



CITY OF NAPERVILLE, ILLINOIS

MANAGEMENT LETTER

For the Year Ended December 31, 2024



SIKICH.COM

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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, 2024, 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 first 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 a certain deficiency in internal control that we consider to be a significant deficiency.

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. We consider the deficiency in internal control presented following this letter to be a significant deficiency.

During our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. In addition, we noted other matters involving internal control and its operation that we have reported to the City in a separate letter dated June 27, 2025.

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.

Sibich CPA LLC

Naperville, Illinois
June 27, 2025

SIGNIFICANT DEFICIENCY

We consider the following deficiency to be a significant deficiency:

Year-End Close Process

During our audit, we proposed numerous audit adjustments, which management has reviewed and approved. Adjustments that were proposed were the result of recurring year-end accruals that were not recorded, transactions that were not recorded in the proper period, or balances that were not classified correctly. As part of the monthly or year-end close process, the City should ensure all cash accounts are fully reconciled.

Generally accepted auditing standards emphasize that the external auditor cannot be part of an entity's internal control process over financial reporting. We recommend that procedures or checklists be adopted and followed, including during times of employee turnover, to include all procedures that management determines are needed to be performed on a monthly or year-end basis to ensure general ledger accounts are properly adjusted.