

SB2875



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB2875

Introduced 1/24/2024, 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 Audit of Accounts Division of the Illinois Municipal Code. Provides that a municipality with a population of 1,000 or less may file an annual report in lieu of an audit report if an audit report has been conducted and filed with the Comptroller within the 3 preceding fiscal years and the municipality had no material findings that indicate significant errors or risks in the municipality's financial information in its last conducted audit report filed with the Comptroller. Makes conforming changes.

LRB103 35854 AWJ 65939 b

A BILL FOR

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 the written report of the auditor
22 or auditors and all appended statements and schedules relating
23 thereto, presenting or recording the findings of an

1 examination or audit of the financial transactions, affairs,
2 or condition of a municipality.

3 (6) "Annual report" means the statement filed, in lieu of
4 an audit report, by a municipality ~~the municipalities~~ of less
5 than 800 population that does, ~~which do~~ not own or operate
6 public utilities and does ~~do~~ not have bonded debt or the
7 statement filed, in lieu of an audit report, by a municipality
8 with a population of 1,000 or less that meets the criteria
9 required under subsection (i) of Section 8-8-3.

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

15 (8) "Auditor" means a licensed certified public
16 accountant, as that term is defined in Section 0.03 of the
17 Illinois Public Accounting Act, or the substantial equivalent
18 of a licensed CPA, as provided under Section 5.2 of the
19 Illinois Public Accounting Act, who performs an audit of
20 municipal financial statements and records and expresses an
21 assurance or disclaims an opinion on the audited financial
22 statements.

23 (9) "Generally accepted accounting principles" means
24 accounting principles generally accepted in the United States.

25 (10) "Generally accepted auditing standards" means
26 auditing standards generally accepted in the United States.

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

2 (65 ILCS 5/8-8-3) (from Ch. 24, par. 8-8-3)

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

4 (a) The corporate authorities of each municipality coming
5 under the provisions of this Division 8 shall cause an audit of
6 the funds and accounts of the municipality to be made by an
7 auditor or auditors employed by such municipality or by an
8 auditor or auditors retained by the Comptroller, as
9 hereinafter provided.

10 (b) The accounts and funds of each municipality having a
11 population of 800 or more or having a bonded debt or owning or
12 operating any type of public utility shall be audited
13 annually. The audit herein required shall include all of the
14 accounts and funds of the municipality. Such audit shall be
15 begun as soon as possible after the close of the fiscal year,
16 and shall be completed and the report submitted within 180
17 days after the close of such fiscal year, unless an extension
18 of time shall be granted by the Comptroller in writing. The
19 auditor or auditors perform the audit shall submit not less
20 than 2 copies of the audit report to the corporate authorities
21 of the municipality being audited. Municipalities not
22 operating utilities may cause audits of the accounts of
23 municipalities to be made more often than herein provided, by
24 an auditor or auditors. The audit report of such audit when
25 filed with the Comptroller together with an audit report

1 covering the remainder of the period for which an audit is
2 required to be filed hereunder shall satisfy the requirements
3 of this section.

4 (c) Municipalities of less than 800 population which do
5 not own or operate public utilities and do not have bonded
6 debt, shall file annually with the Comptroller a financial
7 report containing information required by the Comptroller.
8 Such annual financial report shall be on forms devised by the
9 Comptroller in such manner as to not require professional
10 accounting services for its preparation.

11 (d) In addition to any audit report required, all
12 municipalities, except municipalities of less than 800
13 population which do not own or operate public utilities and do
14 not have bonded debt, shall file annually with the Comptroller
15 a supplemental report on forms devised and approved by the
16 Comptroller.

17 (e) Notwithstanding any provision of law to the contrary,
18 if a municipality (i) has a population of less than 200, (ii)
19 has bonded debt in the amount of \$50,000 or less, and (iii)
20 owns or operates a public utility, then the municipality shall
21 cause an audit of the funds and accounts of the municipality to
22 be performed by an auditor employed by the municipality or
23 retained by the Comptroller for fiscal year 2011 and every
24 fourth fiscal year thereafter or until the municipality has a
25 population of 200 or more, has bonded debt in excess of
26 \$50,000, or no longer owns or operates a public utility.

1 Nothing in this subsection shall be construed as limiting the
2 municipality's duty to file an annual financial report with
3 the Comptroller or to comply with the filing requirements
4 concerning the county clerk.

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

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

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

24 (i) A municipality with a population of 1,000 or less may
25 file an annual report in lieu of an audit report if an audit
26 report has been conducted and filed with the Comptroller

1 within the 3 preceding fiscal years and the municipality had
2 no material findings that indicate significant errors or risks
3 in the municipality's financial information in its last
4 conducted audit report filed with the Comptroller.

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