

**UNITED CITY OF YORKVILLE,
ILLINOIS**

MANAGEMENT LETTER

**FOR THE FISCAL YEAR ENDED
APRIL 30, 2016**



August 22, 2016

The Honorable City Mayor
Members of the City Council
United City of Yorkville, Illinois

In planning and performing our audit of the financial statements of the United City of Yorkville (City), Illinois, for the year ended April 30, 2016, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit fieldwork progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Finance Committee, City Council, management, and others within the United City of Yorkville, Illinois.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the finance department for the well prepared audit package and we appreciate the courtesy and assistance given to us by the entire City staff.

Lauterbach + Amen LLP

LAUTERBACH & AMEN, LLP

PRIOR RECOMMENDATIONS

1. **GASB STATEMENT NO. 67 FINANCIAL REPORTING FOR PENSION PLANS AND GASB STATEMENT NO. 68 ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS**

Comment

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, *Financial Reporting for Pension Plans*, which applies to individual pension plans issuing their own audited financial statements, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, which applies to the state and local government employers that sponsor pension plans. The Statements apply to the reporting of the Illinois Municipal Retirement Fund (IMRF) and Police Pension Fund for the City. The Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to the pension plans. The Statements specifically identify the methods and assumptions that are to be used in calculating and disclosing these pension-related accounts in the financial statements and also provide for additional note disclosures and required supplementary information. The Statements are intended to improve information provided by state and local government employers regarding financial support to their pension plans, and ultimately requires that the total net pension liabilities of the pension plans be recorded on the face of the financial statements of the sponsoring government. GASB Statement No. 67 is applicable to the separately issued financial statements of the pension plan(s) for the year ended April 30, 2015. GASB Statement No. 68 is applicable to the City's financial statements for the year ended April 30, 2016.

Recommendation

We recommended that the City reach out to the private pension actuary engaged to provide the pension fund actuarial calculations (IMRF will automatically be providing the necessary information to all member agencies) in order to confirm the timeline for implementation and to review requested materials that will be required in order to implement the provisions and requirements of the new Statements. Lauterbach & Amen, LLP will also work directly with the City to assist in the implementation process, including assistance in determining the implementation timeline with the City and private actuary, providing all framework for the financial statements in order to complete the implementation, and assisting in answering any questions or concerns the City or pension fund(s) might have related to the implementation process or requirements.

Status

As of April 30, 2016, this comment has been implemented and will not be repeated in the future.

PRIOR RECOMMENDATIONS – Continued

2. FUNDS WITH DEFICIT FUND EQUITY

Comment

Previously and during the current year-end audit procedures, we noted funds with deficit fund equity. See the following deficit fund balances at April 30, 2016 and April 30, 2015:

Fund	Deficit	
	4/30/16	4/30/15
Fox Hill Special Service Area	\$ (3,780)	-
Sunflower Special Service Area	(31,175)	(20,108)
Countryside TIF	(549,946)	(604,820)

Recommendation

We recommended the City investigate the causes of the various deficits and adopt appropriate future funding measures.

Management Response

Management is aware of the negative equity position of the Countryside TIF Fund and believes that over time the development within the TIF district will yield sufficient property tax increment to meet debt service requirements and eliminate the fund's negative equity.

The deficit in the Sunflower Special Service Area Fund is due to one-time expenditures relating to the naturalization of three detention basins within the SSA. This project will be paid back with SSA property tax proceeds over the next ten years.

The deficit in the Fox Hill Special Service Area Fund is due to one-time expenditures relating to maintenance of trails within the SSA. This project will be paid back with SSA property tax proceeds over the next ten years.

Status

As of April 30, 2016, this comment has not been implemented and will be repeated in the future.