

**CITY OF SHEBOYGAN
RESOLUTION 127-26-27**

BY ALDERPERSONS MITCHELL AND CLOSE.

OCTOBER 12, 2026.

A RESOLUTION authorizing the Finance Department to take all necessary actions to accurately reflect the accounting corrections required after a full loan receivable reconciliation.

WHEREAS, the City's 2021 Single Audit included Finding 2021-004 related to the City's loan receivable controls. Specifically, the City was encouraged to implement procedures to ensure that loans receivable accounts are consistently reconciled and that a multi-party review should be implemented to minimize risk of fraud or error; and

WHEREAS, upon further internal review by the Finance Department determined that records related to the loan receivables included in the City's financial statements were insufficient to properly complete a monthly or annual review. This realization prompted city staff to undertake a full review and reconciliation of all outstanding loans, which included determining current property ownership and any post-loan transfers, mortgage lien status, bankruptcy history, and assembling supporting documentation; and

WHEREAS, through this review, City staff determined that:

- 80 loans should be written off due to records reflecting a change in ownership, a bankruptcy, or that the loan was previously paid in-full;
- 17 loans require updated loan terms because of conflicting records or non-payment during the loan term;
- The City's Community Development Block Grant (CDBG) Fund fund balance has accumulated due to previous receipts not being accurately reflected as available in the home rehabilitation loan program.

NOW, THEREFORE, BE IT RESOLVED: That the Finance Director is authorized and directed to write off the 80 loans as contained on the listing attached here within.

BE IT FURTHER RESOLVED: That the Finance Director, in consultation with the City Attorney, is authorized to review the 17 loans described on the attached listing as needing a change to loan terms, and to take such actions necessary to adjust the terms to reflect current documentation. Should those impacted homeowners supply additional information impacting the loans, the Finance Director is authorized to take such actions necessary to adjust the terms to reflect the updated information, in consultation with the City Attorney.

BE IT FURTHER RESOLVED: That the Finance Director is authorized and directed to make adjustments in the City's loan tracking software to reflect the write-offs and loan term changes.

BE IT FURTHER RESOLVED: That the Finance Director is authorized and directed to record mortgage satisfactions for all loan balances that are written down to a zero balance.

BE IT FURTHER RESOLVED: That the Finance Director is authorized and directed to record all necessary transactions in the City's accounting software to reflect the transfer of \$610,911.84 from available fund balance to the home rehabilitation loan program.

PASSED AND ADOPTED BY THE CITY OF SHEBOYGAN COMMON COUNCIL

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Presiding Officer

Attest

Ryan Sorenson, Mayor, City of
Sheboygan

Meredith DeBruin, City Clerk, City of
Sheboygan