



TO: Finance Committee Members  
David Hulseberg, Village Manager  
Timothy Sexton, Director of Finance

FROM: Jamie Cunningham, Assistant Director of Finance  
Anne M. Fairbairn, Accounting Manager

DATE: January 7, 2011

SUBJECT: Responses to the FYE 2010 Management Letter

The FYE 2010 Management Letter comments from the Village auditors Lauterbach & Amen are enclosed for your review. The staff response to the Management Letter comment is as follows:

**1. GASB STATEMENT NO. 54 – FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DESCRIPTIONS**

**Management Letter Recommendation:** The Statement creates five (5) categories which define governmental fund balance more specifically based upon the extent of the constraints on the use of the funds.

Additionally, the Statement also provides more concise definitions of governmental fund types (particularly special revenue funds).

**Staff Response:** The Village will need to implement the provisions of GASB Statement No. 54 for the fiscal year ended May 31, 2012. During the implementation of GASB Statement No. 34, the Village combined all of its special revenue funds into the General Fund so the change in governmental fund types has already been completed.

The Finance department has already attended GFOA training on this change. Additionally, Lauterbach & Amen LLP will be having training for their clients to assist with the classification process. The Finance department concurs with the management letter recommendation.

The auditors will be in attendance at the January 24<sup>th</sup> meeting to answer any questions regarding the Combined Annual Financial Report and the management letter.

cc: Village President & Board of Trustees  
All Department Heads