

UNITED CITY OF YORKVILLE, ILLINOIS

MANAGEMENT LETTER

FOR THE FISCAL YEAR ENDED
APRIL 30, 2025

651 Prairie Pointe Drive
Yorkville, IL 60560
Phone: 630.553.4350
Fax: 630.553.7575
www.yorkville.il.us



October 8, 2025

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 (the City), Illinois, for the year ended April 30, 2025, 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 field work 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 RECOMMENDATIONS

1. IT SECURITY AWARENESS AND MONITORING OF EMERGING RISKS

Comment

Recently, we have noted the increasing importance of information technology (IT) security for local governments. While we did not identify a specific security breach during our auditing procedures, we have noted increased risks to local governments in the following areas of IT security:

- Ransomware and Phishing Attacks – Increasingly targeted at local governments due to limited IT staffing and valuable public data.
- Multi-Factor Authentication (MFA) – This is now considered a minimum standard of protection for access to email, financial systems and remote logins.
- Vendor and Third-Party Risk – Cloud service providers, software vendors, and contractors may present risks if not adequately monitored.
- Data Backup and Recovery – Secure, tested backups are critical to minimize downtime and financial loss in the event of an incident.
- Staff Awareness and Training – Many breaches in local government occur due to human error; regular training and simulated testing can help reduce exposure.

Recommendation

We recommend that the City continue to increase awareness around IT security issues by:

- Engaging in ongoing monitoring or cyber security trends affecting local governments.
- Incorporating regular staff training on phishing and other social engineering tactics.
- Periodically reviewing policies for password strength, MFA, and incident response.
- Ensuring vendor contracts address security standards and data protection.
- Testing data backup and recover plans on at least an annual basis.

By increasing awareness and preparedness, the City can reduce the likelihood of a security incident, protect sensitive constituent and financial data, and help to ensure continuity of operations.

Management's Response

The City acknowledges the importance of maintaining robust information technology (IT) security measures and appreciates the auditor's observations and recommendations. While no specific breaches were identified during the audit period, staff recognizes the growing risks faced by local governments and the need for ongoing vigilance. Over the past year, the City has taken steps to strengthen IT security, including the implementation of multi-factor authentication for remote access, expanded use of secure cloud-based platforms, and periodic testing of backup and recovery protocols. In addition, staff has coordinated with external IT service providers to monitor evolving threats and to ensure that vendor contracts include appropriate data protection requirements. Moving forward, the City will continue to build upon these efforts by continuing to conduct regular staff training on phishing and other social engineering threats, reviewing and updating IT policies as needed, and performing annual tests of backup and recovery systems. The City remains committed to safeguarding constituent and financial data while ensuring continuity of operations.

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, 2024 and April 30, 2025:

<u>Funds</u>	<u>2024</u>	<u>2025</u>
Countryside TIF	\$ 1,175,727	1,172,915
Downtown TIF	1,570,512	1,315,406

Recommendation

We recommended the City investigate the causes of the various deficits 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 and Downtown TIF Funds, and believes that over time the development within the City’s TIF’s will yield sufficient property tax increment to meet debt service requirements and eliminate the fund’s negative equity.

UPCOMING GASB STANDARDS

1. **GASB STATEMENT NO. 102 CERTAIN RISK DISCLOSURES**

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, *Certain Risk Disclosures*, which establishes the requirements for disclosing, in the notes to the financial statements, the risks related to a government's vulnerabilities due to certain concentrations or constraints that are essential to their analyses for making decisions or assessing accountability. Governments may be vulnerable to risks from certain concentrations or constraints that limit their ability to acquire resources or control spending. Concentration risk is a lack of diversity related to an aspect of a significant inflow of resources (revenues) or outflow of resources (expenses). Constraint risk is a limitation that is imposed by an external party or by formal action of a government's highest level of decision-making authority. GASB Statement No. 102, *Certain Risk Disclosures* is applicable to the City's financial statements for the year ended April 30, 2026.

2. **GASB STATEMENT NO. 103 FINANCIAL REPORTING MODEL IMPROVEMENTS**

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes improvements to key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement addresses application issues related to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. GASB Statement No. 103, *Financial Reporting Model Improvements* is applicable to the City's financial statements for the year ended April 30, 2027.