

WARRENVILLE PUBLIC LIBRARY DISTRICT  
WARRENVILLE, ILLINOIS

MANAGEMENT LETTER

June 30, 2011



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, 2011, 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 and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain other matters of which management should be aware. We also reviewed the status of the recommendations from the prior year audit. The status of these recommendations is included in Appendix A.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

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 16, 2011

## OTHER COMMENTS

### 1. Deficit Fund Balances

The following funds had a deficit in fund balance as of June 30, 2011:

Fund	Deficit Balance
Major Governmental Funds	
General	\$ 90,997
Nonmajor Governmental Funds	
Illinois Municipal Retirement	8,645
Building, Equipment and Maintenance	11,930
Workers' Compensation Insurance	1,613

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

### 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. Credit Card Policy

During our procedures performed, we noted the District does not have a credit card policy. We recommend the District adopt credit card policies and procedures designed to help ensure that credit cards are used appropriately. These should include transaction spending limits, allowable use of the credit card, requirement of proper documentation for the purpose of the expense, and requirement of all receipts and supporting documentation be provided to be reviewed and approved. We also recommend controls are implemented to ensure that the policies and procedures adopted are followed.

### 4. Future Accounting Pronouncements

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

GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans* (Issued 12/09). This Statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. In addition, this Statement clarifies the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. Statement No. 57 is effective for the District's fiscal year ending June 30, 2012.

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* is intended to improve financial reporting by establishing recognition, measurement and disclosure requirements for service concession arrangements (SCA), which are types of public-private or public-public partnerships. This statement provides accounting and financial reporting guidance for governments serving as transferors and those serving as operators in SCAs. Statement No. 60 is effective for the District's fiscal year ending June 30, 2013.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, is intended to improve guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as part of the primary government. Statement No. 61 is applicable for the District's fiscal year ending June 30, 2013.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, is intended to improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. This Statement intends to provide more consistent application of applicable guidance in financial statements of state and local governments. Statement No. 62 is applicable for the District's fiscal year ending June 30, 2013.

## OTHER COMMENTS (Continued)

### 4. Future Accounting Pronouncements (Continued)

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is intended to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. Statement No. 63 is applicable for the District's fiscal year ending June 30, 2013.

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* is intended to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty and sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Statement No. 64 is applicable for the District's fiscal year ending June 30, 2012.

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

**APPENDIX A  
STATUS OF PRIOR YEAR RECOMMENDATIONS**

**OTHER COMMENTS**

**1. Deficit Fund Balances**

The following funds had a deficit in fund balance as of the date of June 30, 2010:

<u>Fund</u>	<u>Deficit Balance</u>
Major Governmental Funds	
General	\$ 17,788
Nonmajor Governmental Funds	
Audit	746
Building, Equipment and Maintenance	4,380

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

**Status** - Comment still applicable as of June 30, 2011. See current comment above regarding deficit fund balances.