

CITY OF NAPERVILLE, ILLINOIS

MANAGEMENT LETTER

For the Eight Months Ended
December 31, 2015





1415 W. Diehl Road, Suite 400
Naperville, Illinois 60563

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

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, 2015, 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 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 entity'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. As discussed on the following page, we identified a deficiency in internal control that we consider to be a significant deficiency.

The City's written responses to the significant deficiency identified in our audit have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
November 15, 2016

SIGNIFICANT DEFICIENCY

Bank Reconciliations

The City is responsible for maintaining a system of internal controls over the preparation of financial statements. Monthly and year-end financial statements should be prepared in a timely manner and should be free of material errors. As part of this process, all cash transactions should be posted to the general ledger in a timely manner and bank reconciliations should be completed timely and accurately.

During our audit of the financial statements, we noted that the City's main operating account was not fully reconciled until after the trial balance was provided to the auditors. A significant number of journal entries were proposed by management to record cash transactions and reconcile the operating account to the general ledger.

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.

Management's Response

As of April 1, 2016, management implemented a process whereas the City's Accountant is required to complete the monthly bank reconciliation within 30 days of the close of each month. Additionally, a secondary review is to be performed by the Finance Director or her designee to ensure accuracy and completeness.