

UNITED CITY OF YORKVILLE,
ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
APRIL 30, 2021



October 19, 2021

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, 2021, 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

CURRENT RECOMMENDATION

1. GASB STATEMENT NO. 87 LEASES

Comment

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, which provides guidance regarding the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. In accordance with GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which was issued as temporary relieve to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 87, *Leases* is applicable to the City's financial statements for the year ended April 30, 2023.

Recommendation

Lauterbach & Amen, LLP will work directly with the City to review the new lease criteria in conjunction with the City's current leases to determine the appropriate financial reporting for these activities under GASB Statement No. 87.

Management's Response

Management acknowledges the comment and will work with Lauterbach & Amen, LLP to implement when required.

PRIOR RECOMMENDATION

1. FUNDS WITH DEFICIT FUND BALANCE

Comment

Previously and during the current year-end audit procedures, we noted funds with deficit fund balance. See the following deficit fund balances at April 30, 2021 and April 30, 2020:

Fund	4/30/2021	4/30/2020
Sunflower Special Service Area	\$ 8,409	16,200
Countryside TIF	1,211,222	1,141,784
Downtown TIF	1,448,929	1,237,549
Downtown TIF II	47,869	73,799

Recommendation

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

Status

This comment has not been implemented and will be repeated in the future.

Management Response

Management is aware of the negative equity position of the Countryside TIF, Downtown and Downtown II TIF Funds, and believes that over time the development within the TIF districts 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 four years.