

Feller & Kuester CPAs PLLC

Tax - Audit - Bookkeeping

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To the Pension Board of Trustees and Management
Champaign Police Pension Fund
Champaign, Illinois

In planning and performing our audit of the financial statements of the City of Champaign, Illinois Police Pension Fund (the Fund), a fiduciary fund of the City of Champaign, for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing our 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 of the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund'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 a certain deficiency in internal control that we consider to be a material weakness.

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 Fund's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in internal control to be a material weakness:

Segregation of Duties

The Fund has only two employees who perform many of the daily accounting duties for the Fund. As a result, the Fund has an absence of appropriate segregation of duties. In order to overcome this lack of segregation of duties, it would be necessary to hire several additional employees and to incur the related expenses. It is an axiom of internal control that the cost of any system of internal control should not exceed the benefits derived there from. The Fund's management has determined that, in its judgment, the risk of loss from the lack of segregation of duties does not warrant the expense necessary for a fund of its size to significantly reduce that risk. As a result, some of the aspects of internal accounting control which rely upon an adequate segregation of duties are absent. This situation dictates that the Fund's Trustees remain involved in the financial affairs of the Fund to provide oversight and independent review functions. This situation is not unusual in a fund this size; however, we are required under our professional responsibilities to call this situation to your attention.

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 did not identify any deficiencies in internal control that we consider to be a significant deficiency.

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

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December 5, 2023