



DDA ACTION SUMMARY SHEET

MEETING DATE: May 21, 2024

TOPIC Budget Adjustments – Fiscal Year End

BACKGROUND BRIEF:

As the fiscal year end approaches, we have monitored certain funds that are projecting, or already, in deficit. This is caused by several factors; under-estimating the cost of inflationary impact on utilities, the changes in wage benefits, the lack of an intent to attend educational programming by the prior Director, and basic budgetary fluctuations. The following budget adjustments will pull the immediate issues within our budget into balance and compliance as we end the year on June 30, 2024. Final Budget Adjustment and Amendment will occur in June, including an assessment against the Village adopted budget.

Use of Undedicated Budget Funds: The Dumpster Project has been deferred into the next fiscal year. This is in large part because the DDA has been able to work/partner with the developers of 44 E Flint St to incorporate a new dumpster area/shared design that will allow for two dumpster(s) and a future grease trap. This will solve the East Side dumpster issue. Because the budgeted funding for that capital expense will not be allocated and used in 23-24, we are recommending to use a portion of the \$30,000 budget amount as a source to balance four (4) year end adjustments.

Therefore, each of the following is being balanced from **GL 248-730-975-009**.

FINANCIAL IMPACT:

UTILITIES: The Amended Budget for 23-24 set the projected expenditures to total \$4800. This was a carry over projection from the prior year and did not account for significant rate increases in the Michigan utility industry. An additional factor in the status quo is the fact that a portion of the invoicing comes directly to the DDA and a portion comes to the Village. The billing is spread out between direct DDA assumption and Street Lighting, without any audit procedure for actual cost. So, we have requested that **all** utility invoicing be provided to the DDA for initial review and posting for payment, in lieu of the prior practice of having this separated. A new process will allow better tracking, budgeting and, most importantly, review to catch errors and improperly assigned charges. While this will help future efforts, we need to catch up on the outstanding invoicing, and the budget line is under in revenue allocation.

WORK IN PROGRESS: An audit of year to date charging, an analysis of why we get variable charging to certain addresses that include multiple meter charges, and a break down of separating core DDA bills from the street lighting, alleyway, and lumber yard.

BUDGET ADJUSTMENT:

Move \$2,145.00 from GL 248-730-975-009 to GL 248-260-920-000

CONTRACTED SERVICES – BRAND MARKETING: The ending of the contract with “Hudson” was part of the re-alignment to structure the current leadership and staffing of the DDA. However, there have been ongoing difficulties in closing out this agreement, obtaining our owned media from the firm, and a big problem with the accounting due to allegedly paid but lost checks, authorized video projects that don’t have much record of what/how was the scope of contract, and other invoicing charged against this GL line prior to the new structure. We anticipate a deficit to end the year so an adjustment is required, despite our internal audit.

WORK IN PROGRESS: We have to get a complete digital file of all media (print, photo, video etc.) and balance what we paid for against what we received. This is ongoing, but we need to balance the budget for this expense against known invoicing.

BUDGET ADJUSTMENT:

Move \$4,500 from GL 248-730-975-009 to GL 248-728-888-001

AUDIT: This needed adjustment also stems from oversight in the last budget, and (an important factor) the lack of a current services agreement with the Village. The funded amount of \$2000 was a carry over from prior years, but did not account for the fact that the audit also includes the bond account. We are apparently charged as a percentage of our funds (a detail in discovery). For this year, however, we need to have funds available in the GL line and that line is presently over-spent.

WORK IN PROGRESS: We have been waiting on the Village to request the commencement of engagement on the re-negotiation and analysis of the Service contract, in the absence of any request, we have to get this going. So, the DDA is making the request. The current process has the Village simply dividing the amended budget amount by a periodic draw schedule and drawing money, without demand or charge. This is causing the deficiency here, and in other areas.

BUDGET ADJUSTMENT:

Move \$950 from GL 248-730-975-009 to 248-260-805-000

EDUCATION AND TRAINING: This one is simple, the prior Director did not plan on attending the Main Street Conference, or other education programming, and the new leadership asked and was granted permission to attend. To pay those bills, and reimbursements, a budget adjustment is necessary. The Board Authorized that the Director and Asst. Director could attend the Main street NOW conference in Birmingham, AL at a cost not to exceed \$3500. That is the very closely estimated budget adjustment now needed.

BUDGET ADJUSTMENT:

Move \$3,492.00 From GL 248-730-975-009 to GL 248-260-957-000

DUMPSTERS: As described above, to fund these adjustments the Capital Outlay – Dumpsters line needs adjustment

NO ACTION IS NECESSARY other than acknowledgement that the above transfers will reduce GL 248-730-975-009 by \$11,087.00, resulting in the line being reduced from \$30,000 to \$18,913.00.

THESE SURPLUS FUNDS MAY BE NEEDED TO FUND THE 75/25 CAPITAL RESTRICTION THAT WILL BE PRESENTED EITHER AT A SPECIAL MEETING ON BUDGET OR THE NEXT REGULAR MEETING.

RECOMMENDED MOTION:

Adopt and Approve the following budget adjustments:

Move \$2,145.00 From GL 248-730-975-009 to GL 248-260-920-000

Move \$4,500 From GL 248-730-975-009 to GL 248-728-888-001

Move \$950 From GL 248-730-975-009 to GL 248-260-805-000

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