



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB3563

Introduced 2/16/2018, by

SYNOPSIS AS INTRODUCED:

50 ILCS 310/1	from Ch. 85, par. 701
50 ILCS 310/2	from Ch. 85, par. 702
50 ILCS 310/3	from Ch. 85, par. 703
75 ILCS 16/30-45	
75 ILCS 16/30-65	

Amends the Governmental Account Audit Act and the Public Library District Act of 1991. Provides that certain audits and financial reports of governmental units and public libraries shall be consistent with either the accrual or cash basis of accounting. Effective immediately.

LRB100 16551 AWJ 31683 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 Governmental Account Audit Act is amended by
5 changing Sections 1, 2, and 3 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, in a manner that is consistent with
2 either the accrual or cash basis of accounting, presenting or
3 recording the findings of an examination or audit of the
4 financial transactions, affairs, or conditions of a
5 governmental unit.

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

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

11 (50 ILCS 310/2) (from Ch. 85, par. 702)

12 Sec. 2. Except as otherwise provided in Section 3, the
13 governing body of each governmental unit shall cause an audit
14 of the accounts of the unit to be made by a licensed public
15 accountant. The audit shall be consistent with either the
16 accrual or cash basis of accounting. Such audit shall be made
17 annually and shall cover the immediately preceding fiscal year
18 of the governmental unit. The audit shall include all the
19 accounts and funds of the governmental unit, including the
20 accounts of any officer of the governmental unit who receives
21 fees or handles funds of the unit or who spends money of the
22 unit. The audit shall begin as soon as possible after the close
23 of the last fiscal year to which it pertains, and shall be
24 completed and the audit report filed with the Comptroller
25 within 180 days after the close of such fiscal year unless an

1 extension of time is granted by the Comptroller in writing. An
2 audit report which fails to meet the requirements of this Act
3 shall be rejected by the Comptroller and returned to the
4 governing body of the governmental unit for corrective action.
5 The licensed public accountant making the audit shall submit
6 not less than 3 copies of the audit report to the governing
7 body of the governmental unit being audited.

8 All audits to be filed with the Comptroller under this
9 Section must be submitted electronically and the Comptroller
10 must post the audit reports on the Internet no later than 45
11 days after they are received. If the governmental unit provides
12 the Comptroller's Office with sufficient evidence that the
13 audit report cannot be filed electronically, the Comptroller
14 may waive this requirement. The Comptroller must also post a
15 list of governmental units that are not in compliance with the
16 reporting requirements set forth in this Section.

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

22 (Source: P.A. 99-459, eff. 8-25-15.)

23 (50 ILCS 310/3) (from Ch. 85, par. 703)

24 Sec. 3. Any governmental unit receiving revenue of less
25 than \$850,000 for any fiscal year shall, in lieu of complying

1 with the requirements of Section 2 for audits and audit
2 reports, beginning with fiscal year 2016, either: (i) cause an
3 audit of the accounts of the unit, in a manner that is
4 consistent with either the accrual or cash basis of accounting,
5 to be made once every 4 years and file with the Comptroller an
6 annual financial report containing information required by the
7 Comptroller, or (ii) file with the Comptroller an annual
8 financial report containing information required by the
9 Comptroller, a copy of which has been provided to each member
10 of that governmental unit's board of elected officials,
11 presented either in person or by a live phone or web connection
12 during a public meeting, and approved by a 3/5 majority vote.
13 In addition, a governmental unit receiving revenue of less than
14 \$850,000 may file with the Comptroller any audit reports that
15 are consistent with either the accrual or cash basis of
16 accounting which may have been prepared under any other law.
17 Any governmental unit receiving revenue of \$850,000 or more for
18 any fiscal year shall, in addition to complying with the
19 requirements of Section 2 for audits and audit reports, file
20 with the Comptroller the financial report required by this
21 Section. Such financial reports shall be on forms so designed
22 by the Comptroller as not to require professional accounting
23 services for its preparation. All reports to be filed with the
24 Comptroller under this Section must be submitted
25 electronically and the Comptroller must post the reports on the
26 Internet no later than 45 days after they are received. If the

1 governmental unit provides the Comptroller's Office with
2 sufficient evidence that the report cannot be filed
3 electronically, the Comptroller may waive this requirement.
4 The Comptroller must also post a list of governmental units
5 that are not in compliance with the reporting requirements set
6 forth in this Section.

7 Any financial report under this Section shall include the
8 name of the purchasing agent who oversees all competitively bid
9 contracts. If there is no purchasing agent, the name of the
10 person responsible for oversight of all competitively bid
11 contracts shall be listed.

12 (Source: P.A. 97-890, eff. 8-2-12; 97-1142, eff. 12-28-12;
13 98-1019, eff. 7-1-15.)

14 Section 10. The Public Library District Act of 1991 is
15 amended by changing Sections 30-45 and 30-65 as follows:

16 (75 ILCS 16/30-45)

17 Sec. 30-45. Duties of officers.

18 (a) The duties of the officers of the board are as provided
19 in this Section.

20 (b) The president shall preside over all meetings, appoint
21 members of committees authorized by the district's
22 regulations, and perform other duties specified by the
23 district's regulations, ordinances, or other appropriate
24 action. In the president's absence, the vice president shall

1 preside at meetings. The president shall not have or exercise
2 veto powers.

3 (c) The vice president's duties shall be prescribed by
4 regulations.

5 (d) The treasurer shall keep and maintain accounts and
6 records of the district during the treasurer's term in office,
7 indicating in those accounts and records a record of all
8 receipts, disbursements, and balances in any funds.

9 Annual audit and financial report requirements shall
10 conform with Section 3 of the Governmental Account Audit Act
11 and shall be consistent with either the accrual or cash basis
12 of accounting.

13 (e) The treasurer shall give bond to the district to
14 faithfully discharge the duties of the office and to account to
15 the district for all district funds coming into the treasurer's
16 hands. The bond shall be in an amount and with sureties
17 approved by the board. The amount of the bond shall be based
18 upon a minimum of 50% of the total funds received by the
19 district in the last previous fiscal year. The cost of any
20 surety bond shall be borne by the district. As an alternative
21 to a personal bond on the treasurer, the treasurer may secure
22 for the district an insurance policy or other insurance
23 instrument that provides the district with coverage for
24 negligent or intentional acts by district officials and
25 employees that could result in the loss of district funds. The
26 coverage shall be in an amount at least equal to 50% of the

1 average amount of the district's operating fund from the prior
2 3 fiscal years. The coverage shall be placed with an insurer
3 approved by the board. The cost of any such coverage shall be
4 borne by the district. The system shall provide the Illinois
5 State Library a copy of the district's certificate of insurance
6 at the time the district's annual report is filed.

7 (f) Any person, entity, or public body or agency possessing
8 district funds, property, or records shall, upon demand by any
9 trustee, transfer and release the funds, property, or records
10 to the treasurer.

11 (g) The secretary shall keep and maintain appropriate
12 records for his or her term in office and shall include in
13 those records a record of the minutes of all meetings, the
14 names of those in attendance, the ordinances enacted, the
15 resolutions and regulations adopted, and all other pertinent
16 written matter affecting the operation of the district. The
17 secretary may administer oaths and affirmations for the
18 purposes of this Act.

19 (Source: P.A. 97-101, eff. 1-1-12.)

20 (75 ILCS 16/30-65)

21 Sec. 30-65. Reports and audits.

22 (a) On or before September 1 of each year, the board shall
23 prepare a written report for the past fiscal year that shall be
24 consistent with either the accrual or cash basis of accounting.

25 The secretary shall file certified copies of the report on or

1 before the due date with the Illinois State Librarian and in
2 the library or libraries operated by the district, where the
3 report shall be available for public inspection. The report
4 shall include the following:

5 (1) The audit of the secretary and the secretary's
6 records as provided in subsection (c).

7 (2) A statement as to any change in the limits and
8 boundaries of the district.

9 (3) A statement as to property of any type acquired by
10 the district by purchase, legacy, gift, or otherwise.

11 (4) A statement as to the amount of accumulations and
12 the reasons for the accumulations.

13 (5) A statement as to any outstanding liabilities,
14 including those for bonds still outstanding.

15 (6) Any other pertinent information requested by the
16 Illinois State Librarian.

17 (b) Where dissolution of the district has been approved,
18 the board shall prepare a final report.

19 (c) The secretary's records shall be audited by 2 other
20 trustees appointed by the president. The audit shall be
21 conducted each fiscal year and upon the change of secretaries.
22 The audit report shall be filed not later than 90 days
23 following the completion of the fiscal year. The report shall
24 certify the accuracy and completeness of the secretary's
25 records and shall list the discrepancies, if any. The report of
26 the audit of the secretary's records shall be made a part of

1 the secretary's records.

2 (d) The board shall take whatever action is deemed
3 necessary to cure the discrepancies reported to it by any audit
4 committee.

5 (Source: P.A. 87-1277; 88-442; 88-670, eff. 12-2-94.)

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