



**To:** Village Council  
**From:** Sonja Stout, Clerk/Treasurer  
**Date:** February 2, 2026  
**Subject:** Audit Feedback Report

Dear Council Members,

Following the recent audit, one issue was identified and classified as a Significant Deficiency. A summary of the finding and the corrective actions taken is outlined below.

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## **Significant Deficiencies**

### **1. Use of Incorrect Fund**

#### **Concern:**

During the year, the Village issued a Water and Sewage Disposal System revenue bond secured by future revenues of the Water and Sewer Fund to finance system improvements. A separate capital projects fund was created to better track and measure the receipt and expenditure of bond proceeds related to the project.

Upon further review, it was determined that because the bond activity relates to business-type activities, the use of a governmental capital projects fund (390 Sewer Debt Service Fund) was not appropriate. As such, the activity is more appropriately accounted for within the Water and Sewer Fund (Fund 592) which is a business-type activity fund.

#### **Corrective Action:**

- All bond-related activity has been transferred to the Water and Sewer Fund (Fund 592).
- Appropriate budget amendments were completed to reflect the change for the remainder of the fiscal year.
- The capital projects fund associated with this activity has been marked inactive.

#### **Conclusion**

The corrective actions outlined above have been completed to ensure proper fund classification and compliance with accounting standards. These measures strengthen financial oversight and align the Village's reporting practices with best practices.

Please let me know if you have any questions or would like additional information.

If you have any questions or require further clarification, please let me know.

**Respectfully submitted,**

Sonja Stout

Clerk/Treasurer