

1 AN ACT in relation to 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
5 by changing Section 5 as follows:

6 (50 ILCS 310/5) (from Ch. 85, par. 705)

7 Sec. 5. The audit report shall contain fund financial
8 statements that conform with generally accepted accounting
9 principles. The financial statement report may be limited to
10 fund financial statements and account groups presented on the
11 cash, modified accrual, or accrual method of accounting and
12 all appropriate disclosures related to fund financial
13 statements and that set forth, insofar as possible, the
14 financial position and results of financial operations for
15 each fund of the governmental unit. A statement of management
16 discussion and analysis is not required. Funds may be
17 grouped in any reasonable and prudent manner. Depreciation
18 of non-proprietary fixed assets is not required. Each audit
19 report shall include only financial information, findings and
20 conclusions that are adequately supported by evidence in the
21 auditor's working papers to demonstrate or prove, when called
22 upon, the basis for the matters reported and their
23 correctness and reasonableness. In connection with this,
24 each governmental unit shall retain the right of inspection
25 of the auditor's working papers and shall make them available
26 to the Comptroller, or his designee, upon request. The audit
27 report shall also include the professional opinion of the
28 licensed public accountant with respect to the financial
29 statements or, if an opinion cannot be expressed, a
30 declaration that he is unable to express such opinion and an
31 explanation of the reasons he cannot do so. Each audit

1 report shall include the certification of the accountant or
2 accountants making the audit that the audit has been
3 performed in compliance with generally accepted auditing
4 standards.

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

6 Section 10. The Illinois Municipal Code is amended by
7 changing Sections 8-8-3 and 8-8-5 as follows:

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

9 Sec. 8-8-3. The corporate authorities of each
10 municipality coming under the provisions of this Division 8
11 shall cause an audit of the funds and accounts of the
12 municipality to be made by an accountant or accountants
13 employed by such municipality or by an accountant or
14 accountants retained by the Comptroller, as hereinafter
15 provided.

16 The accounts and funds of each municipality with annual
17 expenditures of more than \$200,000 that (i) has having a
18 population of 800 or more or (ii) has having a bonded debt or
19 (iii) owns ~~owning~~ or operates ~~operating~~ any type of public
20 utility shall be audited annually. The audit herein required
21 shall include all of the accounts and funds of the
22 municipality. Such audit shall be begun as soon as possible
23 after the close of the fiscal year, and shall be completed
24 and the report submitted within 6 months after the close of
25 such fiscal year, unless an extension of time shall be
26 granted by the Comptroller in writing. The accountant or
27 accountants making the audit shall submit not less than 2
28 copies of the audit report to the corporate authorities of
29 the municipality being audited. Municipalities not operating
30 utilities may cause audits of the accounts of municipalities
31 to be made more often than herein provided, by an accountant
32 or accountants. The audit report of such audit when filed

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

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

13 In addition to any audit report required, those all
14 municipalities required to be audited, ~~except municipalities~~
15 ~~of less than 800 population--which--do--not--own--or--operate~~
16 ~~public--utilities--and--do--not--have--bonded--debt~~, shall file
17 annually with the Comptroller a supplemental report on forms
18 devised and approved by the Comptroller.

19 (Source: P.A. 78-592.)

20 (65 ILCS 5/8-8-5) (from Ch. 24, par. 8-8-5)

21 Sec. 8-8-5. The audit shall be made in accordance with
22 generally accepted auditing standards. The audit report
23 shall contain fund financial statements that conform with
24 generally accepted accounting principles as limited by this
25 Section. Reporting on the financial position and results of
26 financial operations for each fund of the municipality shall
27 be in accordance with generally accepted accounting
28 principles, insofar as possible. Each audit report shall
29 include only financial information, findings and conclusions
30 that are adequately supported by evidence in the auditor's
31 working papers to demonstrate or prove, when called upon, the
32 basis for the matters reported and their correctness and
33 reasonableness. In connection with this, each municipality

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

17 Audits under this Division may be made upon either an
18 accrual, modified accrual, or cash basis of accounting
19 depending upon the system followed by each municipality and
20 the financial statement report may be limited to fund
21 financial statements and account groups presented on the
22 cash, modified accrual, or accrual method of accounting and
23 all appropriate disclosures related to fund financial
24 statements. A statement of management discussion and
25 analysis shall not be required. Funds may be grouped in any
26 reasonable and prudent manner. Depreciation of
27 non-proprietary fixed assets is not required.

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

29 Section 99. Effective date. This Act takes effect upon
30 becoming law.