of the municipality to be made by an
20 auditor or auditors employed by such municipality or by an
21 auditor or auditors retained by the Comptroller, as
22 hereinafter provided.

23 (b) Until Fiscal Year 2026, the ~~The~~ accounts and funds of
24 each municipality having a population of 800 or more or having
25 a bonded debt or owning or operating any type of public utility

1 shall be audited annually. The audit herein required shall
2 include all of the accounts and funds of the municipality.
3 Such audit shall be begun as soon as possible after the close
4 of the fiscal year, and shall be completed and the report
5 submitted within 180 days after the close of such fiscal year,
6 unless an extension of time shall be granted by the
7 Comptroller in writing. The auditor or auditors perform the
8 audit shall submit not less than 2 copies of the audit report
9 to the corporate authorities of the municipality being
10 audited. Municipalities not operating utilities may cause
11 audits of the accounts of municipalities to be made more often
12 than herein provided, by an auditor or auditors. The audit
13 report of such audit when filed with the Comptroller together
14 with an audit report covering the remainder of the period for
15 which an audit is required to be filed hereunder shall satisfy
16 the requirements of this section. This subsection (b) becomes
17 inoperable in Fiscal Year 2026.

18 (c) Until Fiscal Year 2026, municipalities ~~Municipalities~~
19 of less than 800 population which do not own or operate public
20 utilities and do not have bonded debt, shall file annually
21 with the Comptroller a financial report containing information
22 required by the Comptroller. Such annual financial report
23 shall be on forms devised by the Comptroller in such manner as
24 to not require professional accounting services for its
25 preparation. This subsection (c) becomes inoperable in Fiscal
26 Year 2026.

1 (d) Until Fiscal Year 2026, in ~~In~~ addition to any audit
2 report required, all municipalities, except municipalities of
3 less than 800 population which do not own or operate public
4 utilities and do not have bonded debt, shall file annually
5 with the Comptroller a supplemental report on forms devised
6 and approved by the Comptroller. This subsection (d) becomes
7 inoperable in Fiscal Year 2026.

8 (e) Until Fiscal Year 2026, notwithstanding
9 ~~Notwithstanding~~ any provision of law to the contrary, if a
10 municipality (i) has a population of less than 200, (ii) has
11 bonded debt in the amount of \$50,000 or less, and (iii) owns or
12 operates a public utility, then the municipality shall cause
13 an audit of the funds and accounts of the municipality to be
14 performed by an auditor employed by the municipality or
15 retained by the Comptroller for fiscal year 2011 and every
16 fourth fiscal year thereafter or until the municipality has a
17 population of 200 or more, has bonded debt in excess of
18 \$50,000, or no longer owns or operates a public utility.
19 Nothing in this subsection shall be construed as limiting the
20 municipality's duty to file an annual financial report with
21 the Comptroller or to comply with the filing requirements
22 concerning the county clerk. This subsection (e) becomes
23 inoperable in Fiscal Year 2026.

24 (f) All audits and reports to be filed with the
25 Comptroller under this Section must be submitted
26 electronically and the Comptroller must post the audits and

1 reports on the Internet no later than 45 days after they are
2 received. If the municipality provides the Comptroller's
3 Office with sufficient evidence that the audit or report
4 cannot be filed electronically, the Comptroller may waive this
5 requirement. The Comptroller must also post a list of
6 municipalities that are not in compliance with the reporting
7 requirements set forth in this Section.

8 (g) Subsection (f) of this Section is a limitation under
9 subsection (i) of Section 6 of Article VII of the Illinois
10 Constitution on the concurrent exercise by home rule
11 municipalities of powers and functions exercised by the State.

12 (i) Beginning in Fiscal Year 2026, if a municipality has a
13 population of less than 1,000, does not own or operate public
14 utilities, and does not have bonded debt, then the
15 municipality shall file annually with the Comptroller an
16 annual financial report.

17 (j) Beginning in Fiscal Year 2026, a municipality with a
18 population of less than 1,000 shall annually file an annual
19 financial report with the Comptroller if the municipality owns
20 or operates public utilities or has bonded debt. Additionally,
21 the municipality shall file an audit report once every 4 years
22 unless the latest audit report filed with the Comptroller
23 contains an adverse opinion or disclaimer of opinion. If the
24 audit report contains an adverse opinion or disclaimer of
25 opinion, then the municipality shall file an audit report
26 annually until the audit report shows no adverse opinion or

1 disclaimer of opinion.

2 (k) Beginning in Fiscal Year 2026, if a municipality has a
3 population of 1,000 or more, then the municipality shall file
4 annually with the Comptroller an audit report and annual
5 financial report.

6 (l) Beginning in Fiscal Year 2026, municipalities shall
7 submit completed audit reports and annual financial reports
8 within 180 days after the close of such fiscal year, unless an
9 extension is granted by the Comptroller in writing. The
10 auditor performing the audit shall submit not less than 2
11 copies of the audit report to the corporate authorities of the
12 municipality being audited. The audit report of such audit
13 when filed with the Comptroller together with an audit report
14 covering the remainder of the period for which an audit is
15 required to be filed under this Section shall satisfy the
16 requirements of this Section.

17 (h) Any financial report under this Section shall include
18 the name of the purchasing agent who oversees all
19 competitively bid contracts. If there is no purchasing agent,
20 the name of the person responsible for oversight of all
21 competitively bid contracts shall be listed.

22 (Source: P.A. 101-419, eff. 1-1-20.)