

City of Shakopee
Long-term Financial Plan
April 18, 2023

The Long Term Financial Plan (LTFP) is intended to serve as a tool, providing Council and the public with the insight required to address issues that impact the City's financial condition. The LTFP will be presented to the City Council at a workshop on April 18, 2023. The LTFP discusses and views city finances from a wider perspective and serves as a preliminary step in the annual budget and capital improvement planning processes before determining the annual needs of the city.



Trend Analysis

The City's financial trends are analyzed annually with many factors utilized in order to understand the financial condition of the City of Shakopee. These factors include:

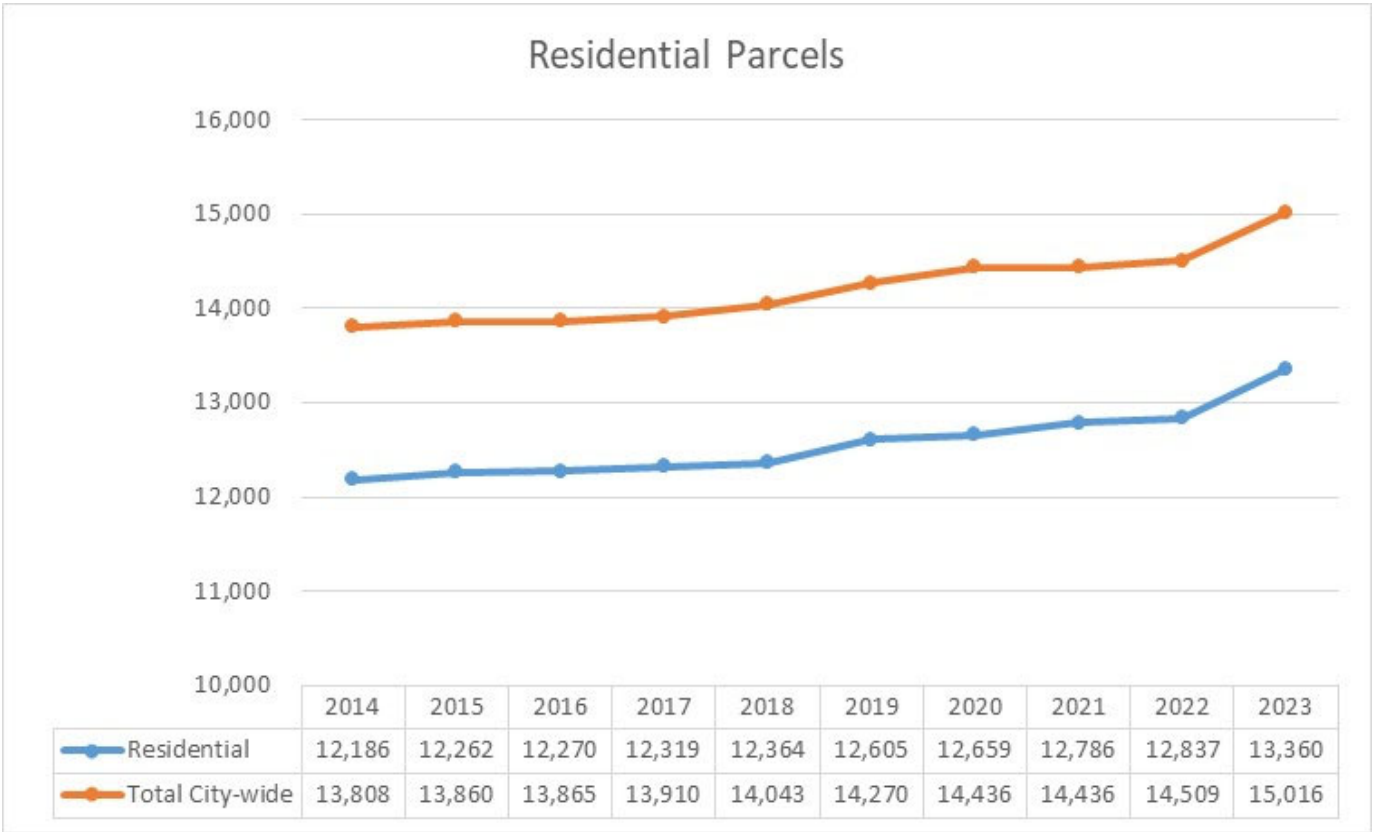
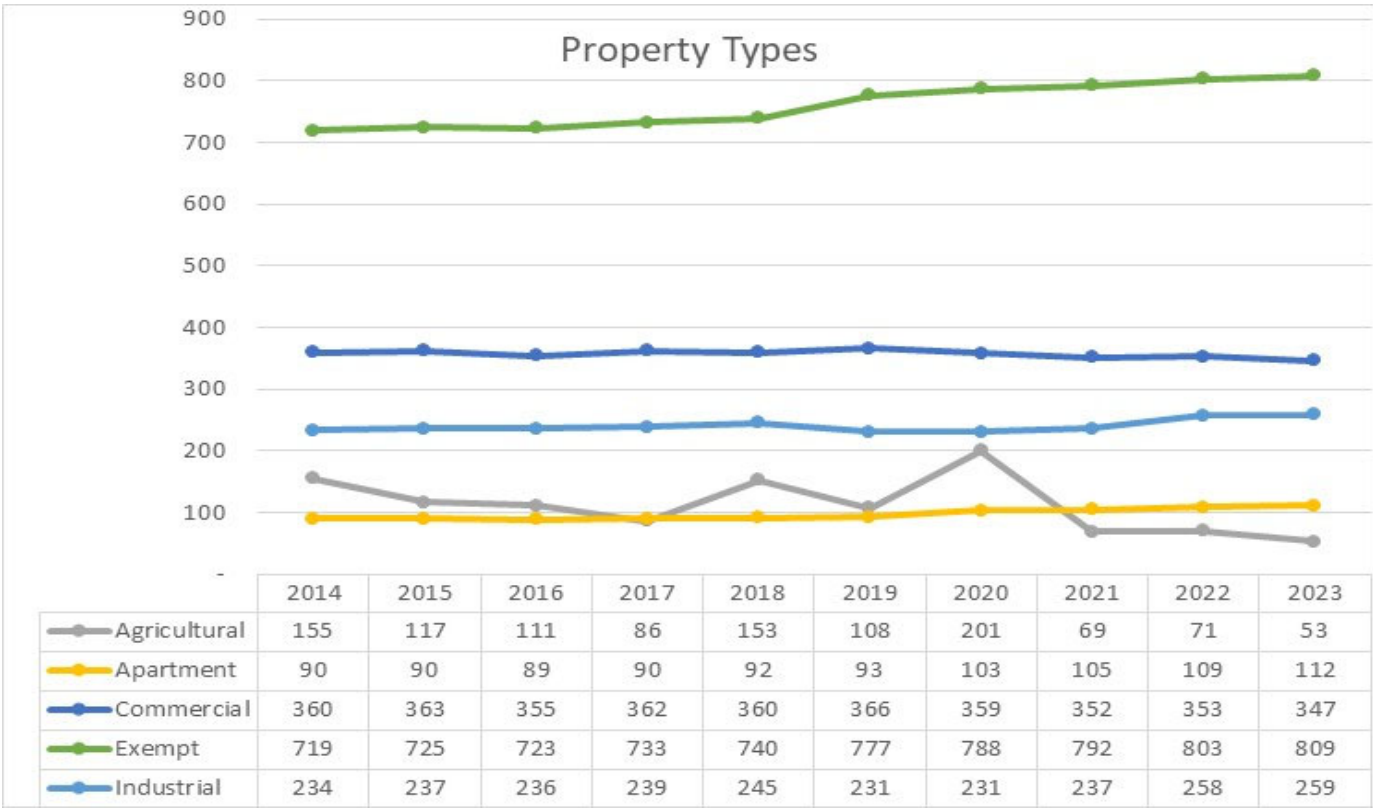
- a. Property Types
- b. Market Value, Tax Capacity, Adjustments
- c. Levy Components, Taxes, Tax Rates
- d. Population
- e. Staffing

This report examines these trends in determining the current and anticipated financial condition of the City of Shakopee. The years presented in the charts are the payable (collection years).

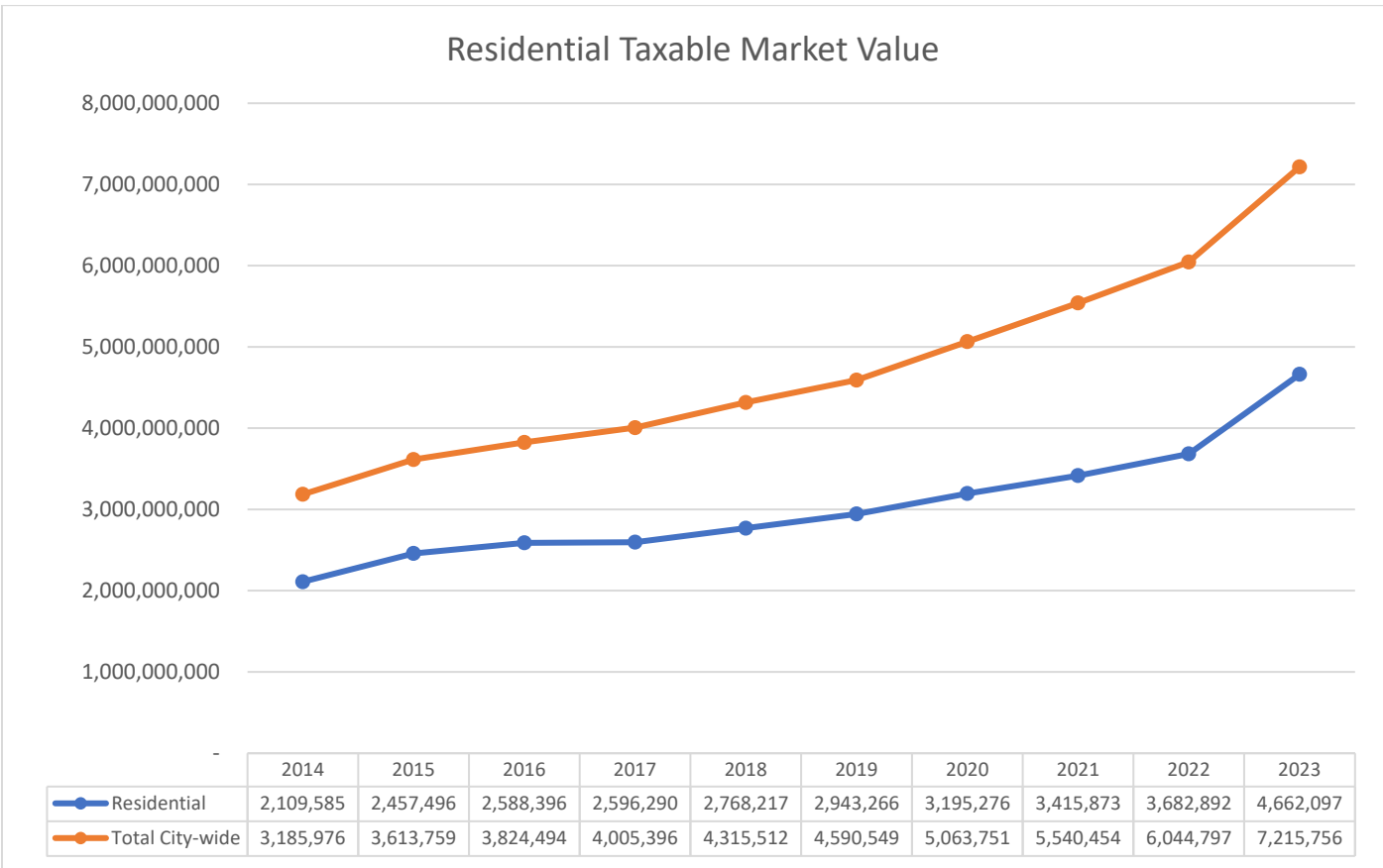
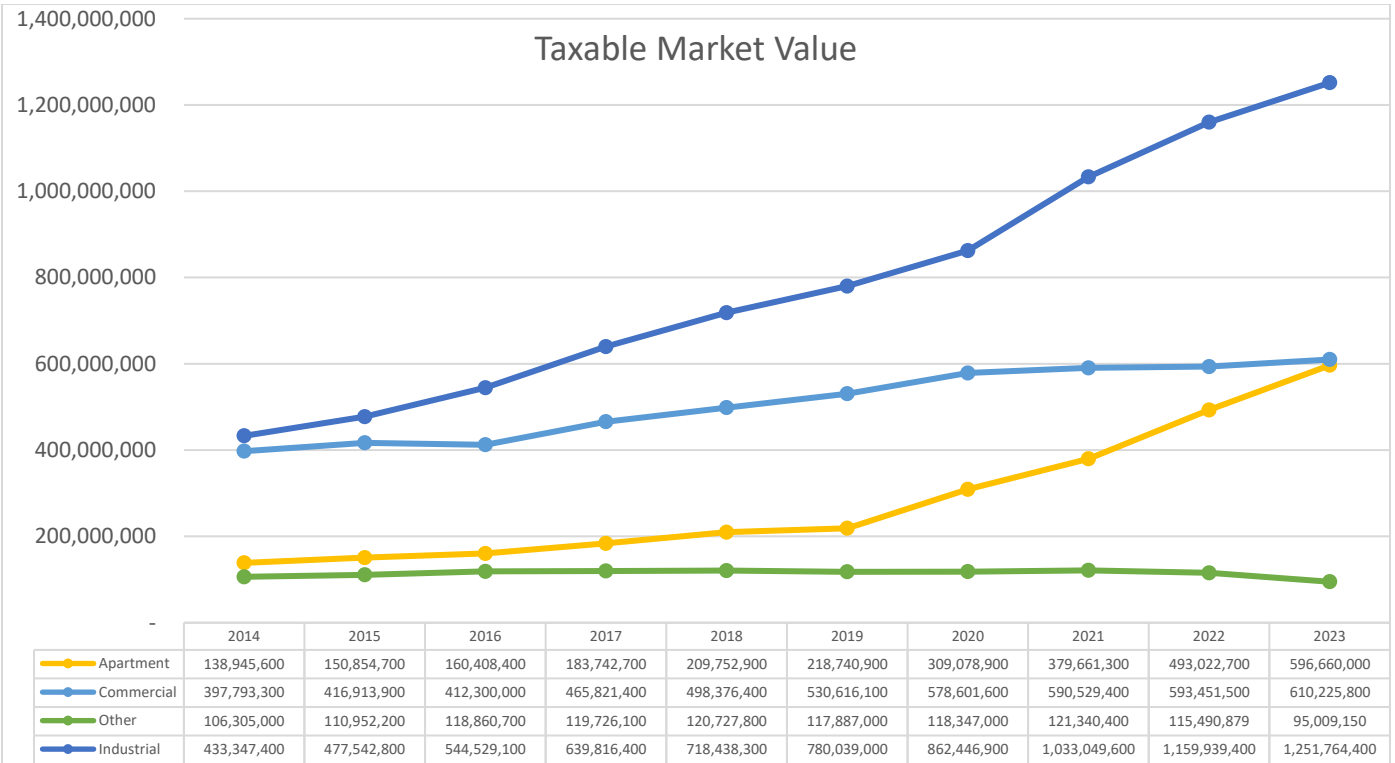
General Fund Projections

General Fund Projections provide an assessment of the impact on anticipated inflationary changes to the city's operations and estimated impact on property taxes and rates.

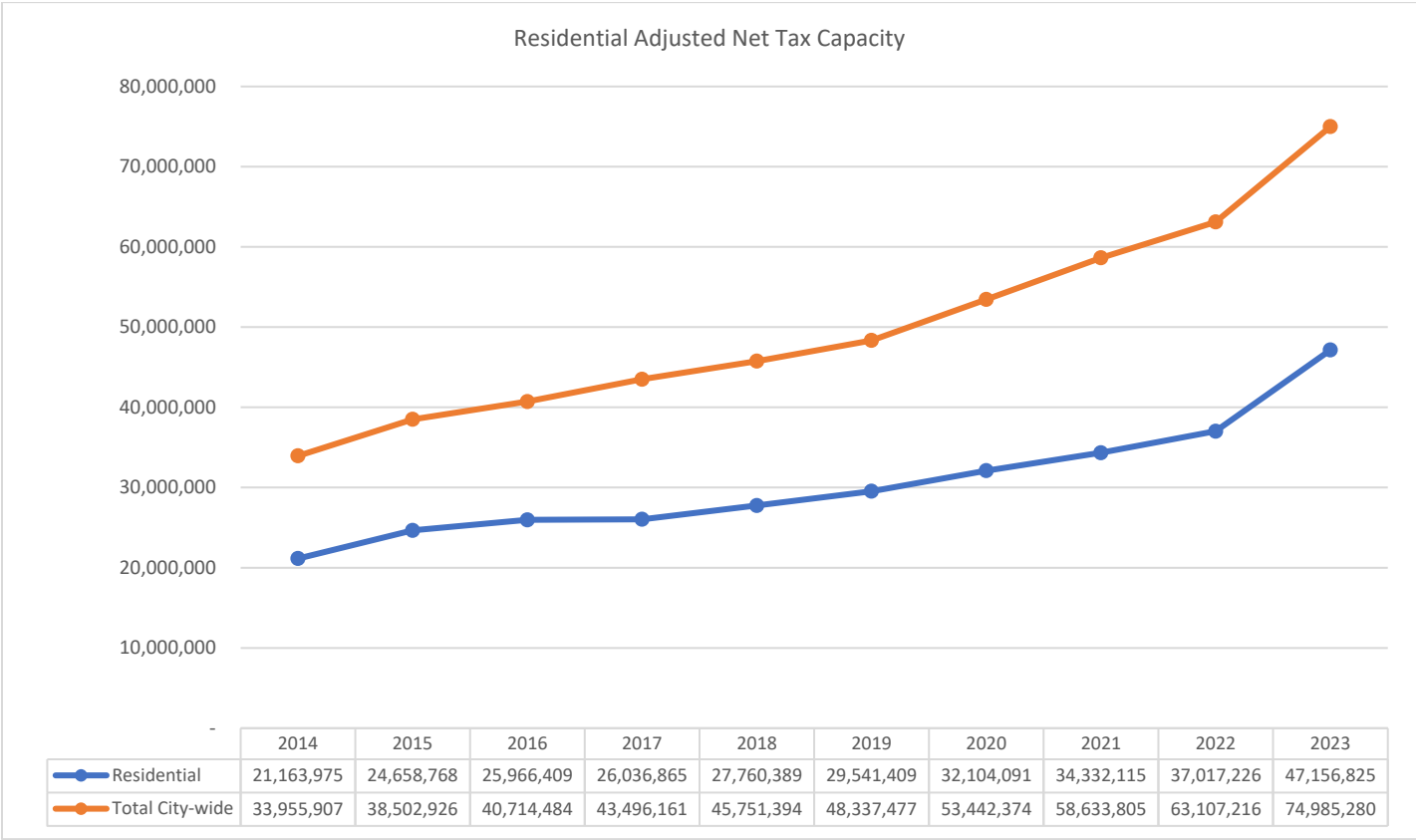
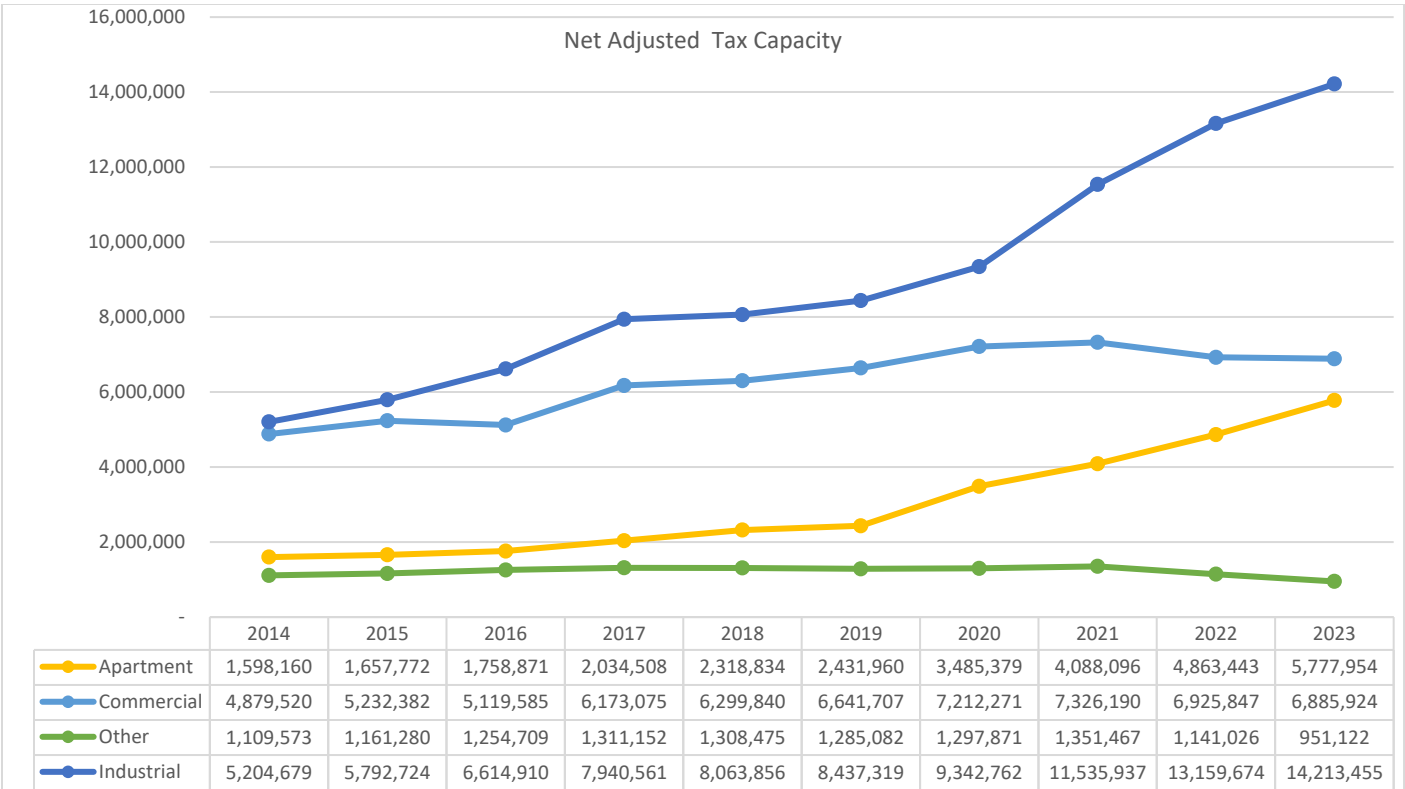
Property Types (parcels)



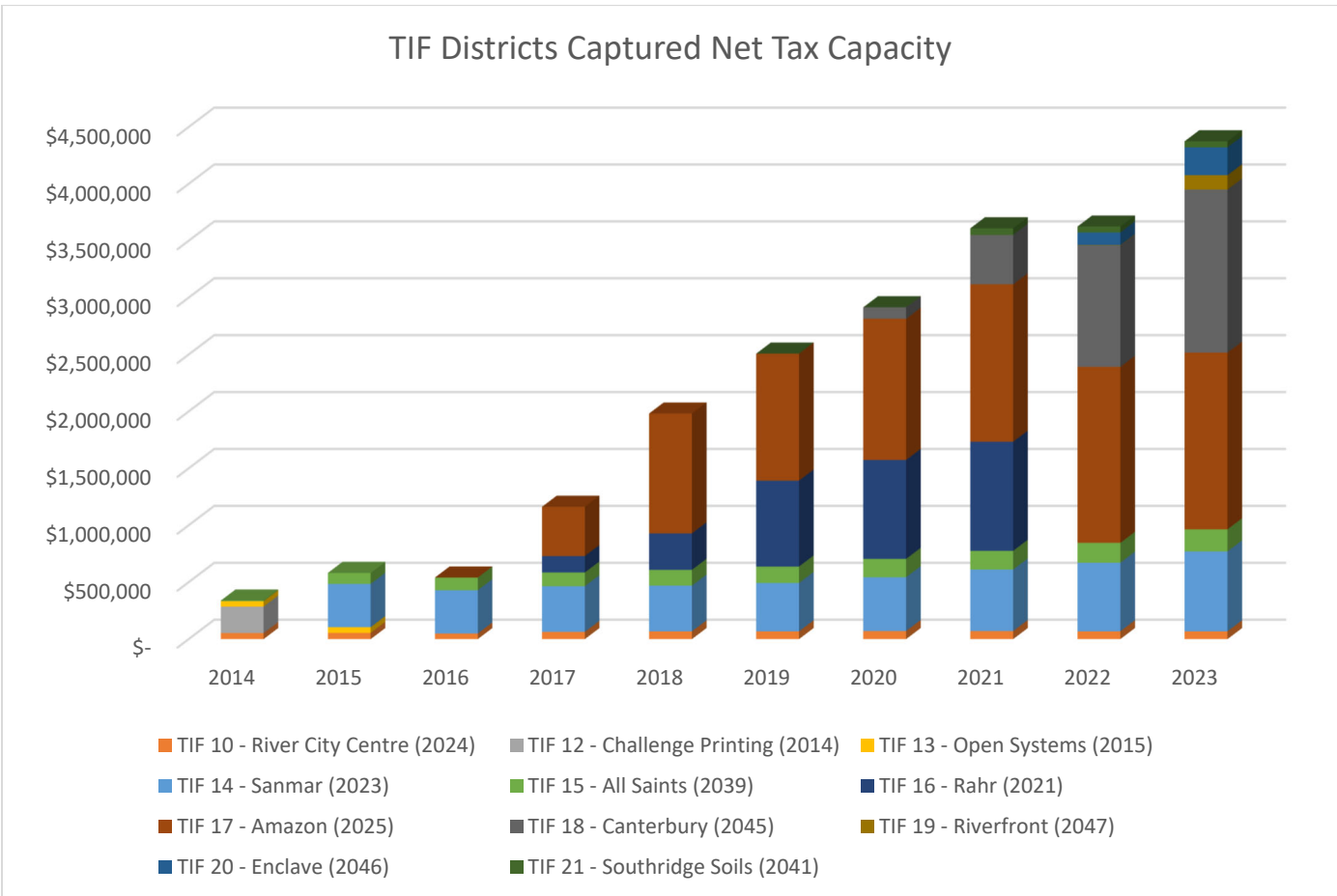
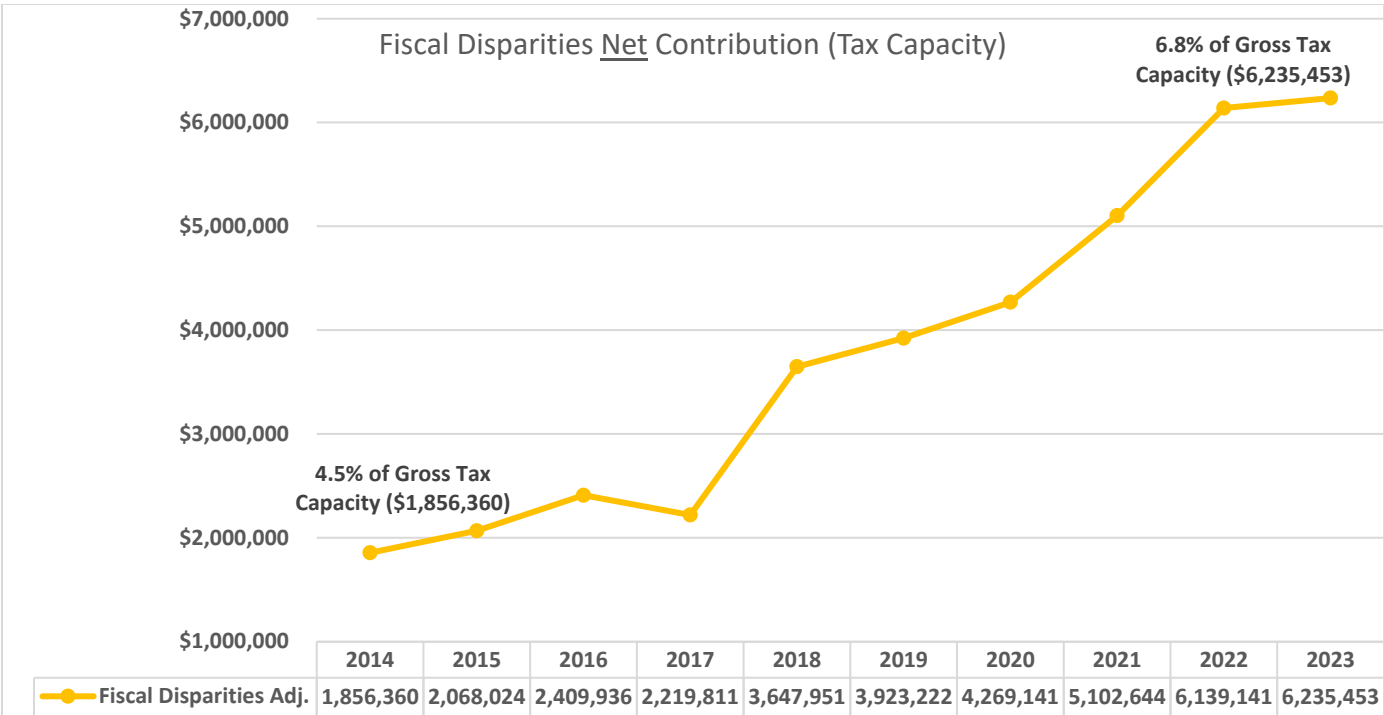
Taxable Market Value



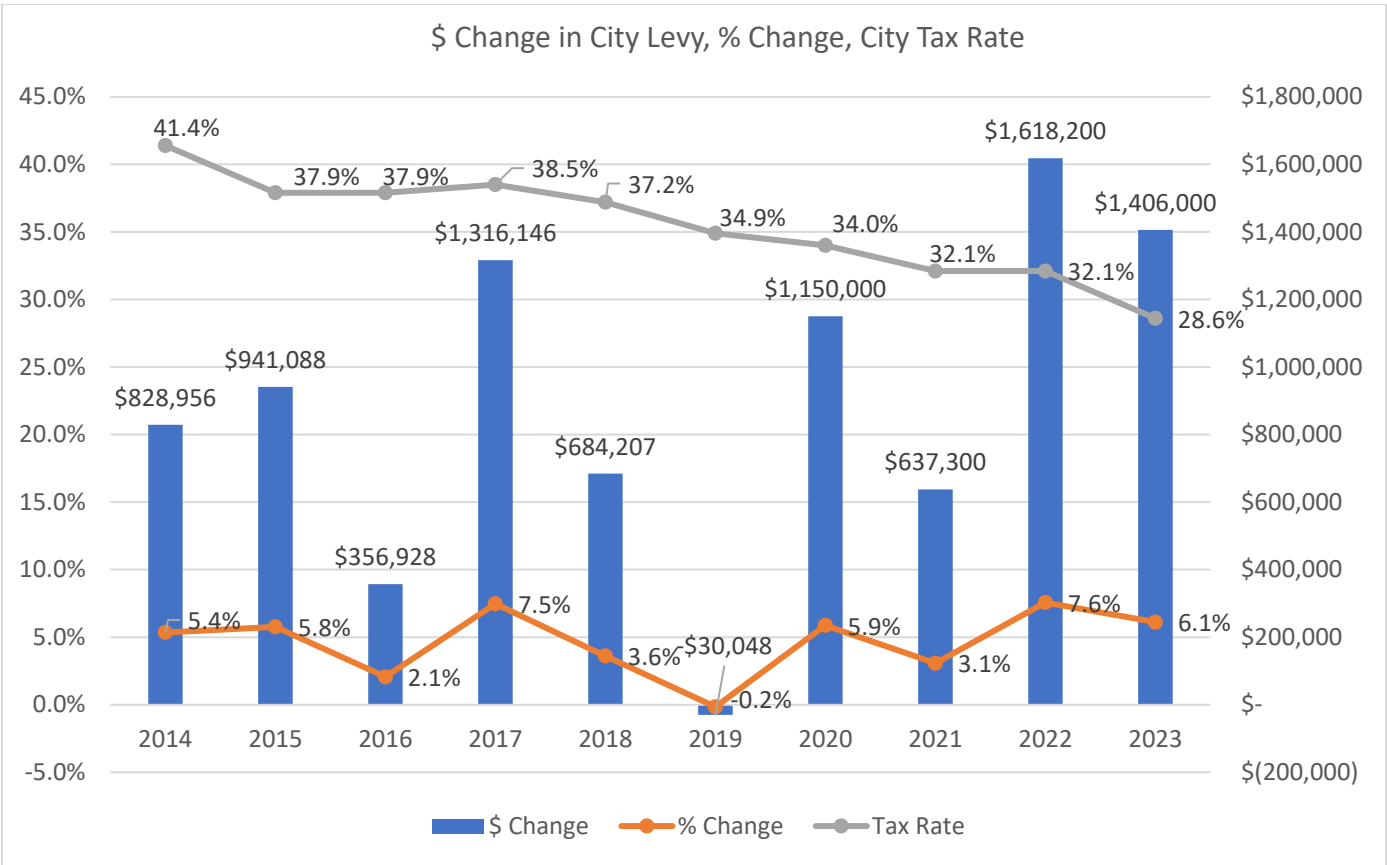
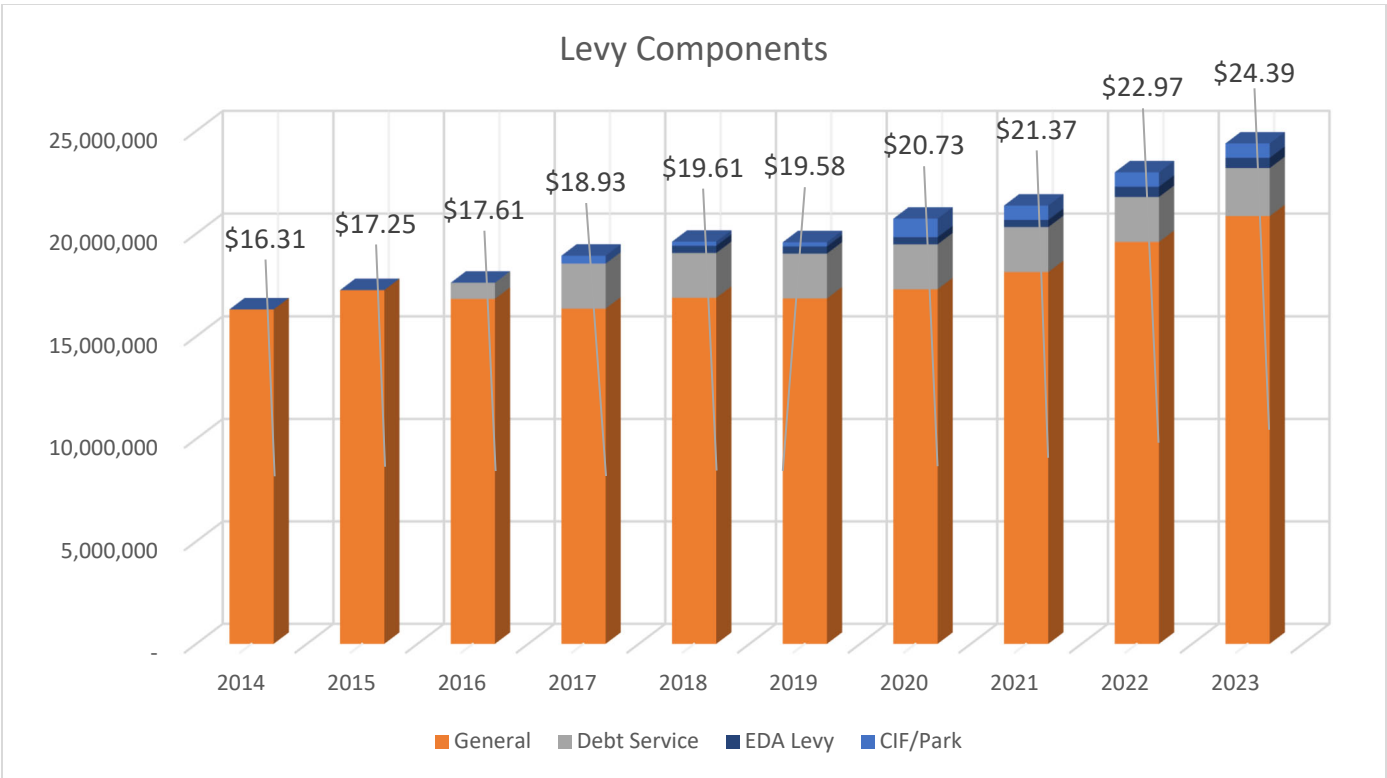
Net Tax Capacity



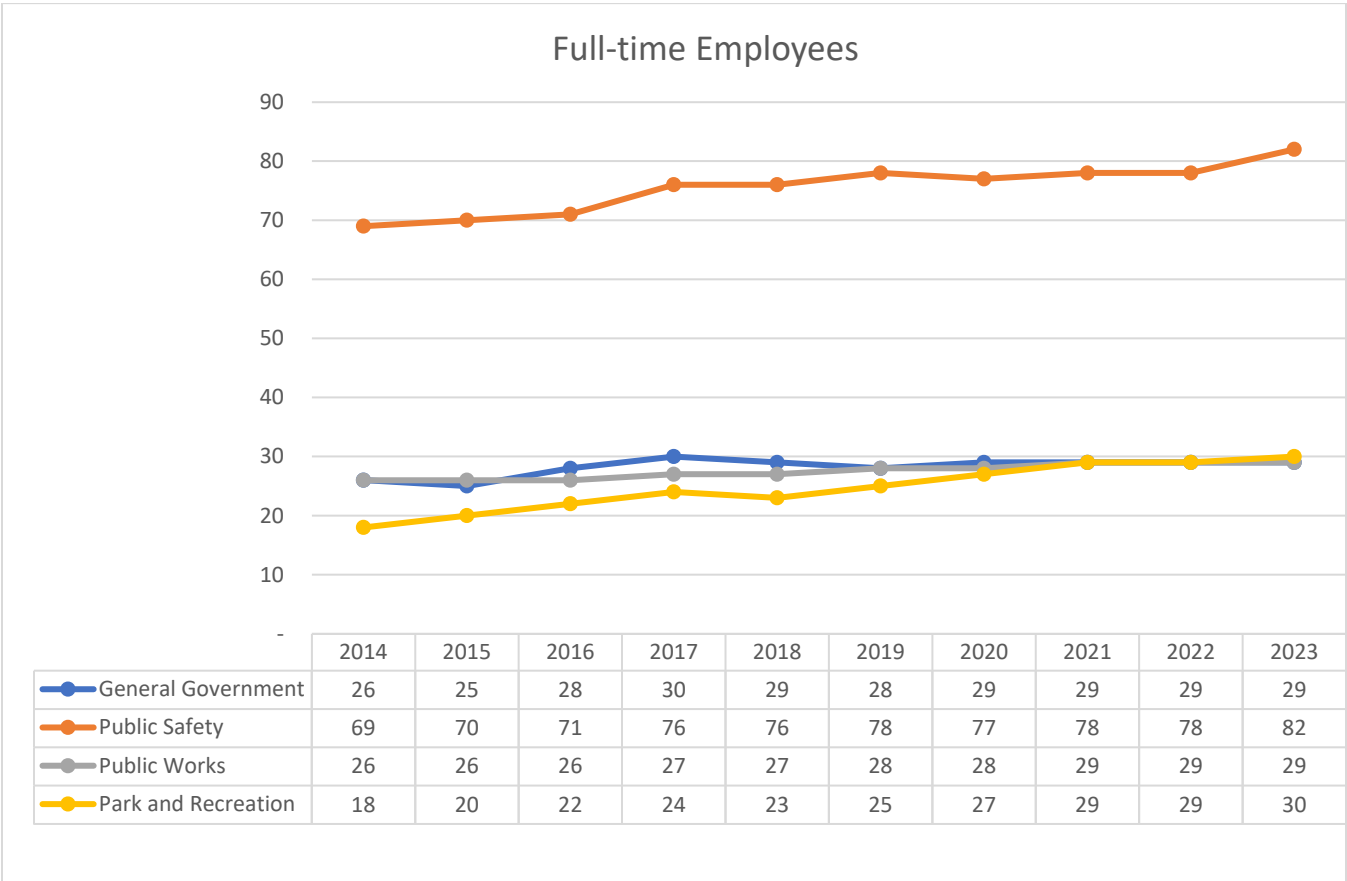
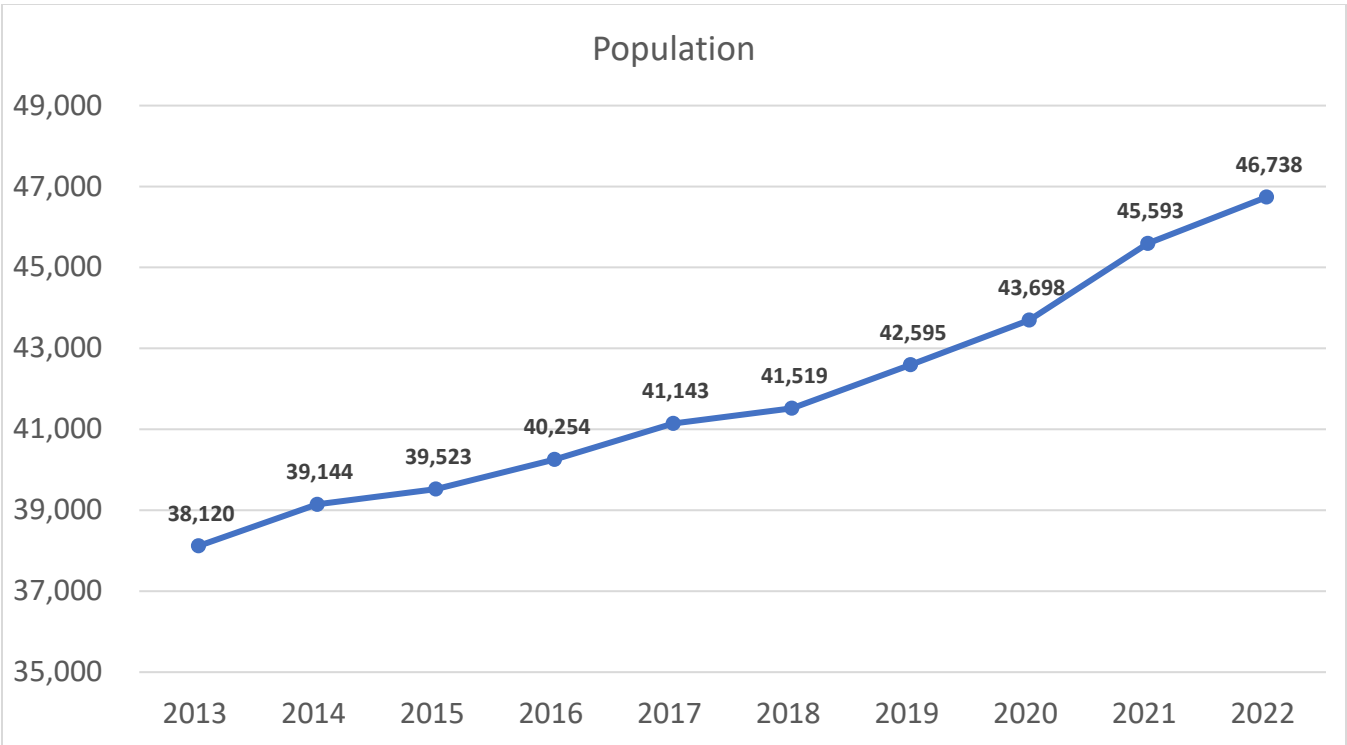
Tax Capacity Adjustments



Levy Components, Taxes & Tax Rates



Population, City Employees



General Fund Projections

Baseline Data

- Revenue and expenditures projections are based on current year budgeted amounts (2023).

Revenues (inflationary assumptions)

- Property taxes – 4.25% annual increase needed to support expenditure assumptions.
- Licenses and permits – 3.00%
- Intergovernmental - 3.00%
- Charges for services – 3.00%
- Other Revenues - 0.00%

Expenditures

- General Government – 2.75%
- Public Safety – 3.25% (additional .50% based on personnel)
- Public Works – 2.75%
- Parks & Recreation – 2.75%
- Other – 0.00%

Additional Information

- City's fund balance policy is to maintain a General Fund unassigned fund balance of 35 to 50% of the following year's budgeted expenditures.
- Taxable market value, net tax capacity and median value home data is from Scott County for taxes payable 2023 and projected out to future years. The taxable market value and net tax capacity is projected to increase 5% annually, which the median value home is projected to increase 4% annually.
- Number of households and population data is based on the 2020 Census, Met Council estimates and their 2030 forecast. Equal annual adjustments have been made based on these long range forecasts.

2023 General Fund Annual Budget Projection

Original Budget														Inflation Assumptions:	
GENERAL FUND	Actual 2021	Budget 2022	Budget 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030	Projected 2031	Projected 2031	Projected 2033		
01000 - GENERAL FUND															
REVENUES:														Revenues:	
Taxes	18,481,046	19,724,500	20,938,500	21,828,386	22,756,092	23,723,226	24,731,463	25,782,550	26,878,308	28,020,636	29,211,513	30,453,002	31,747,255	4.25%	
Special Assessments	7,393	4,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	0.00%	
Licenses and Permits	4,640,347	2,858,400	3,432,700	3,535,681	3,641,751	3,751,004	3,863,534	3,979,440	4,098,823	4,221,788	4,348,442	4,478,895	4,613,262	3.00%	
Intergovernmental	6,153,015	1,444,200	1,516,000	1,561,480	1,608,324	1,656,574	1,706,271	1,757,459	1,810,183	1,864,488	1,920,423	1,978,036	2,037,377	3.00%	
Charges for Services	7,512,608	7,384,800	7,743,400	7,975,702	8,214,973	8,461,422	8,715,265	8,976,723	9,246,025	9,523,406	9,809,108	10,103,381	10,406,482	3.00%	
Fines and Forfeits	2,484	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	0.00%	
Miscellaneous	21,347	233,200	333,400	333,400	333,400	333,400	333,400	333,400	333,400	333,400	333,400	333,400	333,400	0.00%	
Proceeds From Debt Issued	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	
Transfers In	605,400	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	0.00%	
Gain/Loss on Asset Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	
REVENUES	37,423,640	32,050,800	34,367,700	35,638,349	36,958,240	38,329,326	39,753,633	41,233,272	42,770,439	44,367,418	46,026,586	47,750,414	49,541,476	Expenditures:	
EXPENDITURES:															
General Government	5,008,126	5,196,300	5,488,700	5,639,639	5,794,729	5,954,084	6,117,821	6,286,061	6,458,928	6,636,549	6,819,054	7,006,578	7,199,259		2.75%
Public Safety	14,368,921	14,938,100	16,055,600	16,577,407	17,116,173	17,672,449	18,246,804	18,839,825	19,452,119	20,084,313	20,737,053	21,411,007	22,106,865		3.25%
Public Works	3,998,760	7,529,800	7,934,600	8,152,802	8,377,004	8,607,372	8,844,075	9,087,287	9,337,187	9,593,960	9,857,794	10,128,883	10,407,427		2.75%
Park and Recreation	7,146,532	4,506,000	4,886,600	5,020,982	5,159,059	5,300,933	5,446,709	5,596,493	5,750,397	5,908,533	6,071,018	6,237,971	6,409,515		2.75%
Miscellaneous	40,424	130,600	128,200	128,200	128,200	128,200	128,200	128,200	128,200	128,200	128,200	128,200	128,200		0
Transfers Out	5,222,862	-	400,000	411,000	422,303	433,916	445,849	458,110	470,708	483,652	496,952	510,618	524,660	0	
EXPENDITURES	35,785,625	32,300,800	34,893,700	35,930,030	36,997,468	38,096,954	39,229,458	40,395,976	41,597,539	42,835,207	44,110,071	45,423,257	46,775,926		
REVENUE OVER (UNDER) EXPENSES	1,638,015	(250,000)	(126,000)	(291,681)	(39,228)	232,372	524,175	837,296	1,172,900	1,532,211	1,916,515	2,327,157	2,765,550		
FUND BALANCE	16,133,882	17,771,897	17,521,897	17,395,897	17,104,216	17,064,988	17,297,360	17,821,535	18,658,831	19,831,731	21,363,942	23,280,457	25,607,614		
ENDING FUND BALANCE	17,771,897	17,521,897	17,395,897	17,104,216	17,064,988	17,297,360	17,821,535	18,658,831	19,831,731	21,363,942	23,280,457	25,607,614	28,373,164		
50% Fund Balance Policy	\$ 16,150,400	\$ 17,446,850	\$ 17,965,015	\$ 18,498,734	\$ 19,048,477	\$ 19,614,729	\$ 20,197,988	\$ 20,798,770	\$ 21,417,604	\$ 22,055,036	\$ 22,711,629	\$ 23,387,963			
Excess Fund Balance	\$ 1,621,497	\$ 75,047	\$ (569,118)	\$ (1,394,518)	\$ (1,983,489)	\$ (2,317,369)	\$ (2,376,453)	\$ (2,139,939)	\$ (1,585,873)	\$ (691,094)	\$ 568,828	\$ 2,219,651			
Revenue Changes (without Transfers)	17.2%	-14.0%	7.2%	3.7%	3.7%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%		
Expenditure Changes (without Transfers)	5.8%	5.7%	6.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%		
Property Tax Levy	\$ 21,017,800	\$ 22,486,000	\$ 23,892,000	\$ 24,907,410	\$ 25,965,975	\$ 27,069,529	\$ 28,219,984	\$ 29,419,333	\$ 30,669,655	\$ 31,973,115	\$ 33,331,973	\$ 34,748,581	\$ 36,225,396	4.25%	
Taxable Market Value	5,540,454,400	6,044,797,135	7,215,756,805	7,576,544,645	7,955,371,878	8,353,140,471	8,770,797,495	9,209,337,370	9,669,804,238	10,153,294,450	10,660,959,173	11,194,007,131	11,753,707,488	5.00%	
Net Tax Capacity	58,632,388	63,105,427	74,985,280	78,734,544	82,671,271	86,804,835	91,145,076	95,702,330	100,487,447	105,511,819	110,787,410	116,326,781	122,143,120	5.00%	
Tax Capacity Rate	32.079%	32.111%	28.585%	28.812%	28.720%	28.624%	28.523%	28.418%	28.309%	28.196%	28.080%	27.961%	27.839%		
Median Value Home	266,800	284,700	346,500	360,360	374,774	389,765	405,356	421,570	438,433	455,970	474,209	493,178	512,905	4.00%	
Tax on Median Value Home	813	877	973	1,024	1,066	1,109	1,154	1,200	1,247	1,296	1,347	1,399	1,453		
Number of Households	15,424	15,866	16,308	16,749	17,191	17,633	18,075	18,516	18,958	19,400	19,928	20,455	20,983		
Population	45,593	46,738	47,883	49,029	50,174	51,319	52,464	53,610	54,755	55,900	57,120	58,340	59,561		
Taxes Per Capita	\$ 460.99	\$ 481.11	\$ 498.96	\$ 508.02	\$ 517.52	\$ 527.47	\$ 537.89	\$ 548.77	\$ 560.13	\$ 571.97	\$ 583.54	\$ 595.62	\$ 608.21		
(Met Council Est.)							(Met Council Forecast)								

Notes: Population and number of household estimates based on Met Council projections (estimated 2020 and projected 2030). The 2023 Budget year is the base year for future projections.