

November 30, 2023

City of Effingham
201 East Jefferson

In planning and performing our audit of the financial statements of City of Effingham as of and for the year ended April 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered City of Effingham's internal control over financial reporting as a basis for designing our auditing procedures 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 Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated November 30, 2023 contains our report on material weaknesses in the City's internal control. This letter does not affect our report dated November 30, 2023 on the financial statements of City of Effingham.

2023-01 Uninsured Deposits

We noted that the total cash deposits were under insured by \$61,732. We recommend that this brought to the bank's attention and that the City ensure that bank begins to hold proper collateral for deposits that exceed FDIC limits.

2023-02 Component Unit Opening Balances

We noted that the Library did not record the prior year audit entries which caused a significant variance in opening balances. We recommend that the Library adds additional procedures to ensure that the audit entries are recorded to the books to avoid any issues with opening balances.

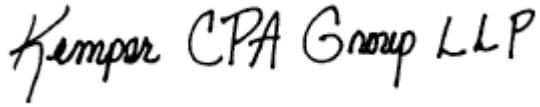
2023-03 Liability Reconciliations

We noted that the City did not appear to have reconciliation procedures over accounts payable and similar liabilities when we asked for supporting schedules. We recommend the City maintains detailed support for payable balances so the City knows where monies are owed at any given time, preferably at least on a monthly basis.

2023-04 Customer Utility Deposits

We noted that the City was recording customer utility deposits directly to current year utility revenues instead of adding the deposits to the customer deposits liability account. We recommend the City reviews their processes over recording customer utility deposits and monitoring the overall balances between the Water and Sewer utility funds.

Sincerely,

Handwritten signature in black ink that reads "Kemper CPA Group LLP". The signature is written in a cursive, slightly slanted style.

*Certified Public Accountants
and Consultants*