

Preliminary 2025 CITY BUDGET



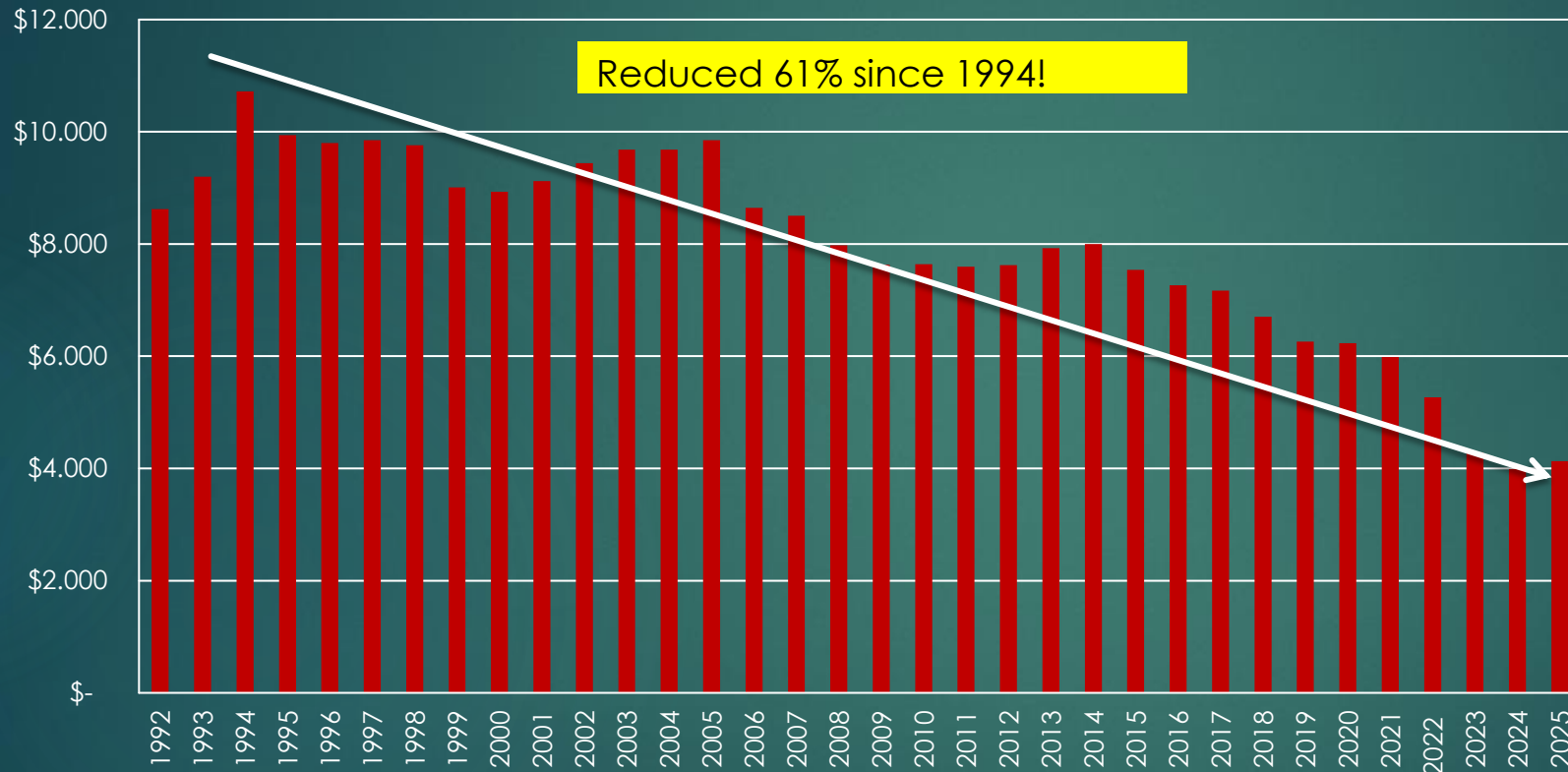
From AE2S –



Sturgis has the third lowest average monthly utility bills of all Class I municipalities in South Dakota

City Property Taxes

History of Sturgis City Mill Levy



- ▶ The City property tax rate has been reduced 61% since 1994
 - ▶ From \$10.72 to \$4.13
 - ▶ Actual property tax collections in 2009 was \$2.56 million
 - ▶ Actual property tax collections in 2025 are projected to be \$3.05million
 - ▶ An annualized increase of 1.2%
- ▶ Additional revenue for the General Fund has come from the Liquor Store, Sales Tax Growth, Interest Income, Rally Income

Assumptions - Revenue

▶ Sales Tax

- ▶ 2% General
 - ▶ Assume 2% growth 2024
 - ▶ Assume 2% growth 2025
 - ▶ Actual 2023 growth 3.6%
 - ▶ Actual 2024 (Jan-Aug) growth 2.8%
- ▶ BBB
 - ▶ Assume 2% growth 2024
 - ▶ Assume 2% growth 2025
 - ▶ Actual 2023 growth 6.9%
 - ▶ Actual 2024 (Jan-Aug) growth 1.4%

▶ Utilities

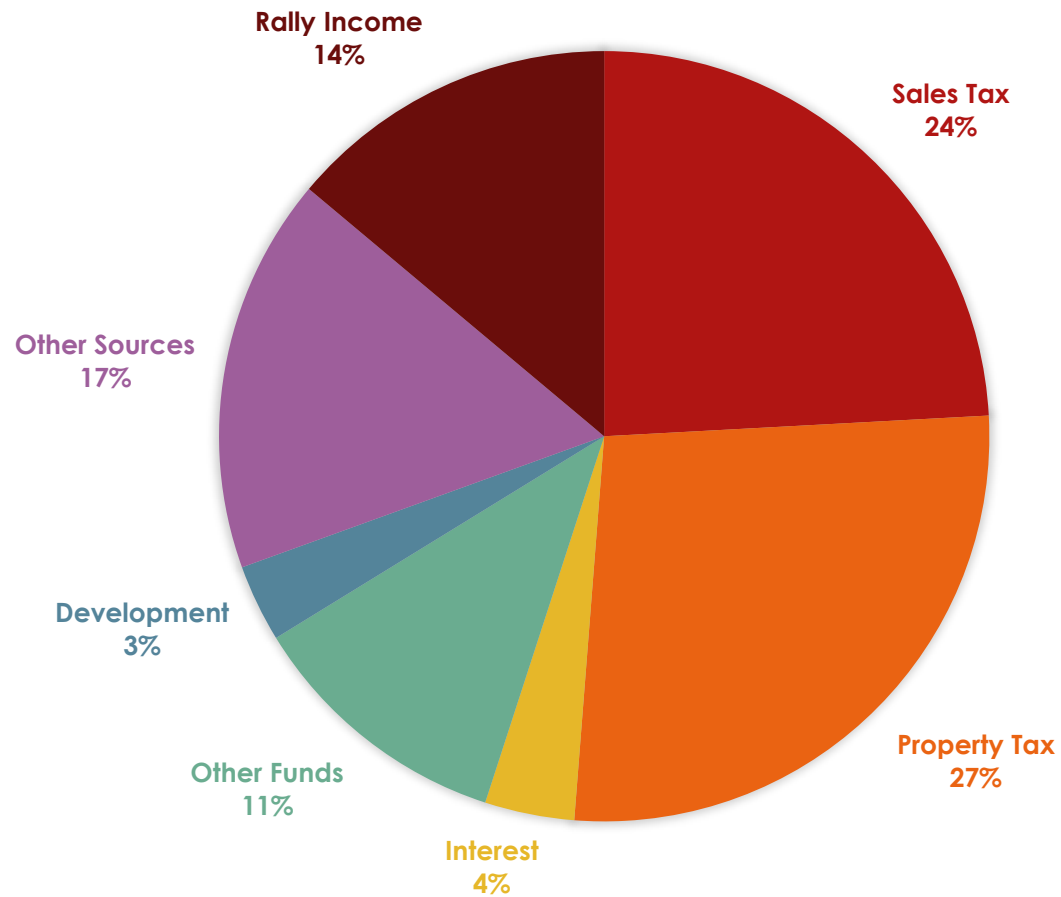
- ▶ All utilities added credit card convenience fee – industry standard
- ▶ Water – 5% usage increase
 - ▶ No change in surcharge, tap, availability, bulk
 - ▶ No assumed growth in number of new accounts
- ▶ Waste Water – 5% usage increase
 - ▶ No change in availability or surcharges
 - ▶ No assumed growth in number of new accounts
- ▶ Sanitation – 5% usage increase
 - ▶ No assumed growth in number of new accounts

▶ Rally

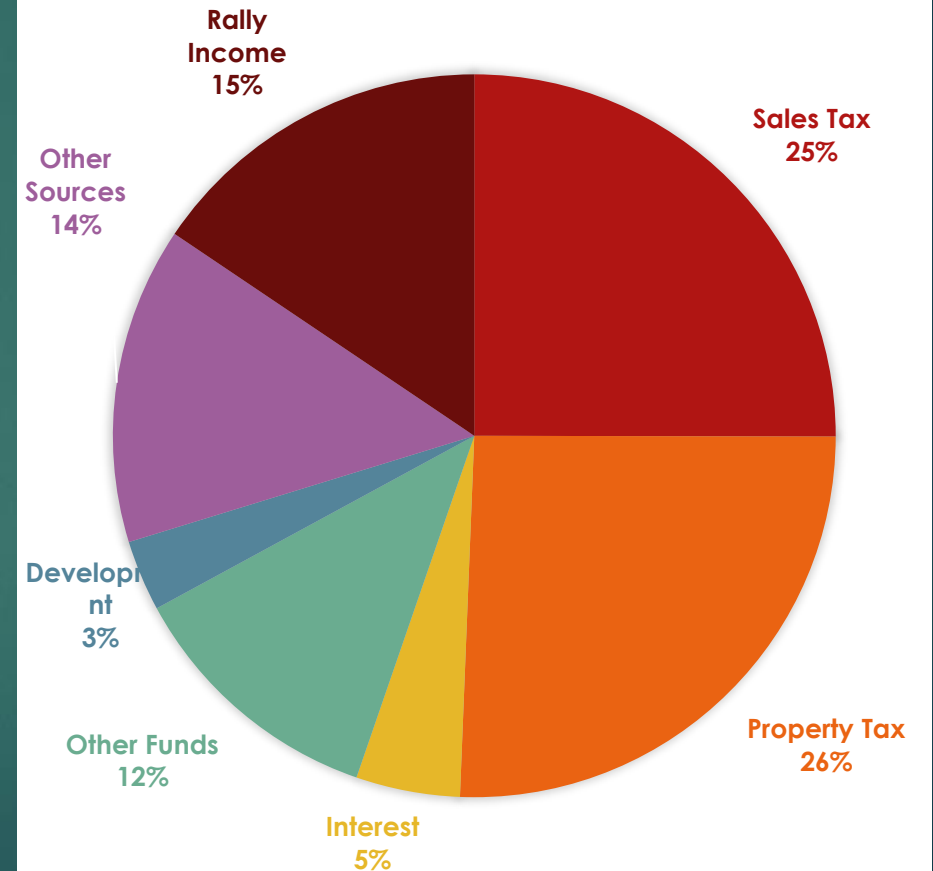
- ▶ Being conservative - Though 2025 is the 85th Anniversary, not anticipating an increase in sponsorship, vendors or sales tax

Revenue Comparison

2025 GENERAL FUND REVENUE SOURCES - PRELIMINARY BUDGET



2023 GENERAL FUND REVENUE SOURCES - ACTUAL



GENERAL FUND REVENUE

	Budget 2025	Actual 2023
Sales Tax	2,728,275	2,622,333
Property Tax	3,061,978	2,681,280
Interest	425,000	487,500
Other Government/Enterprise Funds	1,268,903	1,235,289
Development Income	366,693	332,198
Rally Income	1,570,961	1,630,365
Other Sources	1,602,106	1,485,879
Total Revenue	11,023,917	10,474,843

Assumptions - Expenses

- ▶ Employees
 - ▶ 7.5% Medical Insurance Increase
- ▶ City paid utilities
 - ▶ Assume 5% increase in costs for 2024 over 2023 budget
 - ▶ Assume 5% increase in costs for 2025



GENERAL FUND EXPENSES BY DEPARTMENT

2025 Budgeted Expenditures	2025 Total Budget	2023 Year End Actual Expenditures	
Administrative Services	8,257	128,502	-93.57%
Airport	384,952	321,241	19.83%
Animal Shelter	283,182	Not available	
Attorney	153,655	243,649	-36.94%
Auditorium (Armory)	22,211	23,790	-6.64%
Buildings	267,729	159,091	68.29%
Cemetery	107,962	109,102	-1.05%
City Administrator	261,922	371,548	-29.51%
Community Center	545,740	680,625	-19.82%
Custodial	189,560	207,279	-8.55%
Dispatch	175,000	173,942	0.61%
Engineering	64,575	137,940	-53.19%
Events (new)	136,257	Not available	
Finance	463,791	383,709	20.87%
Fire	170,051	158,168	7.51%
Fleet	277,758	263,953	5.23%
Information Technology	53,885	55,759	-3.36%
Insurance	382,770	306,874	24.73%
Library	407,833	388,005	5.11%
Mayor & Council	1,036,864	462,623	124.13%
Parks	762,721	690,749	10.42%
Planning & Permitting	321,723	299,598	7.38%
Police	2,381,218	2,492,843	-4.48%
Rally & Sponsorship (newly combined)	871,272	1,589,261	-45.18%
Rally Point (new)	14,035	Not available	
Recreation	148,697	135,248	9.94%
Street Lighting	173,050	175,799	-1.56%
Streets	957,247	1,230,207	-22.19%
TOTAL GENERAL FUND EXPENDITURES	11,023,918	11,189,505	

ENTERPRISE FUNDS

	Budget 2025	Actual 2023
Liquor Fund	3,604,989	3,588,816
Water Fund	2,377,444	1,496,432
Waste Water Fund	3,052,138	2,900,991
Sanitation Fund	1,682,582	1,549,284
Ambulance Fund	1,783,081	1,829,815

Key Budgetary Adjustments

- ▶ SEDC and Chamber reduced funding
- ▶ Savings through the elimination of positions:
 - ▶ City Engineer
 - ▶ Director of Communications
 - ▶ HR/Administrative Services Director
- ▶ No budgeted funding to Sturgis Rally Charities (no current contract)
- ▶ Increased revenue through outsourcing of sponsorship
- ▶ Council Direction
 - ▶ Outsourcing legal counsel
 - ▶ Eliminating 2 FTEs

Conservative Budget

- ▶ Council Contingency Fund \$170,137
 - ▶ \$107,125 from Property Taxes
 - ▶ \$63,012 from General Fund Surplus
- ▶ Capital Improvement Fund Contingency \$68,500
- ▶ Equipment Replacement Funds Available \$172,828
 - ▶ Water Fund Contingency \$475,738
 - ▶ Waste Water Contingency \$285,832
- ▶ Sanitation Savings for new truck and contingency \$248,542
 - ▶ Liquor Fund Savings for Equipment \$10,272
- ▶ Allowance for payment on new debt if needed \$382,000
 - ▶ **Total Savings/contingency \$1,813,849**

Top Priorities

- ▶ Hiring a CPA Firm to assist in Finance Office with Year-to-Date for 2024
- ▶ Hiring a Finance Officer
- ▶ Hiring a City Administrator
- ▶ Contracting a Legal Firm
- ▶ Improving the workplace atmosphere to encourage employee retention

Next Steps

- ▶ Tuesday, the budget worksheets will be sent to Council
 - ▶ October 7, 2024 - Council Meeting discussion
 - ▶ October 21, 2024 - 1st Reading
(allowing 3 weeks for council review)
 - ▶ November 4, 2024 - 2nd Reading
- ▶ If Council members have questions, please email the Mayor, Public Works Director or Chief of Police. This will allow time for thorough research and accurate answers to be provided.