

2022 Preliminary Budget

JULY 26, 2021



Sturgis' Current Financial State

Bond Rating

Similar to a family's credit rating

Increased 4 steps

Has not been reassessed since '14 (no more outstanding credit bonds)

Would now be even higher



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Rating Agency Credit Scale

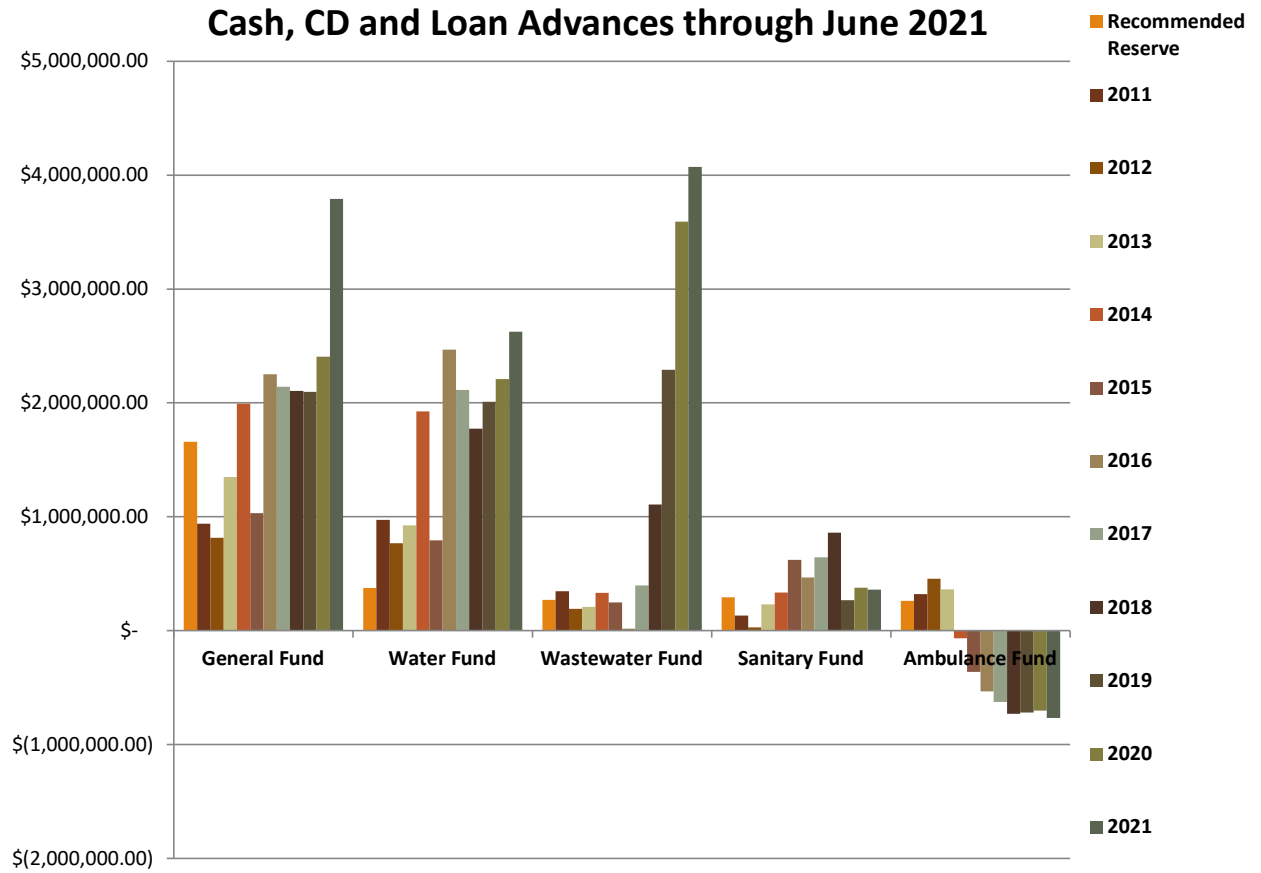
Moody's	S&P	Fitch	NAIC*	
Aaa	AAA	AAA	1	Investment Grade
Aa1	AA+	AA+	1	
Aa2	AA	AA	1	
Aa3	AA-	AA-	1	
A1	A+	A+	1	
A2	A	A	1	
A3	A-	A-	1	
Baa1	BBB+	BBB+	2	
Baa2	BBB	BBB	2	
Baa3	BBB-	BBB-	2	
Ba1	BB+	BB+	3	Non-Investment Grade
Ba2	BB	BB	3	
Ba3	BB-	BB-	3	
B1	B+	B+	3	
B2	B	B	3	
B3	B-	B-	3	

* National Association of Insurance Commissioners

City's "Savings Accounts"

The Reserves of Operating Funds are very high

Each Fund (other than Ambulance) is at least 2X the recommended minimum reserve (20%)



City's Property Tax

Estimate (do not have final assessment)

Growth (new construction) has increased valuation by 9.6%

Annexation has increased valuation by 3.5%

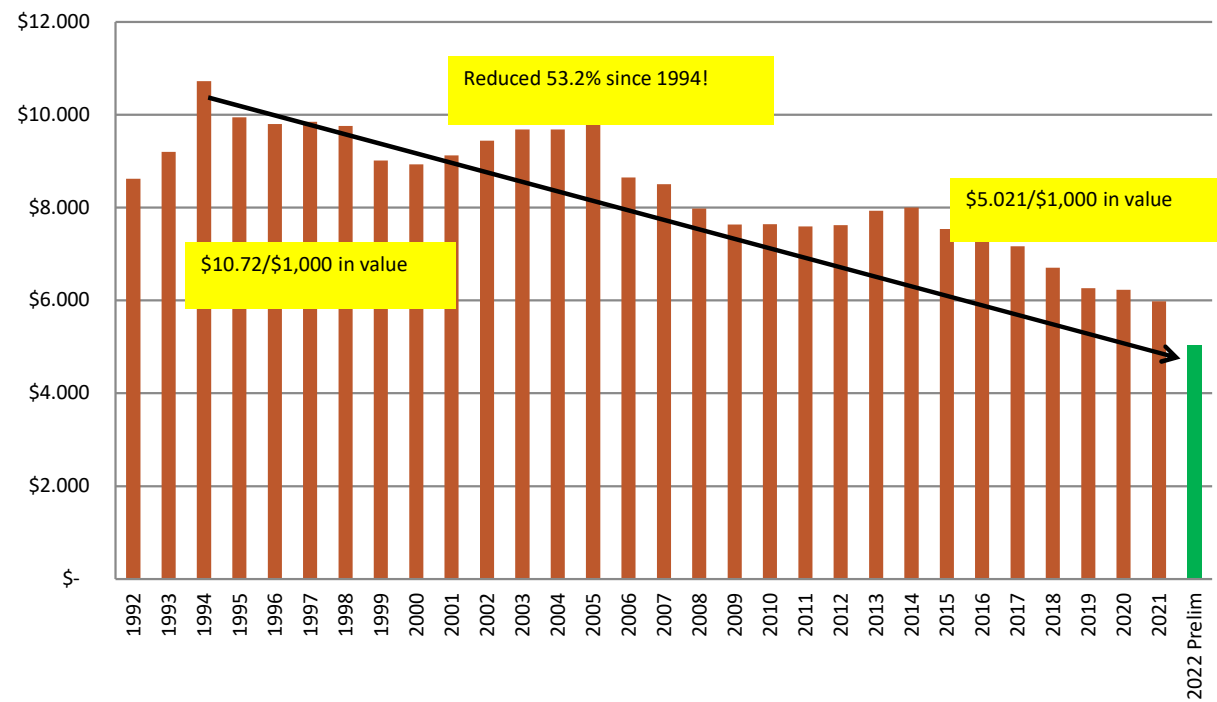
TIFs will ensure continued growth in assessment valuations

Estimated reduction in 2022 of **16.6%**

\$134,660 less than collected in 2021

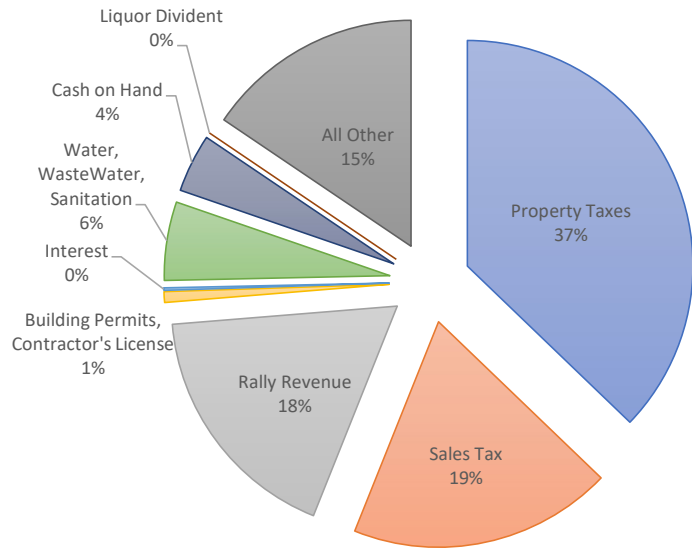
The same as what was collected in 2013

History of Sturgis City Mill Levy 2022 will be the lowest in 30 Years!

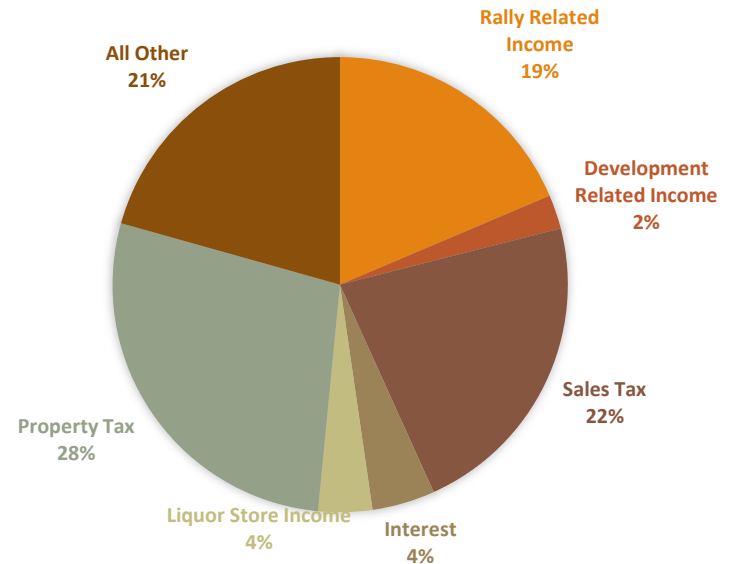


How Sturgis can collect less property tax and still operate

2010 General Fund Revenue Sources



2022 GENERAL FUND REVENUE SOURCES



RALLY RELATED INCOME UP 51%

SALES TAX UP 69%

LIQUOR STORE NOW \$381,000

DEVELOPMENT RELATED INCOME UP 359% (NOW A PROFIT CENTER)

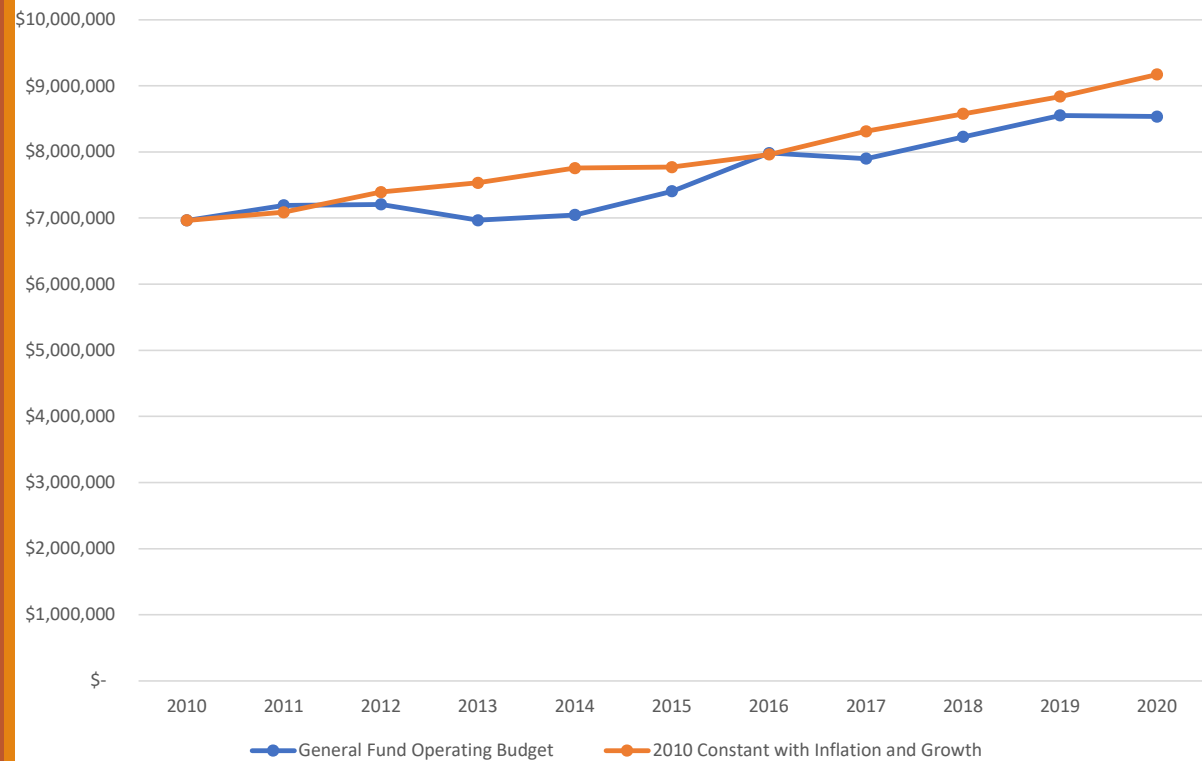
INTEREST INCOME UP \$445,000

Enhanced Efficiency

Cost of Government Operations has increased at a rate slower than population and CPI growth

Actual costs will be lower once actual Census numbers are released (Census estimates for small communities historically greatly under anticipates growth, the census does not do building permit surveys in small communities with historically small total population growth)

General Fund Operating Budget vs Inflation and Growth



2022 Highlights

2022 Improvements/Equipment

- \$200,000 Boulder Canyon Bike Trail
- \$700,000 Reconstruct Moose (likely construction in 2023, funded in 2022)
- \$900,000 Reconstruct E. Main and E. Sherman (likely constructed in 2023, funded in 2022)
- \$137,000 Upgrades at Armory and Comm Center
- \$170,000 Dispatch Center Control Panels
- \$ 30,000 New Mowers
- \$435,820 Purchase 2 graders



Outside Agencies

Increase SEDC contribution by \$15,000

Increase Sturgis Area Chamber of Commerce contribution by \$10,000

Continued contributions to Sturgis Rally Charities

- 5% of Sponsorship Income
- \$25,000 in set funding
- Potential Cup Sales

Personnel

Seasonal/Part-Time Employees Raises

Additional seasonal employees for Parks, Rally & Events

Police have 2 SROs and 1 CRO

Mid-Year one new additional mechanic

4.5% COLA (50% higher than contract)

Finance

Water, Wastewater and Sanitation minimums increase 3%

Estimated city mill levy reduction of 16.6%

- 2021 Payable
 - City represented 33.8% of the property tax for owner occupied
 - County represented 22.6% of the property tax for owner occupied
 - School represented 43.6% of the property tax for owner occupied

January 1, 2022 Preliminary	City Tax	School Tax	County Tax	Other Tax	Sewer*	Water	Garbage	Annual Total
Spearfish	412	1186	595	30	612	254	243	3332
Sturgis	897	1158	601	0	501	226	196	3580
Deadwood	778	1116	595	122	328	391	275	3604
Belle Fourche	892	1188	632	0	415	278	239	3643
Hot Springs	961	1165	619	54	385	271	191	3647
Lead	1259	1116	595	244	136	385	245	3980
Rapid City	479	1190	716	545	465	388	231	4013
Seven City average	\$ 811.03	\$ 1,159.84	\$ 621.73	\$ 142.29	\$ 405.88	\$ 313.26	\$ 231.55	\$ 3,685.57
Sturgis over (under)	\$ 86.42	\$ (1.54)	\$ (20.98)	\$ (142.29)	\$ 95.00	\$ (87.18)	\$ (35.11)	\$ (105.67)

Next Steps

Preliminary 2022 Budget published on website July 29

1st Reading 2022 Budget August 23

2nd Reading 2022 Budget September 7