



December 5, 2008

To the Board of Trustees
Winnefox Library System
Oshkosh, Wisconsin

Dear Board of Trustees Members:

Thank you for using Virchow, Krause & Company, LLP as your auditor. As part of our planning for the 2008 audit, this letter is intended to provide enhanced communication to you as the individuals charged with governance.

Specifically, we are required to communicate certain things during the planning phase of the audit. The following items are presented to you for your consideration as part of our planning. You do not need to take any action on this letter unless you wish to contact us with relevant information as noted later in this document.

- a. We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management (or by us) with the oversight of those charged with governance are presented fairly, in all material respects, in conformity with generally accepted accounting principles.
- b. The audit does not relieve management or those charged with governance of their responsibilities.
- c. An audit performed in accordance with generally accepted auditing standards is designed to obtain reasonable but not absolute assurance that the statements are free of material misstatement.
- d. Our consideration of internal control is to determine a basis for designing audit procedures and not for the purpose of expressing an opinion on internal control.
- e. We are responsible for communicating significant financial statement related matters to those charged with governance; however, we are not required to design procedures to find such matters.
- f. The financial statement document may also contain other information for which we have the following responsibility:
 - 1) Supplemental Information – "In relation to" audit coverage
 - 2) Required Supplemental Information – Limited procedures
 - 3) Additional Information – No audit coverage

With regard to the audit of your December 31, 2008 financial statements, the following points are an overview of our scope and timing:

- a. We will address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - Identify types of potential misstatements.
 - Consider factors that affect the risks of material misstatement.
 - Design tests of controls, when applicable, and substantive procedures.

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with Government Auditing Standards, our report will contain the following restriction: "This report is intended solely for the information and use of the client's management, others within the entity, federal (and state) awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties."

- c. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing body has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- e. Have you had any significant communications with regulators?
- f. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness, and actions of the governing body concerning:

- a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here are some general observations. All work is coordinated and scheduled with the concurrence of management and staff. If necessary, we may do preliminary audit work during the months of October-December, and sometimes early January. Our final fieldwork is scheduled during the following year to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 4-8 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this new communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.

At the conclusion of the audit, we are also required to communicate a number of items. One such communication is our identification of significant deficiencies or material weaknesses in internal control. Auditing standard now require us to perform a more in-depth review of the documentation of your internal controls. As a result, our procedures and inquiries may identify situations that are reportable to you as a significant deficiency or material weakness. Examples of such reportable situations are as follows:

- Lack of segregation of duties (incompatible duties)
- Lack of review of journal entries by someone other than the preparer or documentation of such review
- Lack of review of reconciliations of significant account balances by someone other than the preparer or documentation of such review
- Inability to prepare a complete set of financial statements, including footnotes, in accordance with generally accepted accounting principles
- Lack of review of the financial statements, if prepared by your staff, by someone other than the preparer or documentation of such review
- Material adjustments to the financial statements not identified by your internal controls
- Restatement to previously issued financial statements

This list is not all-inclusive, but does identify common examples of significant deficiencies or material weaknesses. Because your specific circumstances may change from year to year, it is possible that we will be required to report a significant deficiency or material weakness due to the change in circumstances.

It is a pleasure to serve you. While we work with management and staff in reviewing the financial data and preparing the financial statements, our contract is with the Board of Trustees and our responsibility is to report to the Board of Trustees. If you have any questions or comments concerning our audit, please contact your engagement partner, John A. Knepel, at 414.777.5359 or email at jknepel@virchowkrause.com. We look forward to hearing from you.

Very truly yours,

VIRCHOW, KRAUSE & COMPANY, LLP

JAK/jv