



Sen. James F. Clayborne, Jr.

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10000SB2638sam003

LRB100 16888 AWJ 38418 a

1 AMENDMENT TO SENATE BILL 2638

2 AMENDMENT NO. _____. Amend Senate Bill 2638, AS AMENDED,
3 by replacing everything after the enacting clause with the
4 following:

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

7 (50 ILCS 310/1) (from Ch. 85, par. 701)

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

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

- 16 (1) School districts.

1 (2) Cities, villages, and incorporated towns subject
2 to the Municipal Auditing Law, as contained in the Illinois
3 Municipal Code, and cities that file a report with the
4 Comptroller under Section 3.1-35-115 of the Illinois
5 Municipal Code.

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

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

8 (5) Any other municipal corporations in or political
9 subdivisions of this State, the accounts of which are
10 required by law to be audited by or under the direction of
11 the Auditor General.

12 (6) (Blank).

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

18 (8) Public housing authorities that submit financial
19 reports to the U.S. Department of Housing and Urban
20 Development.

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

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

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

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

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

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

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

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

22 (50 ILCS 310/5) (from Ch. 85, par. 705)

23 Sec. 5. (a) Prior to fiscal year 2019, the ~~The~~ audit report
24 shall contain statements that conform with generally accepted
25 accounting principles or other comprehensive basis of

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

20 (b) For fiscal year 2019 and each fiscal year thereafter,
21 the audit report shall contain statements that set forth the
22 financial position and results of financial operations for each
23 fund of the governmental unit. Each audit report shall include
24 only 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 governmental unit shall retain
3 the right of inspection of the auditor's working papers and
4 shall make them available to the Comptroller, or his or her
5 designee, upon request. The audit report shall also include the
6 professional opinion of the auditor or auditors with respect to
7 the financial statements or, if an opinion cannot be expressed,
8 a declaration that he or she is unable to express an opinion
9 and an explanation of the reasons he or she cannot do so. Each
10 audit report shall include the certification of the auditor or
11 auditors making the audit that the audit has been performed in
12 compliance with generally accepted auditing standards.

13 (c) For fiscal year 2019 and each fiscal year thereafter,
14 audit reports shall contain financial statements prepared in
15 conformity with generally accepted accounting principles and
16 audited in conformity with generally accepted auditing
17 standards if the last audit report filed preceding fiscal year
18 2017 expressed an unmodified or modified opinion by the
19 independent auditor that the financial statements were
20 presented in conformity with generally accepted accounting
21 principles.

22 (d) For fiscal year 2019 and each fiscal year thereafter,
23 audit reports containing financial statements prepared in
24 conformity with an other comprehensive basis of accounting may
25 follow the best practices and guidelines as outlined by the
26 American Institute of Certified Public Accountants and shall be

1 audited in conformity with generally accepted auditing
2 standards. If the governing body of a governmental unit submits
3 an audit report containing financial statements prepared in
4 conformity with generally accepted accounting principles,
5 thereafter all future audit reports shall also contain
6 financial statements presented in conformity with generally
7 accepted accounting principles.

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

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

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

15 (55 ILCS 5/6-31002) (from Ch. 34, par. 6-31002)

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

18 1. "Comptroller" means the Comptroller of the State of
19 Illinois;

20 2. "accountant" or "accountants" means and includes all
21 persons authorized to practice public accounting under the laws
22 of this State;

23 3. "funds and accounts" means all funds of a county derived
24 from property taxes and all funds and accounts derived from

1 sources other than property taxes, including the receipts and
2 expenditures of the fee earnings of each county fee officer;

3 4. "audit report" means the written report of the
4 accountant or accountants and all appended statements and
5 schedules relating thereto, presenting or recording the
6 findings of an examination or audit of the financial
7 transactions, affairs and condition of a county;

8 5. "population" means the number of persons residing in a
9 county according to the last preceding federal decennial
10 census;~~i-~~

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

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

19 (55 ILCS 5/6-31006) (from Ch. 34, par. 6-31006)

20 Sec. 6-31006. Audit report.

21 (a) Prior to fiscal year 2019, the ~~The~~ audit report shall
22 contain statements that are in conformity with generally
23 accepted public accounting principles or other comprehensive
24 basis of accounting and shall set forth, ~~insofar as possible,~~
25 the financial position and the results of financial operations

1 for each fund, account, and office of the county government.
2 The audit report shall also include the professional opinion of
3 the auditor or auditors ~~accountant or accountants~~ with respect
4 to the financial status and operations or, if an opinion cannot
5 be expressed, a declaration that such auditor ~~accountant~~ is
6 unable to express such opinion and an explanation of the
7 reasons he or she cannot do so. Each audit report shall include
8 the certification of the auditor or auditors ~~accountant or~~
9 ~~accountants~~ making the audit that the audit has been performed
10 in compliance with generally accepted auditing standards. Each
11 audit report filed with the Comptroller shall be accompanied by
12 a copy of each official statement or other offering of
13 materials prepared in connection with the issuance of
14 indebtedness of the county since the filing of the last audit
15 report.

16 (b) For fiscal year 2019 and each fiscal year thereafter,
17 the audit report shall contain statements that set forth the
18 financial position and the results of financial operations for
19 each fund, account, and office of the county government. The
20 audit report shall also include the professional opinion of an
21 auditor or auditors with respect to the financial status and
22 operations or, if an opinion cannot be expressed, a declaration
23 that the auditor is unable to express an opinion and an
24 explanation of the reasons he or she cannot do so. Each audit
25 report shall include the certification of the auditor or
26 auditors making the audit that the audit has been performed in

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

7 (c) For fiscal year 2019 and each fiscal year thereafter,
8 audit reports shall contain financial statements prepared in
9 conformity with generally accepted accounting principles and
10 audited in conformity with generally accepted auditing
11 standards if the last audit report filed preceding fiscal year
12 2017 expressed an unmodified or modified opinion by the
13 independent auditor that the financial statements were
14 presented in conformity with generally accepted accounting
15 principles.

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

1 principles.

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

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

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

9 (65 ILCS 5/8-8-2) (from Ch. 24, par. 8-8-2)

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

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

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

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

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

1 State.

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

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

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

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

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

23 (65 ILCS 5/8-8-5) (from Ch. 24, par. 8-8-5)

24 Sec. 8-8-5. (a) Prior to fiscal year 2019, the ~~The~~ audit
25 shall be made in accordance with generally accepted auditing

1 standards. Reporting on the financial position and results of
2 financial operations for each fund of the municipality shall be
3 in accordance with generally accepted accounting principles or
4 other comprehensive basis of accounting, ~~insofar as possible.~~

5 Each audit report shall include only financial information,
6 findings, and conclusions that are adequately supported by
7 evidence in the auditor's working papers to demonstrate or
8 prove, when called upon, the basis for the matters reported and
9 their correctness and reasonableness. In connection with this,
10 each municipality shall retain the right of inspection of the
11 auditor's working papers and shall make them available to the
12 Comptroller, or his or her designee, upon request. The audit
13 report shall consist of the professional opinion of the auditor
14 or auditors ~~accountant or accountants~~ with respect to the
15 financial statements or, if an opinion cannot be expressed, a
16 declaration that the auditor ~~accountant~~ is unable to express
17 such opinion and an explanation of the reasons he or she cannot
18 do so. Municipal authorities shall not impose limitations on
19 the scope of the audit to the extent that the effect of such
20 limitations will result in the qualification of the opinion of
21 the auditor or auditors ~~accountant or accountants~~. Each audit
22 report filed with the Comptroller shall be accompanied by a
23 copy of each official statement or other offering of materials
24 prepared in connection with the issuance of indebtedness of the
25 municipality since the filing of the last audit report.

26 ~~Audits under this Division may be made upon either an~~

1 ~~accrual or cash basis of accounting depending upon the system~~
2 ~~followed by each municipality.~~

3 (b) For fiscal year 2019 and each fiscal year thereafter,
4 the audit shall be made in accordance with generally accepted
5 auditing standards. Each audit report shall include only
6 financial information, findings, and conclusions that are
7 adequately supported by evidence in the auditor's working
8 papers to demonstrate or prove, when called upon, the basis for
9 the matters reported and their correctness and reasonableness.
10 In connection with this, each municipality shall retain the
11 right of inspection of the auditor's working papers and shall
12 make them available to the Comptroller, or his or her designee,
13 upon request. The audit report shall also consist of the
14 professional opinion of an auditor or auditors with respect to
15 the financial statements or, if an opinion cannot be expressed,
16 a declaration that the auditor is unable to express an opinion
17 and an explanation of the reasons he or she cannot do so.
18 Municipal authorities shall not impose limitations on the scope
19 of the audit to the extent that the effect of the limitations
20 will result in the qualification of the opinion of the auditor
21 or auditors. Each audit report filed with the Comptroller shall
22 be accompanied by a copy of each official statement or other
23 offering of materials prepared in connection with the issuance
24 of indebtedness of the municipality since the filing of the
25 last audit report.

26 (c) For fiscal year 2019 and each fiscal year thereafter,

1 audit reports shall contain financial statements prepared in
2 accordance with generally accepted accounting principles and
3 audited in accordance with generally accepted auditing
4 standards if the last audit report filed preceding fiscal year
5 2017 expressed an unmodified or modified opinion by the
6 independent auditor that the financial statements were
7 presented in accordance with generally accepted accounting
8 principles.

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

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

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

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