

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, until Fiscal Year 2027, the  
22 written report of the auditor or auditors and all appended  
23 statements and schedules relating thereto, presenting or

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

5 (5.5) "Audit report" means, beginning in Fiscal Year 2027,  
6 the written report of the auditor presenting or recording the  
7 findings of an examination or audit of (i) all accounts and  
8 funds of the municipality and (ii) the financial transactions,  
9 affairs, and condition of the municipality. "Audit report"  
10 includes, beginning in Fiscal Year 2027, all appended  
11 statements and schedules relating to the written report of the  
12 auditor.

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

18 (6.5) "Annual financial report" means, beginning in Fiscal  
19 Year 2027, the statement filed in lieu of an audit report and  
20 containing the information required by the Comptroller on  
21 forms devised by the Comptroller in such manner as to not  
22 require professional accounting services for its preparation.

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

1 not have bonded debt.

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

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

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

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

15 (65 ILCS 5/8-8-3) (from Ch. 24, par. 8-8-3)

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

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

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

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

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

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

8           (e) Until Fiscal Year 2027, notwithstanding  
9 ~~Notwithstanding~~ any provision of law to the contrary, if a  
10 municipality (i) has a population of less than 200, (ii) has  
11 bonded debt in the amount of \$50,000 or less, and (iii) owns or  
12 operates a public utility, then the municipality shall cause  
13 an audit of the funds and accounts of the municipality to be  
14 performed by an auditor employed by the municipality or  
15 retained by the Comptroller for fiscal year 2011 and every  
16 fourth fiscal year thereafter or until the municipality has a  
17 population of 200 or more, has bonded debt in excess of  
18 \$50,000, or no longer owns or operates a public utility.  
19 Nothing in this subsection shall be construed as limiting the  
20 municipality's duty to file an annual financial report with  
21 the Comptroller or to comply with the filing requirements  
22 concerning the county clerk. This subsection (e) becomes  
23 inoperable in Fiscal Year 2027.

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

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

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

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

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

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

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

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

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

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