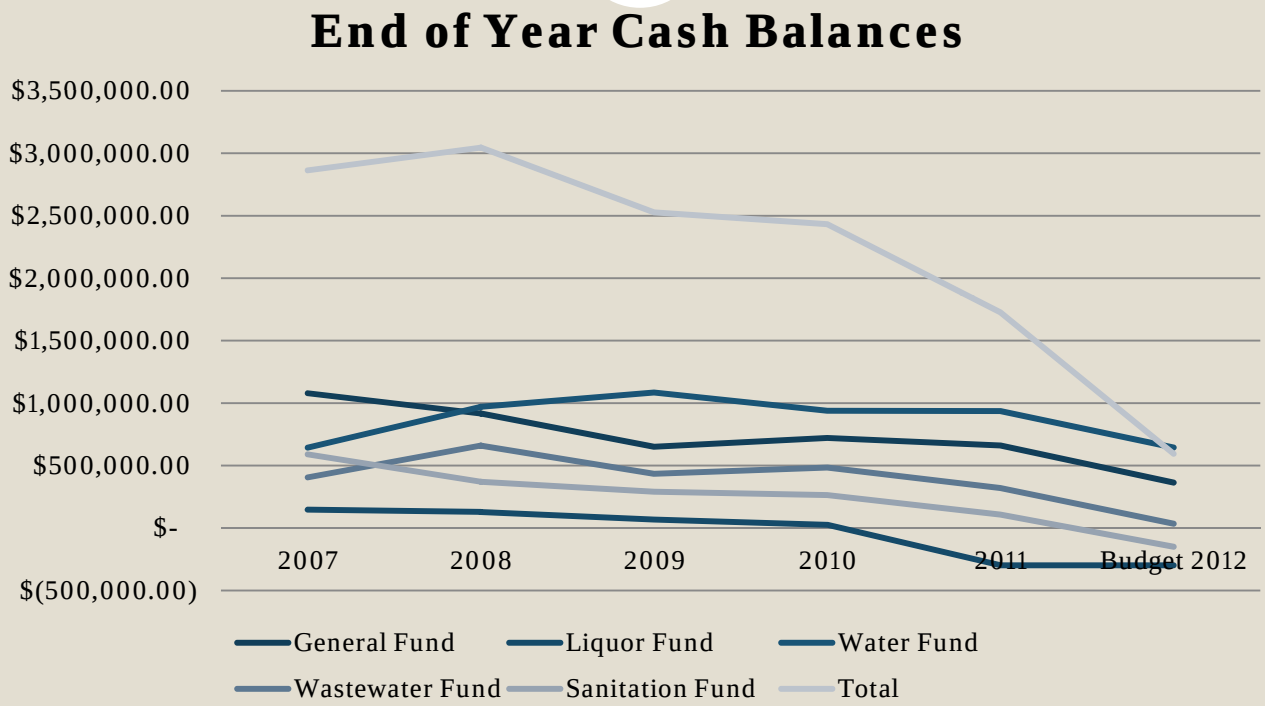
How far we have come

BECAUSE OF YOU!

Our situation 18 months ago



	2007	2008	2009	2010	2011	Budget 2012
General Fund	$ 1,079,243.00	$ 916,499.00	$ 650,673.00	$ 720,944.00	$ 661,004.60	$ 363,912.60
Liquor Fund	$ 146,455.00	$ 128,550.00	$ 67,629.00	$ 25,212.00	$ (298,632.15)	$(298,632.15)
Water Fund	$ 643,794.00	$ 970,625.00	$ 1,085,522.00	$ 938,377.00	$ 936,953.62	$ 644,100.62
Wastewater Fund	$ 405,356.00	$ 659,733.00	$ 433,870.00	$ 484,123.00	$ 320,082.68	$ 35,062.68
Sanitation Fund	$ 589,266.00	$ 370,252.00	$ 290,200.00	$ 263,748.00	$ 107,777.76	$(149,954.24)
Total	$ 2,864,114.00	$ 3,045,659.00	$ 2,527,894.00	$ 2,432,404.00	$ 1,727,186.51	$ 594,489.51

May 31, 2012

Summary:

Sturgis, South Dakota; General Obligation

Credit Profile		
Sturgis GO crossover rfdg bnds		
Long Term Rating	A/Stable	Downgraded

- Previously rated AA, same as the US Federal Government
- Now we are on par with Poland, Chile. If we were a state we would be in between Illinois and California. South Dakota is tied for 14th AA+

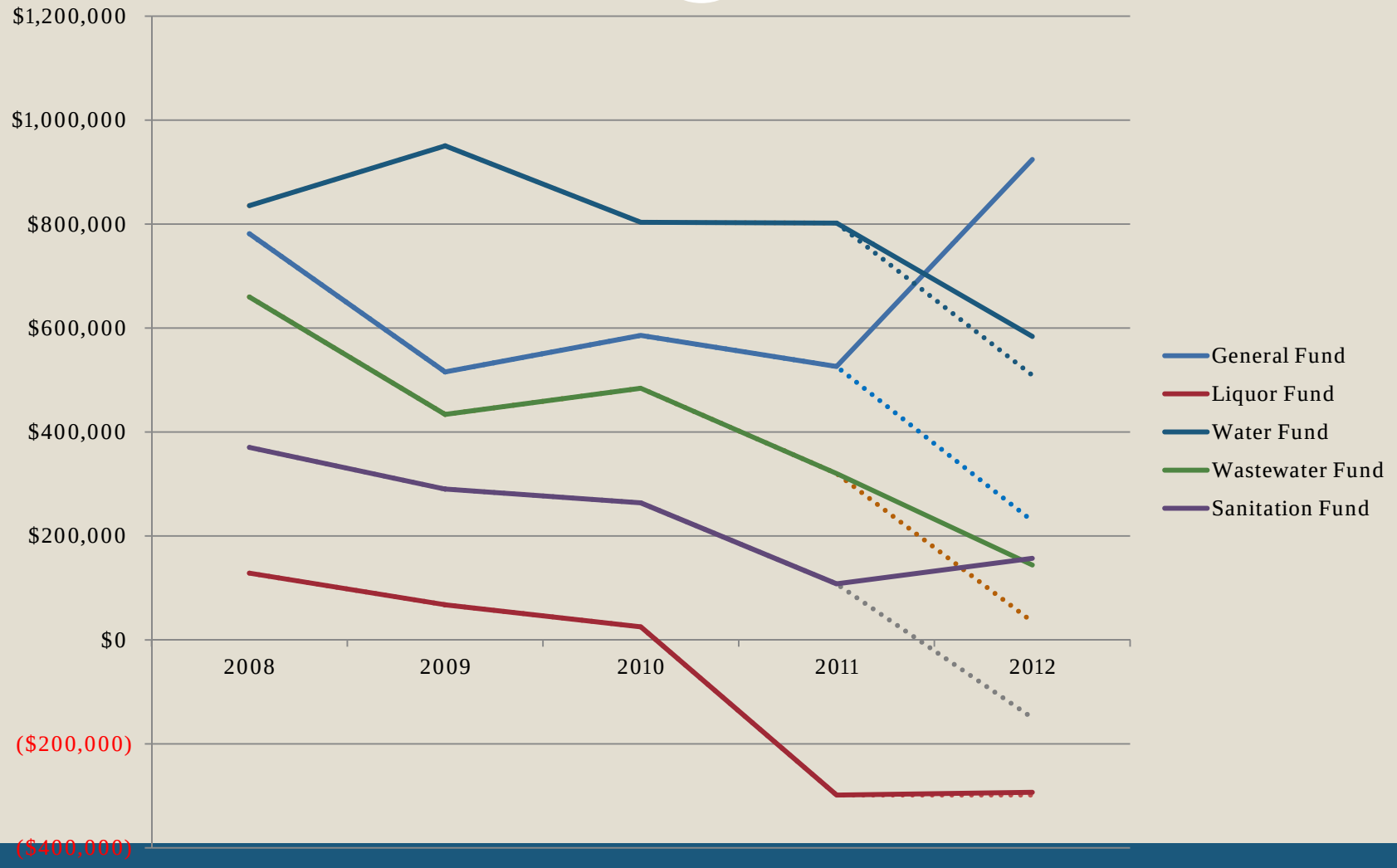
S & P's analysis

Despite stronger-than-budgeted sales tax revenues, the city has drawn on reserves in recent years due to spending on capital projects and less-than-budgeted fee revenue. The city used $265,000 of general fund reserves in fiscal 2009 (Dec. 31) and used another $54,000 in fiscal 2010. To end fiscal 2010, the city had $337,229 total general fund equity, of which $174,227, or an adequate 2.9% of expenditures, was unreserved. Management has reported an unaudited general fund surplus for fiscal 2011, bringing total general fund reserves to $788,938, largely due to $300,000 in transferred equity from the merging of funds. However, for the 2012 budget, the city reported that just $290,375 of this fund balance was unassigned and $297,092 was assigned. Management has reported that it had budgeted to use approximately $300,000 of reserves in its 2012 budget but that the overall use of reserves may be closer to $100,000-$200,000 due to expenditure reductions. Management expects to make cuts, such as wage concessions, in order to achieve balanced operations in all of its funds. The city's goal is to achieve two months of expenditures as reserves in all of its funds within the next three to five years, and it is constructing its fiscal 2013 budget to achieve this goal. Property taxes accounted for 44% of city revenues in fiscal 2010 while sales taxes accounted for 23% of total revenues. Sales tax revenues have historically been growing, supported by the city's

Difficult decisions have been made

- Did not refill several positions (Community Development Director, Disaster Mitigation, PW Administrative Assistant, Police Officer)
- Incentivized people to move onto other available health systems
- Increased vendor fees $100 over the last two years 16.7% increase, first in more than 7 years), new system for 2014
- Changed Sponsorship Agent and eliminated the internal publication – increased workload
- Cut charities payments by nearly 50%
- Increased property taxes, utility rates
- Agreements with the School District
- Cut all expenses, average of 10% cut
- Increased enforcement at the Rubble Site
- Internal billing for the Ambulance Service
- Delayed capital equipment purchases
- Auction of surplus equipment
- Opening of Liquor Annex
- Opening of additional vending locations
- Increased property insurance deductibles

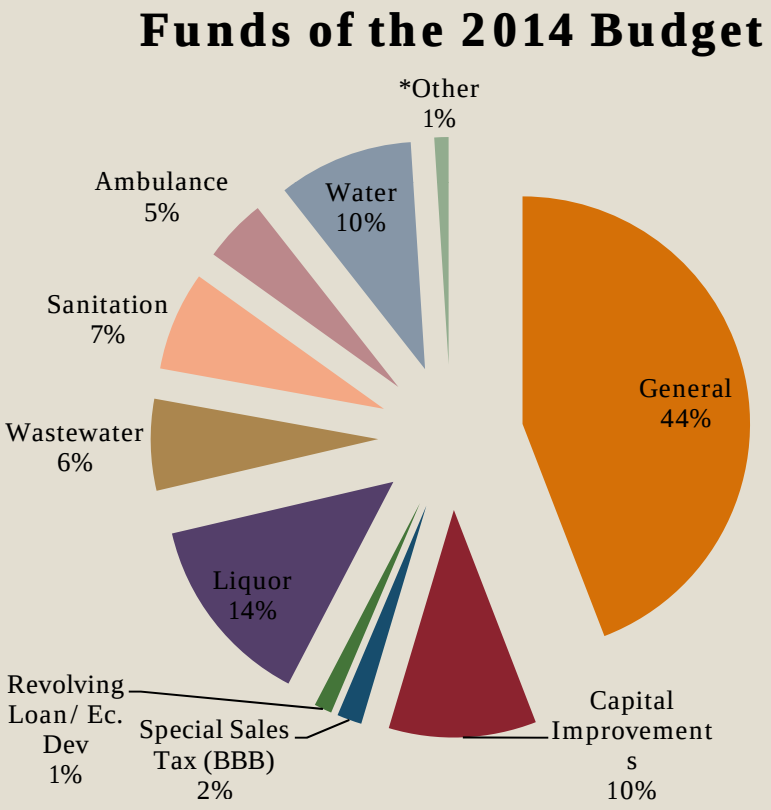
The result


$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
($200,000)
($400,000)
2008
2009
2010
2011
2012
General Fund
Liquor Fund
Water Fund
Wastewater Fund
Sanitation Fund

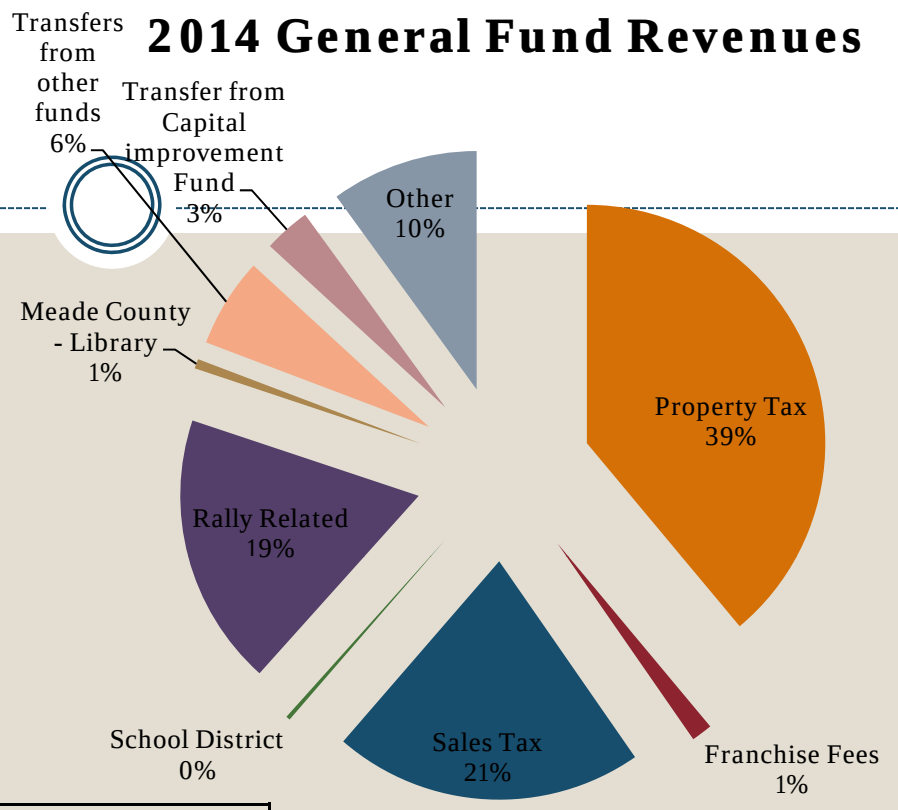
Fourteen Funds…funds cannot be comingled

2014 Fund Budgets	
General	7,032,440
Capital Improvements	1,670,984
Special Sales Tax (BBB)	281,826
Revolving Loan/ Ec. Dev	200,000
Liquor	2,185,190
Wastewater	1,033,972
Sanitation	1,123,867
Ambulance	716,300
Water	1,529,690
*Other	160,803
Total Prelim. 2014 City Budget	**16,423,811**

*Includes Library, TIF, Perpetual Maint., AWD, Sewer Bond



The General Fund



2014 General Fund Revenue		
Property Tax	2,737,440	38.9%
Franchise Fees	100,000	1.4%
Sales Tax	1,477,532	21.0%
School District	20,000	0.3%
Rally Related	1,299,500	18.5%
Meade County - Library	45,500	0.6%
Transfers from other funds	426,900	6.1%
Transfer from Capital improvement Fund	221,630	3.2%
Other	703,938	10.0%
Total Prelim. 2014 City Budget	**7,032,440**	**100%**

Preliminary 2014 Budget

Changes for 2014

- Transferring money from various funds to a Vehicle Replacement Fund – schedule replacement dates for all significant equipment

Ambulance Fund

- Will pay a prorated portion of administrative costs and bond payment

2014 Administrative Costs	
Mayor & City Council	248,748
Attorney	100,516
Finance	348,282
Human Resources	71,047
City Manager	187,024
Information Technology	57,389
Insurance	295,000
Total Admin Expenses	**1,308,005**

2013 Fund Budgets		
General	7,008,403	42.7%
Capital Improvements	1,222,598	7.4%
Special Sales Tax (BBB)	276,300	1.7%
Library	13,000	0.1%
Revolving Loan/ Ec. Dev	1,120,000	6.8%
Liquor	2,350,095	14.3%
Wastewater	968,367	5.9%
Sanitation	1,105,616	6.7%
Ambulance	750,000	4.6%
Water	1,451,925	8.8%
Perpetual Maintenance	4,700	0.0%
Sewer Bond	55,637	0.3%
TIF 9	97,170	0.6%
Total 2013 City Budget	**16,423,811**	**100%**

2014 Administrative Charges

Fund	Calculated Charge	Reduction	2013 Admin Charge
Liquor*	187,163	187,163	-
Wastewater	77,122	-	77,100
Sanitation	88,052	-	88,100
Ambulance	59,731	-	59,700
Water**	115,632	103,632	12,000

*Reduction is desired to help the Liquor Fund return to a positive cash balance

**The City has an operating agreement with the MUB that sets the accounting charge

Capital Improvement Bond		
Community Center	3,630,000	64%
Fire Hall	637,852	11%
City Hall	734,909	13%
City Hall	657,074	12%
Total	**5,659,835**	

Capital Improvement Projects

Five Year Capital Improvement Scheduling

	2014	2015	2016	2017	2018
Water					
Foulton from Douglas to Howard	$ 50,000				
Sherman E of Junction	$ 30,000				
Spruce from Deadwood to Tilford		$ 50,000			
Tillford from Spruce to Pine		$ 50,000			
Main Street	$ 90,000	$ 70,000	$ 120,000	$ 344,000	
Shepard from Junction to Cedar				$ 57,500	
Dakota from Pine to Cedar				$ 57,500	
Sanitation					
Building	$ 95,000				
Parks					
Marcotte Purchase	$ 237,000	$ 237,000			
Asphalt @ BB Cemetary					
Girl's Softball Sidewalk & Driveway	$ 25,000				
Willowpark playgrounds		$ 15,000			
Rose Street Park Playground		$ 15,000			
Dog Parks (Woodland & Centennial)		$ 10,000			
Marcotte Development					
Lion's Club Park Playgrounds	$ 20,000				
Soccer Field Concessions			$ 25,000	$ 50,000	$ 50,000
Tennis Court resurfacing & Practice Walls					$ 25,000
ADA Compliance at Sports Facilities		$ 25,000	$ 25,000		$ 50,000
Expansion of trail/path system					$ 170,000
Cremain section					$ 30,388
Streets					
Resurface	$ 200,000	$ 250,000	$ 150,000		$ 475,000
Main Street	$ 30,000	$ 50,000	$ 425,000	$ 750,000	
Junction					
Striping					
Streetlighting	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 15,000

Capital Improvement Projects

Community Center					
Pool Flooring		$ 41,200			
Gymnasium Floor Resurfacing	$ 56,000	$ -			
Treadmills (2)	$ 11,500				
Elliptical	$ 2,400				
Bikes (2)	$ 7,400				
Cardio Theater	$ 5,500				
Weight Equipment	$ 25,000				
Lobby TVs	$ 1,000				
Outdoor Basketball	$ 10,000				
Pool Windors, doors, light and vents	$ 8,000				
Climbing Wall & Building	$ 31,000	$ 79,000	$ 30,000		
Northside Parkinglot					
Golf Simulator			$ 47,687		
Multi Sport Simulator			$ 27,583		
Hunting Simulator			$ 7,638		
Batting Cage & Equipment		$ 10,000			
Basketball					
Other					
GIS Flights and Web Hosting	$ 8,000	$ 8,000	$ 8,000	$ 8,000	$ 8,000
Wastewater Total	$ -	$ -	$ -	$ -	$ -
Water Total	$ 170,000	$ 170,000	$ 120,000	$ 344,000	$ 115,000
Sanitation Total	$ 95,000	$ -	$ -	$ -	$ -
Capital Improvement Fund Total	$ 692,800	$ 755,200	$ 760,909	$ 823,000	$ 823,388
Grand Total	**$ 957,800**	**$ 925,200**	**$ 880,909**	**$ 1,167,000**	**$ 938,388**

Changes for 2014

- 2.1% CPI increase for property tax
- 2.1% CPI increase for sewer and sanitation
- 26% increase for Health Care (though not as bad as it sounds)
- Water is looking at a 20% base rate increase
- Nearly every department is at a 1-2% increase (except changes in personnel assignments)
- Decrease in Sponsorship income (no longer double counting revenue)
- Decrease in property tax of $92,000 (not double counting)
- Increase in franchise fees by $40,000
- 4% increase in sales tax
- Loss of $26,500 in funding for Library from the School District
- Loss of $19,000 in funding for PD from the School District
- Funding for a new patrol officer but not a School Resource Officer
- Council Budget (incl. SDML, BHCLG, Transit 14-7-9, Center for the Arts, BHCED) includes SEDC and Chamber (5k each in 2013), $25,000 to SRC (charities received 24,888 last year)
- $5,000 from BBB to the Downtown BID

Comparative Tax Levies

	City Tax	School Tax	County Tax	Other	Total	Property Tax*
Watertown	2.593	8.682	3.66		14.935	$ 2,240.25
Spearfish	2.8	8.67	4.31		15.78	$ 2,367.00
Pierre	3.454	9.882	3.728		17.064	$ 2,559.60
Deadwood	4.56	7.67	4.31	0.73	17.27	$ 2,590.50
Rapid City	4.49	9.011	5.06		18.561	$ 2,784.15
Belle Fourche	6.049	9.3	4.553		19.902	$ 2,985.30
Lead	9.213	7.081	4.177		20.471	$ 3,070.65
Hot Springs	6.83	8.749	5.338	0.228	21.145	$ 3,171.75
Sturgis	7.956	8.692	5.823		22.471	$ 3,370.65
Huron	9.514	8.563	4.567		22.644	$ 3,396.60
Average	5.7459	8.63	4.5526	0.0958	19.0243	$ 2,853.65

*Calculated for a $150,000 house

Why is our Mill Levy so high?

	Sturgis	Rapid City	Spearfish
Library			
Per Capita Support from County	$ 2.54	$ 4.45	$ 20.25
Sturgis Dollar Value	$ -	$ 12,657.57	$ 117,364.17
Gaming Funds			
Per Capita	$ -	$ -	$ 25.91
Sturgis Dollar Value	$ -	$ -	$ 171,705.57
Sales Tax			
Per Capita Sales	$ 18,306.00	$ 31,239.00	$ 25,470.00
Sturgis Dollar Value	$ -	$ 1,714,139.82	$ 949,516.56
Lost Funds to Sturgis	0	$ 1,726,797.39	$ 1,238,586.30
Percentage Reduction to City Mill Levy	0	63%	45%

Sustainable Budgeting

Est. 2014 Operating Costs	$ 11,900,000.00
Inflation Index 3%	$ 357,000.00
Inflation Index Sales Tax	$ 88,651.92
Inflation Index Utility Increases	$ 87,049.29
Extra Revenue Needed Each Year	$ 181,298.79

	2015	2016	2017	2018	2019	2020	2021	2022
Palisades TIF Paid Off				$ 25,000	$ 43,000	$ 43,000	$ 43,000	$ 43,000
Water Fund GO Bond	$ 2,310	$ 12,870	$ 17,160	$ 19,910	$ 22,110	$ 21,450	$ 26,400	$ 37,620
Sewer Fund GO Bond	$ 18,690	$ 104,130	$ 138,840	$ 161,090	$ 178,890	$ 173,550	$ 213,600	$ 304,380
Cap Imp Bond						$ (620,000)	$ 600,000	$ 600,000
Liquor Fund *14 & 15 no transfer to break even		$ 62,000	$ 63,240	$ 134,222	$ 136,906	$ 139,644	$ 142,437	$ 145,286
Easy Riders ($5 mill)			$ 39,640	$ 39,640	$ 39,640	$ 39,640	$ 39,640	$ 39,640
Aspen Grove, Samson, Horizon ($8 mill)					$ 63,424	$ 63,424	$ 63,424	$ 63,424
Total Anticipated Fund Growth	**$ 21,000**	**$ 179,000**	**$ 258,880**	**$ 379,862**	**$ 483,970**	**$ (139,292)**	**$ 1,128,501**	**$ 1,233,350**
Operating Cost CPI Growth	$ 181,000	$ 362,000	$ 543,000	$ 724,000	$ 905,000	$ 1,086,000	$ 1,267,000	$ 1,448,000
Additional Revenue Need	**$ (160,000)**	**$ (183,000)**	**$ (284,120)**	**$ (344,138)**	**$ (421,030)**	**$ (1,225,292)**	**$ (138,499)**	**$ (214,650)**

Choices to be made

- Further reduce staffing and services
- Reduce Capital outlays from 2nd Penny (Lead uses all of the 2nd Penny for their General Fund)
- Increase and enhance Rally income
- Growth & Annexation
  - $150,000 house would lead to
    - $1,189.20 in prop tax
    - Approximately $720 in utility payments
    - Estimated $216 in Sales tax
    - Increase likelihood for new retail outlets
    - Growth of 1% a year is 29 homes per year $61,630 per year

Council's Top Priorities

- GROWTH!
  - Additional rooftops leads to additional revenue
- Enhance the Community's image
  - Attract more residents and retail
  - GREAT WORK on Junction, Main, Parks, Flags, the City is beautiful
  - Focus on more Downtown development (not just a Rally town)
- Seek further efficiencies
  - Community Center developments to attract more members
  - Rally
  - Recycling
- Rally efficiency and Income

Thank you for ***your*** hard work and dedication in 2012

Rapid City Journal

Sturgis is South Dakota's Community of the Year