



## East Dubuque Transparency Report #2

### Turning the Corner

March 18, 2024

By Mayor John Digman

East Dubuque has turned the corner!

We are still a long way from reaching our goals or maximizing the potential of our city, but we are stacking wins and moving forward.

At our last meeting, you heard independent auditors tell you that a year ago, the city had a million-dollar deficit. That was last April. Since then, we have focused on transparency, accountability and balancing our budget.

In my first Transparency Report last September, I made some promises:

#### First, balancing our budget.

- I am proud to announce tonight that East Dubuque has a balanced budget for the current fiscal year which ends in about six weeks. We took over an unrealistic budget that we did not write with no financial reporting and no real way to compare spending to the budget. For most of the year we worked blind, but we got it done.
- In April, we will bring forward an honest, balanced budget for the upcoming fiscal year that respects our taxpayers and makes permanent reforms to city government.

#### Accountability

- **Reduce and eliminate the ongoing budget deficit** in a reasonable time. The million-dollar budget deficit accumulated from overspending the general fund since 2017.
  - Status: Tonight, we have a proposal that will reduce the deficit by about 20% immediately. Through tough choices and good decisions, we have balanced this year's budget and created a surplus that we will apply to repaying the TIF accounts for funds that were improperly spent. Tonight, we will reduce the million-dollar deficit from previous years by about \$200,000. We hope to make more progress in this fiscal year and we are committed to major progress toward elimination of the deficit through tough budgeting in the coming year.
- **Broaden our tax base** and ease the tax burden of everyone through proper investment of TIF funds and other tools.

- Status: Sometimes government just has to get out of the way. Selling city owned property on Sinsinawa Ave has already resulted in commitments for two major investments in new buildings for new businesses. To put this in perspective, we have commitments for two new buildings in one year on a street that has seen two privately constructed buildings in well over 50-years. We will be bringing plans soon to use a portion of the returned TIF funds to improve existing businesses and increase the draw of downtown East Dubuque.
- The reforms in East Dubuque are already being noticed. Several of our existing businesses are making significant investments here and we are fielding inquiries from businesses looking to catch on with a community on the rise. In other words, the wins we are stacking are leading to more wins.

## Transparency

- **Bring the books up to date** so the Council, citizens and auditors could see what we were doing (frankly, so we could see what we were doing).
  - Status: Done. We contracted with a CPA who is an expert in municipal government to bring our books up to date and keep them there.
- **Conduct a rigorous independent audit** to examine every detail of city finances and show where our tax dollars weren't being adequately protected.
  - Status: Done. The auditors dug deep and identified seven serious issues with how city finances were protected in the year that ended in April of 2023. We agree with the audit findings and have addressed each issue. We are putting permanent controls in place to make sure no one can slip back into these problems again.
- **Bring the Auditor in** to present the Audit in public and take questions from Council Members.
  - Status: Done.
- **Present the information to the Council** and the public that allows them to keep an eye on the budget.
  - Status: Partially implemented. We have been giving the Council the best information we have, which is the balances in our bank accounts, a complete list of expenditures and proposals for unbudgeted expenditures. When the new budget is approved, we will be able to show the Council and the Public how each department is functioning compared to the approved budget every month.
- **Stop paying the costs of other communities** in the DACRA program.
  - Status: Done. We worked with the leadership of the other DACRA communities to share the cost fairly while keeping all the benefits of DACRA for East Dubuque. From November to February, each community paid their portion of the fixed costs to East Dubuque. In February, Warren took over operation of the program. Now, a program that was costing East Dubuque about \$5,500 per month costs us \$543 per month. That's about 1/10 the cost for the same service to our citizens.

In closing, I'd like to thank City Manager Seitz for his leadership through these difficult times and getting us back on track. I'd also like to thank City Council, staff and department heads for finding better ways to get the job done. Finally, I'd like to thank Cindy Parchert for taking on this challenge with us and helping us implement financial controls for the future.

We've turned the corner. Now, we need to continue stacking wins to become everything East Dubuque can be.