

AN ACT concerning local government.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Illinois Municipal Code is amended by changing Sections 8-8-2 and 8-8-3 as follows:

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

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

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

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

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

(4) (Blank).

(5) "Audit report" means, until Fiscal Year 2027, the written report of the auditor or auditors and all appended statements and schedules relating thereto, presenting or

recording the findings of an examination or audit of the financial transactions, affairs, or condition of a municipality. This paragraph (5) becomes inoperable in Fiscal Year 2027.

(5.5) "Audit report" means, beginning in Fiscal Year 2027, the written report of the auditor presenting or recording the findings of an examination or audit of (i) all accounts and funds of the municipality and (ii) the financial transactions, affairs, and condition of the municipality. "Audit report" includes, beginning in Fiscal Year 2027, all appended statements and schedules relating to the written report of the auditor.

(6) "Annual report" means, until Fiscal Year 2027, the statement filed, in lieu of an audit report, by the municipalities of less than 800 population, which do not own or operate public utilities and do not have bonded debt. This paragraph (6) becomes inoperable in Fiscal Year 2027.

(6.5) "Annual financial report" means, beginning in Fiscal Year 2027, the statement filed in lieu of an audit report and containing the information required by the Comptroller on forms devised by the Comptroller in such manner as to not require professional accounting services for its preparation.

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

not have bonded debt.

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

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

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

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

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

Sec. 8-8-3. Audit requirements.

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

(b) Until Fiscal Year 2027, the ~~The~~ accounts and funds of each municipality having a population of 800 or more or having a bonded debt or owning or operating any type of public utility

shall be audited annually. The audit herein required shall include all of the accounts and funds of the municipality. Such audit shall be begun as soon as possible after the close of the fiscal year, and shall be completed and the report submitted within 180 days after the close of such fiscal year, unless an extension of time shall be granted by the Comptroller in writing. The auditor or auditors perform the audit shall submit not less than 2 copies of the audit report to the corporate authorities of the municipality being audited. Municipalities not operating utilities may cause audits of the accounts of municipalities to be made more often than herein provided, by an auditor or auditors. The audit report of such audit when filed with the Comptroller together with an audit report covering the remainder of the period for which an audit is required to be filed hereunder shall satisfy the requirements of this section. This subsection (b) becomes inoperable in Fiscal Year 2027.

(c) Until Fiscal Year 2027, municipalities ~~Municipalities~~ of less than 800 population which do not own or operate public utilities and do not have bonded debt, shall file annually with the Comptroller a financial report containing information required by the Comptroller. Such annual financial report shall be on forms devised by the Comptroller in such manner as to not require professional accounting services for its preparation. This subsection (c) becomes inoperable in Fiscal Year 2027.

(d) Until Fiscal Year 2027, in ~~in~~ addition to any audit report required, all municipalities, except municipalities of less than 800 population which do not own or operate public utilities and do not have bonded debt, shall file annually with the Comptroller a supplemental report on forms devised and approved by the Comptroller. This subsection (d) becomes inoperable in Fiscal Year 2027.

(e) Until Fiscal Year 2027, notwithstanding
~~Notwithstanding~~ any provision of law to the contrary, if a municipality (i) has a population of less than 200, (ii) has bonded debt in the amount of \$50,000 or less, and (iii) owns or operates a public utility, then the municipality shall cause an audit of the funds and accounts of the municipality to be performed by an auditor employed by the municipality or retained by the Comptroller for fiscal year 2011 and every fourth fiscal year thereafter or until the municipality has a population of 200 or more, has bonded debt in excess of \$50,000, or no longer owns or operates a public utility. Nothing in this subsection shall be construed as limiting the municipality's duty to file an annual financial report with the Comptroller or to comply with the filing requirements concerning the county clerk. This subsection (e) becomes inoperable in Fiscal Year 2027.

(f) All audits and reports to be filed with the Comptroller under this Section must be submitted electronically and the Comptroller must post the audits and

reports on the Internet no later than 45 days after they are received. If the municipality provides the Comptroller's Office with sufficient evidence that the audit or report cannot be filed electronically, the Comptroller may waive this requirement. The Comptroller must also post a list of municipalities that are not in compliance with the reporting requirements set forth in this Section.

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

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

(i) Beginning in Fiscal Year 2027, if a municipality has a population of less than 1,000, does not own or operate public utilities, and does not have bonded debt, then the municipality shall file annually with the Comptroller an annual financial report.

(j) Beginning in Fiscal Year 2027, a municipality with a population of less than 1,000 shall annually file an annual financial report with the Comptroller if the municipality owns or operates public utilities or has bonded debt. Additionally, the municipality shall file an audit report once every 4 years

unless the latest audit report filed with the Comptroller contains an adverse opinion or disclaimer of opinion. If the audit report contains an adverse opinion or disclaimer of opinion, then the municipality shall file an audit report annually until the audit report shows no adverse opinion or disclaimer of opinion.

(k) Beginning in Fiscal Year 2027, if a municipality has a population of 1,000 or more, then the municipality shall file annually with the Comptroller an audit report and annual financial report.

(l) Beginning in Fiscal Year 2027, municipalities shall submit completed audit reports and annual financial reports within 180 days after the close of such fiscal year, unless an extension is granted by the Comptroller in writing. The auditor performing the audit shall submit not less than 2 copies of the audit report to the corporate authorities of the municipality being audited. The audit report of such audit when filed with the Comptroller together with an audit report covering the remainder of the period for which an audit is required to be filed under this Section shall satisfy the requirements of this Section.

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