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**SIKICH.COM**

The Honorable Mayor  
Members of the City Council  
City of Naperville  
400 South Eagle Street  
Naperville, Illinois 60540

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Naperville as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Naperville's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control. Our opinion on the basic financial statements and this report, in so far as they relate to the Firefighters' Pension Fund are based solely on the report of other auditors.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control on the following page to be a significant deficiency.

This communication is intended solely for the information and use of the City Council and the management of the City and is not intended to be and should not be used by anyone other than these specified parties.

*Sikich LLP*

Naperville, Illinois

August 9, 2021

## **SIGNIFICANT DEFICIENCY**

We consider the following deficiency to be a significant deficiency in internal control:

### **Bank Reconciliations**

During our audit of the financial statements, we noted that not all of the City's accounts were fully reconciled, including the main operating account, until after the trial balance was provided to the auditors. Journal entries were proposed by management to record cash transactions and reconcile the operating account to the general ledger, and an immaterial variance could not be reconciled.

We recommend that the City reconcile cash in a timely manner each month. All cash transactions should be posted to the general ledger in a timely manner and bank reconciliations should be free from material unreconciled differences.