

WARRENVILLE PUBLIC LIBRARY DISTRICT
WARRENVILLE, ILLINOIS

AUDITOR'S COMMUNICATION TO THE
BOARD OF TRUSTEES

For the Year Ended
June 30, 2013



WARRENVILLE PUBLIC LIBRARY DISTRICT
WARRENVILLE, ILLINOIS
AUDITOR'S COMMUNICATION TO THE BOARD OF TRUSTEES
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Naperville, Illinois 60563

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Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

September 25, 2013

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 audit standards. Our communication at the beginning of our audit process along with our questionnaire regarding consideration of fraud in a financial statement audit was sent to you on May 23, 2013

In addition, auditing standards require 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, Illinois 60563

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

September 25, 2013

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, 2013 and have issued our report thereon dated September 25, 2013. 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 April 25, 2013. 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, 2013, with the exception of the implementation of GASB Statement Nos. 63 and 65. 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, 2013 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 25, 2013.

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 dark ink that reads "Sikich LLP". The signature is written in a cursive, flowing style.

Sikich LLP

By: Brian D. LeFevre, CPA, MBA
Partner

WARRENVILLE PUBLIC LIBRARY DISTRICT
WARRENVILLE, ILLINOIS

MANAGEMENT LETTER

June 30, 2013





1415 W. Diehl Road, Suite 400
Naperville, Illinois 60563

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

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, 2013, 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 previous 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses. We 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.

Sikich LLP

Naperville, Illinois
September 25, 2013

OTHER COMMENTS

1. 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.

2. 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. 66, *Technical Corrections – 2012 – an amendment of GASB Statement No. 10 and No. 62*, improves 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, 2014.

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 No. 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.

OTHER COMMENTS (Continued)

2. Future Accounting Pronouncements (Continued)

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.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Statement No. 69 is applicable for the fiscal year ending June 30, 2015.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is *more likely than not* that the guarantor will be required to make a payment to the obligation holders under the agreement. Statement No. 70 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, 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.

Status: Comment implemented as of June 30, 2013.

Sikich Snapshot

Organization

Sikich is a dynamic accounting, advisory, investment banking, technology and managed services firm with more than 500 employees throughout the country. Founded in 1982, we are now one of the country's Top 40 largest CPA firms and among the top 1% of all enterprise resource planning solution partners in the world.

Industries

Sikich provides services and solutions to a wide range of industries. We have devoted substantial resources to develop a significant base of expertise and experience in:

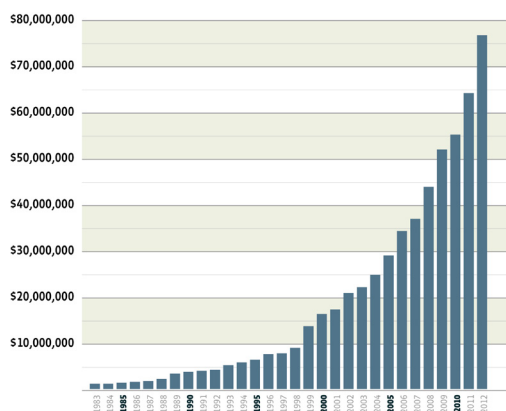
- › Agriculture
- › Construction
- › Government
- › Health Care
- › Higher Education
- › Manufacturing & Distribution
- › Not-for-Profit
- › Oilfield Services
- › Professional Services
- › Real Estate
- › Retail

Statistics

2012 Revenues	\$76.4M
Total Partners	87
Total Employees	447
Total Personnel	534

Personnel count as of Aug. 1, 2013

Sikich Total Revenues



Awards

- › *Inc.* Magazine's Inc. 500|5000: ranked 4,627th fastest-growing private company nationally, 2013
- › *Accounting Today* Top 100 Firms: ranked 40th nationally, 2013
- › *Accounting Today* Regional Leaders – Top Firms: Great Lakes: ranked 6th, 2013
- › *Crain's Chicago Business* Fast Fifty: ranked 49th, 2013
- › *INSIDE Public Accounting* Top 50 Largest Accounting Firms: ranked 41st nationally, 2013
- › *Accounting Today* Top 100 Value Added Reseller: ranked 11th, 2013
- › Best Places to Work in Indiana, 2013
- › Best Places to Work in Illinois, 2013
- › Bob Scott's Top 100 Value Added Reseller: ranked 12th, 2013
- › *Daily Herald Business Ledger* Book of Lists: ranked 5th, "Accounting Firms;" Chicago Western Suburbs, 2013
- › Alfred P. Sloan Award for Excellence in Workplace Effectiveness & Flexibility, 2013
- › *Crain's Chicago Business* Top 25 Firms: ranked 12th in Chicagoland, 2012
- › Top 50 Chicago Generation Y Employers, ranked 35th, 2012
- › *Chicago Tribune's* Chicago's Top Workplaces, 2012
- › *Bob Scott's Insights* Value Added Reseller Stars, 2012
- › American Graphic Design Awards, 2012
- › Microsoft Dynamics Inner Circle and President's Club, 2012
- › *Springfield Business Journal* Book of Lists: ranked 1st, "Accounting Firms;" Springfield, Illinois, 2012

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Certifications

All professional accounting staff with more than one year of experience have earned or are working toward earning the Certified Public Accountant designation. Sikich 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, the highest level of recognition conferred upon a public accounting firm for its quality control systems.



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Microsoft Partner

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



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**International Accounting Bulletin, 2011*



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