




CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-2724

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MEMORANDUM

TO: City Council
FROM: Mayor Sam Kooiker 
DATE: September 26, 2011
SUBJECT: Ordinance 5761

To City Council:

It was discovered in July 2011 that the previous administration had spent into the emergency reserves in September and October 2009, and again in 12 different months during the timeframe of January 2010 to April 2011. This situation was so serious that at one point (April 2011) nearly 2/3's of the City's emergency reserve funds had been spent, yet the City Council and the community were not informed.

Three full budgets were introduced (2010, 2011, and 2012) without the city council knowing that the city had been spending into its emergency reserves since 2009. The situation wasn't discovered until about 6 weeks after the introduction of the 2012 budget, which was introduced on June 1, 2011.

The 8/31/2011 balance and chart is available at the following link. Note that the city closed 2010 with the general fund reserves \$730k into the red without the public or council knowing.

<http://archive.rcgov.org/ca20110919/LF091411-05/covermemo.htm>

Ordinance 5761 will require periodic public reports of the balance of the unencumbered cash and reserve funds. This is to ensure transparency and so the policy makers and the community are aware of the city's financial condition. Ordinance already currently requires periodic reporting of the balance of each fund, but does not require the context or history of the totals. This makes it difficult to determine the trends and see if the City is spending into reserves.



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For your reference, here is the balance of the unencumbered cash and reserves by month since January 2010:

	Total Cash	Reserves*	Undesignated
1/31/2010	6,993,288.44	6,359,234	634,054.44
2/28/2010	4,759,591.40	6,359,234	(1,599,642.60)
3/31/2010	3,469,831.70	6,359,234	(2,889,402.30)
4/30/2010	3,153,993.61	6,359,234	(3,205,240.39)
5/31/2010	7,170,888.58	6,359,234	811,654.58
6/30/2010	6,806,278.74	6,359,234	447,044.74
7/31/2010	6,473,997.23	6,359,234	114,763.23
8/31/2010	5,980,598.32	6,359,234	(378,635.68)
9/30/2010	4,559,397.65	6,359,234	(1,799,836.35)
10/31/2010	2,477,723.37	6,359,234	(3,881,510.63)
11/30/2010	5,461,345.27	6,359,234	(897,888.73)
12/31/2010	5,629,014.28	6,359,234	(730,219.72)

	Total Cash	Reserves*	Undesignated
1/31/2011	3,907,062.60	6,198,822	(2,291,759.40)
2/28/2011	3,423,488.97	6,198,822	(2,775,333.03)
3/31/2011	3,006,266.70	6,198,822	(3,192,555.30)
4/30/2011	2,192,243.45	6,198,822	(4,006,578.55)
5/31/2011	6,593,537.25	6,198,822	394,715.25
6/30/2011	6,488,207.85	6,198,822	289,385.85
7/31/2011	6,836,104.33	6,198,822	637,282.33
8/31/2011	6,272,219.07	6,198,822	73,397.07
9/30/2011		6,198,822	
10/31/2011		6,198,822	
11/30/2011		6,198,822	
12/31/2011		6,198,822	

*Reserves are 15% Estimated General Fund Revenue

I'm bringing this ordinance forward because I've always believed the best government is transparent. The public expects it and deserves it.