

Mark Amundson

From: George Dandalides <dandalidesg@lakeorion.org>
Sent: Friday, January 16, 2026 12:12 PM
To: Darwin McClary
Cc: Mark Amundson; Sonja Stout; Wesley Sanchez; Eric Papacek; Teresa Rutt; fkomendera@icloud.com
Subject: Fw: Financial management and water and sewer bond accountability

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Darwin,

Councilman Papacek and I received the following from Francesco Komendera. Would you please include this as resident input in our upcoming discussion on Goals for the 2026/27 fiscal year as well as our upcoming 2025/26 fiscal year audit discussion.

Thanks,

George Dandalides

From: Lake Orion, MI <noreply@civicplus.com>
Sent: Monday, January 12, 2026 1:21 PM
To: George Dandalides <dandalidesg@lakeorion.org>
Subject: Financial management and water and sewer bond accountability

Name: Francesco Komendera
Email: fkomendera@icloud.com

Message:

Subject: Request for Leadership on Sound Financial Management and Water & Sewer Bond Accountability

Council Member Dandalides

Council Member Papacek

I am writing to you specifically because both of you have publicly stated goals centered on **promoting sound financial management**, improving budgeting processes, eliminating redundancies, and **reducing the financial burden on residents for infrastructure improvements**.

Those goals are commendable — and they are exactly why I am asking for your leadership on an issue that directly implicates them.

Water & Sewer Bond Accounting and Financial Transparency

The Village's most recent audit identifies a **Significant Deficiency** related to a water and sewer revenue bond being recorded in the **incorrect fund** and requiring auditor-proposed corrections.

Revenue bonds, by design, require:

- Strict segregation of funds
- Clear accounting within the Water & Sewer enterprise fund
- Transparent disclosure so Council and residents understand the true cost and financing of system improvements

However, upon review of the Village's financial statements, the line items where this bond-related activity should appear show **zero balances**, while bond proceeds were deposited into a **Project Construction Fund**.

Even if the underlying use of funds was ultimately proper, the **lack of clear, consistent reporting undermines confidence** and makes it difficult for residents to understand:

- Where bond proceeds were held
- How they were spent
- How debt obligations were factored into rate decisions

This directly conflicts with the principle of sound financial management.

Resident Burden and Rate Increases

Residents have experienced substantial increases in combined water and sewer rates. From a ratepayer's perspective, it is difficult to reconcile:

- The issuance of a revenue bond intended to finance improvements
- Continued and escalating rate increases to pay for those improvements
- And financial statements that do not clearly reflect the bond proceeds and related activity within the Water & Sewer Fund

When residents are asked to shoulder long-term debt, transparency is not optional — it is foundational.

Alignment With Your Stated Goals

One of you has stated a goal to:

“Establish and revise processes for budget development, set expenditure targets, eliminate funding and operational redundancies, and establish new revenue resources or cost reductions to reduce resident financial burden for improvement costs.”

The issues raised above present a clear opportunity to advance that goal by:

- Ensuring revenue bond proceeds are clearly and correctly accounted for
- Reviewing whether budgeting and reporting processes allowed restricted funds to be misclassified
- Evaluating whether alternative funding sources — including unencumbered DDA funds — could reduce pressure on ratepayers
- Strengthening internal controls so similar issues do not recur

Request for Leadership

I am respectfully asking you to:

1. Seek a public explanation of how water and sewer bond proceeds were handled and corrected
2. Advocate for improved budgeting and reporting processes to prevent future misclassification
3. Support transparency measures that allow residents to clearly see how infrastructure costs are financed
4. Consider whether existing unencumbered funds can be used to reduce resident financial burden, consistent with your stated goals

These are not accusations — they are governance questions aligned with the priorities you have already expressed.

Closing

Sound financial management is not measured only by balancing budgets, but by whether residents can clearly understand and trust the financial decisions being made on their behalf.

I appreciate your stated commitment to these principles and look forward to seeing them reflected in action.

Respectfully,

“Frank Bash” and his robot editor

And included are photos backing up my message as well as last year’s audit deficiency response form from the