

WARRENVILLE PUBLIC LIBRARY DISTRICT  
WARRENVILLE, ILLINOIS

AUDITOR'S COMMUNICATION TO THE  
BOARD OF TRUSTEES

For the Year Ended  
June 30, 2012



Certified Public Accountants & Advisors

WARRENVILLE PUBLIC LIBRARY DISTRICT  
WARRENVILLE, ILLINOIS  
AUDITOR'S COMMUNICATION TO THE BOARD OF TRUSTEES  
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1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

Certified Public Accountants & Advisors

Members of American Institute of  
Certified Public Accountants

September 26, 2012

The Honorable President  
Members of the Board of Trustees  
Warrenville Public Library District  
28W751 Stafford Place  
Warrenville, Illinois 60555

Ladies and Gentlemen:

As part of our audit process we are required to have certain communications with those charged with governance at the beginning of our audit process and at the conclusion of the audit. Those communications include information related to the planned scope and timing of our audit, as well as other information required by Statement on Auditing Standards (SAS) No. 114. Our communication at the beginning of our audit process along with our questionnaire regarding SAS No. 99, *Consideration of Fraud in a Financial Statement Audit* was sent to you on May 22, 2012

SAS No. 115 requires the communication of internal control related matters to those charged with governance. Our management letter, as well as a listing of future pronouncements that may affect the District, are enclosed within this document.

This information is intended solely for the use of the President, Board of Trustees and management of the Warrenville Public Library District and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads 'Sikich LLP'.

Sikich LLP

By: Brian D. LeFevre, CPA, MBA  
Partner



1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

September 26, 2012

Members of the Board of Trustees  
Warrenville Public Library District  
Warrenville, Illinois

Ladies and Gentlemen:

We have audited the financial statements of the of the governmental activities, each major fund, and the aggregate remaining fund information of Warrenville Public Library District for the year ended June 30, 2012 and have issued our report thereon dated September 26, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 20, 2012. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### **Qualitative Aspects of Accounting Practices**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Warrenville Public Library District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ending June 30, 2012, with the exception of the implementation of GASB Statement No. 59, *Financial Instruments Omnibus*. We noted no transactions entered into by the Warrenville Public Library District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

## **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

## **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have proposed no audit adjustments to the June 30, 2012 financial statements.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

## **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated September 26, 2012.

## **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

## **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## **Other Matters**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the information and use of the Board of Trustees and management of the Warrenville Public Library District and is not intended nor should it be used by anyone other than these specified parties.

We appreciate the courtesies extended to us by the District and those associated with it during our audit for this year. If you have any questions regarding the purpose of this letter or the requirement mentioned, please give me a call.

Sincerely,

A handwritten signature in cursive script that reads "Sikich LLP".

Sikich LLP

By: Brian D. LeFevre, CPA, MBA  
Partner

WARRENVILLE PUBLIC LIBRARY DISTRICT  
WARRENVILLE, ILLINOIS

MANAGEMENT LETTER

June 30, 2012



Certified Public Accountants & Advisors



1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

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, 2012, 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 cursive script that reads 'Sikich LLP'.

Naperville, Illinois  
September 26, 2012



## OTHER COMMENTS

### 1. Deficit Fund Balances

The following funds had a deficit in fund balance as of June 30, 2012:

Fund	Deficit Balance
Nonmajor Governmental Funds	
Illinois Municipal Retirement	9,455
Building, Equipment and Maintenance	2,526

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. 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.

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.

## OTHER COMMENTS (Continued)

### 3. Future Accounting Pronouncements (Continued)

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.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Statement No. 65 is applicable for the fiscal year ending June 30, 2013.

GASB Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*, is intended to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Statement No. 66 is applicable for the fiscal year ending June 30, 2013.

GASB Statement No. 67, *Financial Reporting for Pension Plans*, replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement No. 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. Statement No. 67 is applicable for the fiscal year ending June 30, 2014.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). Statement No. 68 is applicable for the fiscal year ending June 30, 2015.

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 June 30, 2011:

<u>Fund</u>	<u>Deficit Balance</u>
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.

**Status** - Comment still applicable as of June 30, 2012. See current year comment regarding deficit fund balances.

**2. 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.

**Status** - Comment implemented as of June 30, 2012.



**Organization:** Sikich is a dynamic public accounting and consulting firm comprised of more than 400 employees. We trace the roots of our firm to 1928 and a one-man CPA firm founded in Champaign, Illinois. Today, we rank as one of the country's Top 50 largest CPA firms, operating eight offices in four states.

**Industries:** Sikich provides services and products to a wide range of industries. In certain industries, we have devoted substantial resources to develop a significant base of expertise and experience:

- Agriculture
- Construction
- Employee Benefit Plans
- Government
- Healthcare
- Individuals
- International Business
- Manufacturing & Distribution
- Not-for-Profit
- Professional Services
- Real Estate

**Statistics:**

Revenues	\$64.5M
Total Partners	67
Total Employees	356
Total Personnel	423

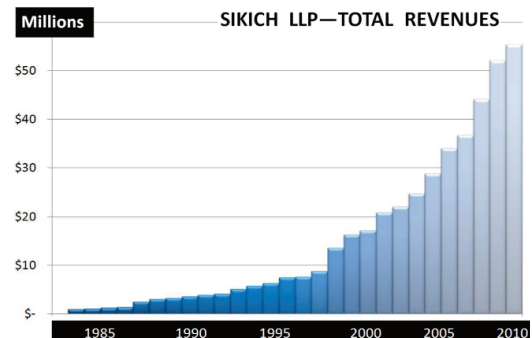
*Personnel count as of April 12, 2012*

- Awards:**
- 2012, *Accounting Today Top 100 Firms*: ranked 47th nationally
  - 2012, *Accounting Today Regional Leaders - Top Firms: Great Lakes*: ranked 7th
  - 2012, *Daily Herald Business Ledger Book of Lists*: ranked 3rd, "Accounting Firms;" Chicago Western Suburbs
  - 2011, *INSIDE Public Accounting 100 Largest Accounting Firms*: ranked 50th nationally
  - 2011, *Crain's Chicago Business Book of Lists*: ranked 12th, "Accounting Firms"
  - 2011, *Chicago Tribune's Chicago's Top Workplaces*
  - 2011, *Accounting Today Top 100 Value Added Reseller (VAR)*: ranked 13th
  - 2011, Best and Brightest Company to Work For™
  - 2011 - 2006, Chicago's 101 Best and Brightest Companies to Work For
  - 2010, *Accounting Today's Best Accounting Firms to Work For*
  - 2009, Best Places to Work in Central Illinois, sponsored by *The Springfield Business Journal*
  - 2009, 2008, 2006, Sikich designated as member of the Microsoft Business Solutions Inner Circle
  - 2006, 2005 Two Sikich business solutions clients awarded Microsoft Business Solutions Pinnacle award
  - 2005, Certified Microsoft Dynamics - NAV Partner of the Year



**Service Areas:**

- Accounting & Consulting Services
- Assurance Services
- Business Valuation
- Dispute Advisory Services
- Graphic Design & Marketing Services
- Human Resource Consulting
- Investment Banking
- Performance Measurement
- Retirement Plan Services
- Tax Services
- Technology Services & Products
- Wealth Management



## Certifications

All professional accounting staff having more than one year of experience have earned or are working toward earning the designation of Certified Public Accountant.

Sikich LLP is a member of the American Institute of Certified Public Accountants' *Governmental Audit Quality Center* and the *Employee Benefit Plan Audit Quality Center*. We adhere to the strict requirements of membership which assure we meet the highest standards of audit quality.

In 2011, Sikich LLP received its 8th consecutive unmodified ("pass") peer review report. This is the highest level of recognition conferred upon a public accounting firm for its quality control systems.

## Microsoft Partner

Sikich has earned a Microsoft ERP Gold competency; ranked among the top 1% of all Microsoft Dynamics partners worldwide; and carries the following certifications:



Microsoft Small Business Specialist	MRMS (Microsoft Retail Management Systems)
MCP (Microsoft Certified Professional)	CISA (Certified Information Systems Auditor)
MCSE (Microsoft Certified System Engineer)	CNE (Certified Novell Engineer)
CCNA (Cisco Certified Network Associate)	MS CSM (Microsoft Customer Service Manager)
CCDA (Certified Cisco Design Associate)	MS CAE (Microsoft Certified Account Executive)
CCEA (Citrix Certified Enterprise Administrator)	MCDBA (Microsoft Certified Database Administrator)

## Sikich is proud to be part of the Leading Edge Alliance

The Leading Edge Alliance (LEA) is the second largest international association of independent accounting firms.\* The LEA is an international professional association of independently-owned accounting and consulting firms. Members are top quality firms who share an entrepreneurial spirit and a drive to be the premier provider of professional services in their chosen markets. The Alliance provides Sikich with an unbeatable combination: the comprehensive size and scope of a large multinational company while offering their clients the continuity, consistency and quality service of a local firm.



\*International Accounting Bulletin, 2011

## Offices

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