

WARRENVILLE PUBLIC LIBRARY DISTRICT
WARRENVILLE, ILLINOIS

MANAGEMENT LETTER

June 30, 2009



Certified Public Accountants & Advisors



998 Corporate Boulevard • Aurora, IL 60502

Board of Trustees
Warrenville Public Library District
Warrenville, Illinois

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Warrenville Public Library District (the District) as of and for the year ended June 30, 2009, in accordance with the modified cash basis of accounting, we considered its internal control over financial reporting (internal control) 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 its internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We identified certain matters that are opportunities for strengthening internal controls and operating efficiency, of which management should be aware.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

This report is intended solely for the information and use of the President, the Board of Trustees and management and others within the administration and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads 'Sikich LLP'.

Aurora, Illinois
September 10, 2009

OTHER COMMENTS

1. Deficit Fund Balances

The following funds had a deficit in fund balance as of the date of June 30, 2009:

Fund	Deficit Balance
Major Governmental Funds	
General	\$ 59,589
Nonmajor Governmental Funds	
Audit	1,394
Building, Equipment and Maintenance	1,425

We recommend that the District develop a plan to systematically reduce and, if possible, retire the above deficiencies.

2. Library Foundation

The District should continue to review the financial statements of the District Foundation and evaluate if the Foundation is a component unit in accordance with Statement No. 39, *Determining Whether Certain Organizations Are Component Unit*. It is a matter of professional judgment to determine whether the nature and the significance of a potential component unit's relationship with the primary government warrant inclusion in the reporting entity. Certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

OTHER COMMENTS (Continued)

3. Petty Cash Accounts

The District maintains one petty cash account of \$250. We counted petty cash during the audit, noting there was \$250 but \$185 recorded on the general ledger. In order to make the financial reports generated by the accounting system as meaningful as possible, the District should record the proper petty cash amount on the general ledger. The District should reconcile the general ledger accounts to supporting documentation on a monthly basis. A benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, which makes it easier to perform future reconciliations. We also recommend that restrictions should be set with regard to the type and amount of transactions that can be handled through petty cash. All disbursements should be approved by an authorized person and supported by petty cash receipts indicating the proper expense account. To prevent possible reuse, petty cash receipts and supportive documents should be cancelled by stamping them as paid.

4. Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued a number of pronouncements that will impact the District in the future.

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* addresses how employers should account for and report costs and obligations for postemployment health care and other nonpension postemployment benefits promised to employees. Statement No. 45 is effective for the District's fiscal year ending June 30, 2010 (Phase III).

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, defines an intangible asset's required characteristics, and generally requires that they be treated as capital assets. Intangible assets acquired or created primarily for the purpose of directly obtaining income or profit, however, would be treated as investments. Statement No. 51 is effective for the District's fiscal year ending June 30, 2010.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements and is effective for the District's fiscal year ending June 30, 2011.

Statement No 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Statement No. 54 is effective for the Library's fiscal year ending June 30, 2011.

OTHER COMMENTS (Continued)

4. Future Accounting Pronouncements (Continued)

Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. Statement No. 55 was effective upon issuance in March 2009.

Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* (Issued 03/09). This Statement incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes *accounting* principles-related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature. Statement No. 56 was effective upon issuance in March 2009.

We will advise the District of any progress made by GASB in developing these and other future pronouncements that may have an impact on the financial position and changes in financial position of the District.