

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 2017 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.

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

9 (55 ILCS 5/6-31006) (from Ch. 34, par. 6-31006)

10 Sec. 6-31006. Audit report.

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

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

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

23 (c) For fiscal year 2019 and each fiscal year thereafter,
24 audit reports shall contain financial statements prepared in
25 conformity with generally accepted accounting principles and
26 audited in conformity with generally accepted auditing

1 standards if the last audit report filed preceding fiscal year
2 2017 expressed an unmodified or modified opinion by the
3 independent auditor that the financial statements were
4 presented in conformity with generally accepted accounting
5 principles.

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

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

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

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

1 (65 ILCS 5/8-8-2) (from Ch. 24, par. 8-8-2)

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

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

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

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

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

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

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

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

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

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

13 (65 ILCS 5/8-8-5) (from Ch. 24, par. 8-8-5)

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

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

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

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

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

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

25 (d) For fiscal year 2019 and each fiscal year thereafter,
26 audit reports containing financial statements prepared in

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

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

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

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