



# FIRST READING 2023 BUDGET

August 22, 2022

January 1, 2022								
	City Tax	School Tax	County Tax	Other Tax	Sewer*	Water	Garbage	Annual Total
Spearfish	406	1177	612	30	623	254	250	3354
Sturgis	790	1122	581	0	514	273	196	3476
Rapid City	480	1168	703	140	396	324	284	3496
Belle Fourche	802	1163	588	0	451	283	244	3530
Deadwood	813	1075	612	122	324	391	275	3613
Hot Springs	897	1132	595	50	381	369	244	3668
Lead	1238	1075	612	241	396	345	231	4138
Seven City average	\$ 775.22	\$ 1,130.19	\$ 614.87	\$ 83.46	\$ 440.78	\$ 319.92	\$ 246.28	\$ 3,610.72
Sturgis over (under)	\$ 14.68	\$ (8.19)	\$ (34.37)	\$ (83.46)	\$ 73.30	\$ (47.04)	\$ (49.84)	\$ (134.92)
*includes \$16.05/month surcharge								

## 2022 COST OF LIVING IN THE BLACK HILLS

- Based on a \$150,000 assessed value home (not the same in each community)
- Assumes 2,000 gallons of water per month
- 2014 Sturgis was tied for 5<sup>th</sup> at an annual cost of \$4151/year

## COST ASSUMPTIONS

2023 City Health Ins Increase  
10%

2023 City Dental Ins Increase  
5%

2023 City Life Ins Increase  
5%

2023 Utility Cost Increase  
2%

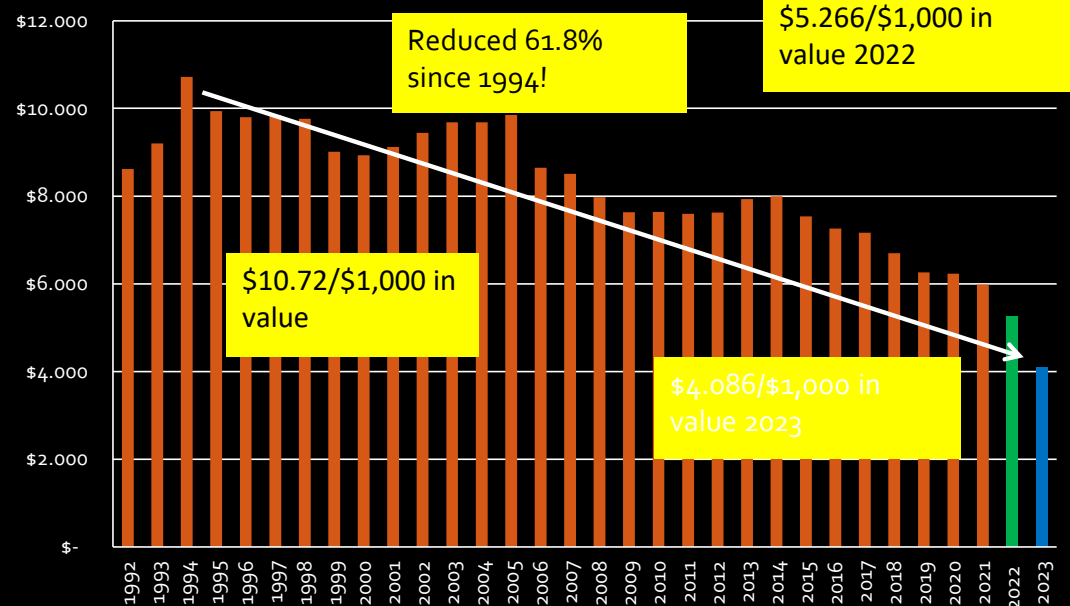
## REVENUE ASSUMPTIONS

2022 2% General Sales Tax Growth	5%	2.3%
2023 2% General Sales Tax Growth	4%	
2022 BBB Sales Tax Growth	2%	-5.8%
2023 BBB Sales Tax Growth	2%	
2022 Increase in Utility Accounts	1%	
2023 Increase in Utility Accounts	2.6%	
2023 Water and WW Surcharge	-1.6%	
2023 Sanitation Rate Increase	5%	
2023 Water Base Rate Increase	5%	
2023 Water Usage Increase	0%	
2023 WW Base Rate Increase	5%	

# ASSUMPTIONS – PROPERTY TAX

- 2021 Assessed Value \$510.8 mill
- 2022 Preliminary Assessed Value \$610.3 mill
- Reduction in Tax Collected \$100,000
  - \$2,672,280 2023
  - \$2,772,280 2022
  - \$2,911,940 2021
  - \$2,665,904 2012
  - \$50.9 mill increase in assessment from growth (8.3%)

## History of Sturgis City Mill Levy 2023 would be the lowest in 31 Years!

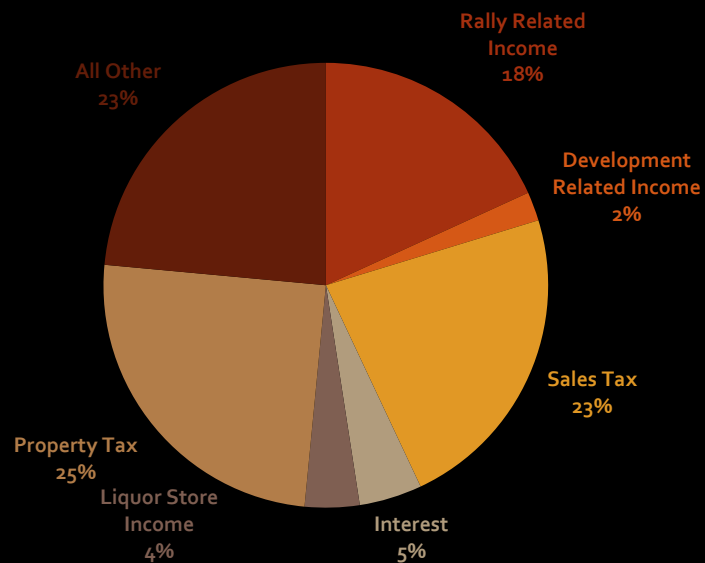




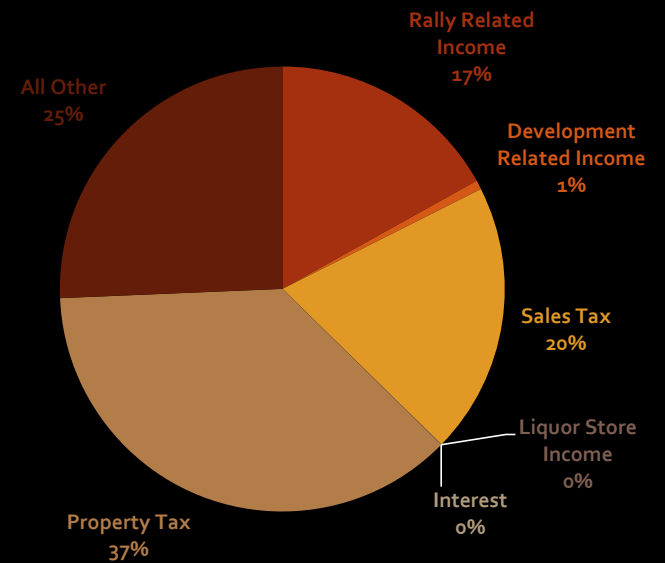
## ANNUAL PROPERTY TAX COLLECTIONS THROUGH THE DECADE

- Adjusted for inflation, property tax collection is 28.6% lower than in 2012
- Adjusted for inflation and population growth, property tax collection is 38.5% lower than in 2012

### 2023 GENERAL FUND REVENUE SOURCES



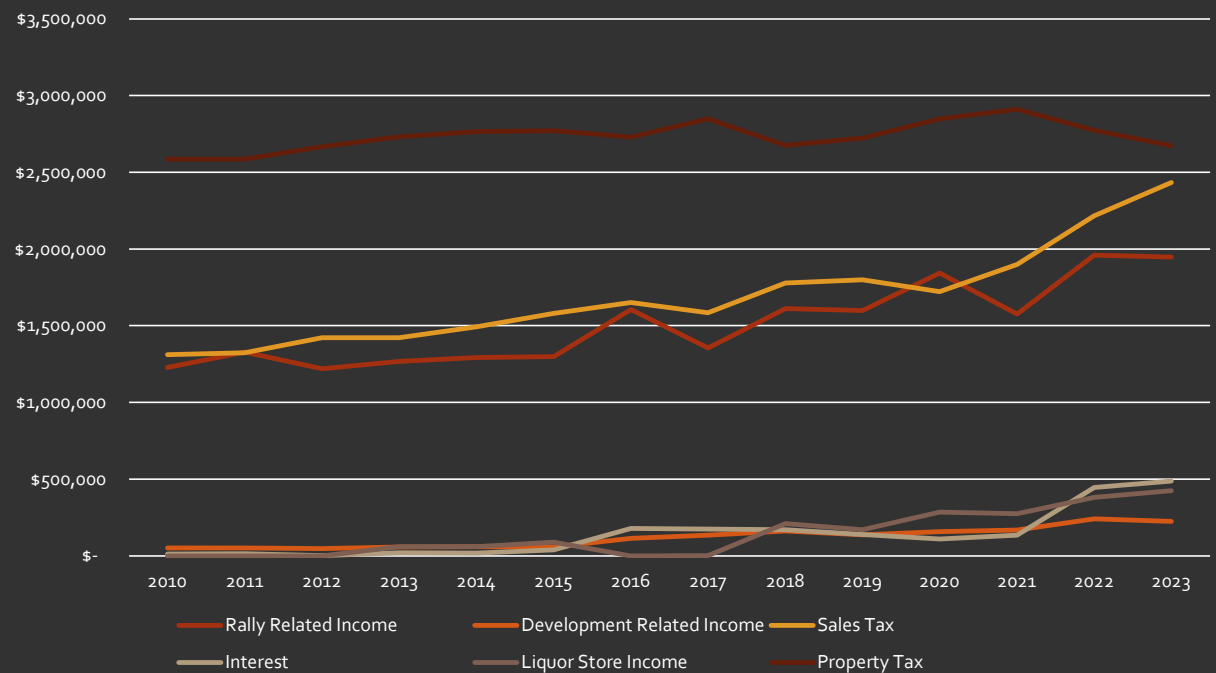
### 2012 GENERAL FUND REVENUE SOURCES



- Growth in dependence on sales tax, tourism and development
- In turn will be more susceptible to impacts from a recession
- Requires a healthy reserve and willingness to make adjustments as the economy changes

- Total property tax collections have remained relatively constant as the total cost and number of taxpayers have increased, reducing reliance on property tax and reducing the mill levy
- Sales tax has increased by 71% since 2012. 14% higher than the statewide average
- Rally related income has increased as has interest income and Liquor Store Profits

Change of General Fund Revenue Sources





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Hot Springs	897	1132	595	50	381	369	244	3668
Lead	1238	1075	612	241	396	345	231	4138
Seven City average	\$ 749.94	\$ 1,130.19	\$ 614.87	\$ 83.46	\$ 442.59	\$ 320.73	\$ 247.68	\$ 3,589.46
Sturgis over (under)	\$ (137.04)	\$ (8.19)	\$ (34.37)	\$ (83.46)	\$ 83.46	\$ (42.21)	\$ (41.40)	\$ (262.46)
*includes \$15.77/month surcharge								

## 2023 COST OF LIVING IN THE BLACK HILLS

- Average cost in Sturgis would decrease by \$149/year
  - Does not include changes in other communities or other taxing districts
- Based on a \$150,000 assessed value home (not the same in each community)
- Assumes 2,000 gallons of water per month
- 2014 Sturgis was tied for 5<sup>th</sup> at an annual cost of \$4151/year (2023 would be \$824 lower)

# BASELINE BUDGETING

- Departments determine budgetary needs to provide services for an “average year”
- If something is out of the ordinary, there will need to be a supplemental appropriation, Departments are not provided cushions
  - Cushions are typical in government agencies, this results in spend it or lose it, we never appropriate additional to departments for this reason
- Administration provides increases for inflationary or known adjustments/assumptions
- Administration reduces Departmental allocations for one-time projects completed

# NEW INITIATIVES

Increased wages for temporary/part-time staff

Summer Employee to PTE for Downtown Gardener

New Director of Communications

Additional Events, Promotion Activities for Downtown

Implementation of the Generation Fund Plan (scheduled to be presented to Council September 2022)

Operation of the new WWTP

Expansion of employee training

Fire Cancer Insurance

Fire Bunker Gear

AP Software

Enhanced Library Programming

New Comprehensive Plan

Additional non-lethal weapons for PD

# TOTAL BUDGET

\$11.0 million	General Fund
\$ 2.0 million	Water Fund
\$ 2.5 million	Waste Water Fund
\$ 1.6 million	Sanitation Fund
\$ 1.8 million	Ambulance Fund
\$ 3.6 million	Liquor Fund
\$ 3.9 million	TIF Funds (est. Hidden Hills projects, Senior Living Projects)
\$ 0.5 million	BBB (Tourism) Fund
\$ 0.2 million	Downtown Fund
\$ 0.1 million	Hotel Fund
\$ 3.5 million	Capital Improvement
\$ 0.2 million	Economic Development Fund
\$ 0.3 million	Equipment Replacement Fund
\$ 0.1 million	Other Funds
<b>\$31.3 million</b>	<b>Total 2023 Preliminary Budget</b>

# TIMELINE

- September 6      2<sup>nd</sup> Reading of 2023 Preliminary Budget