

City of Shakopee Long-term Financial Plan May 7, 2024

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 on May 7, 2024. 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.



Shakopee Sustainable Cycle of City Government

The model illustrated on the next page sets high-quality City Services as the foundation of a healthy and growing community as shows where external forces and government action might intervene. The high quality services drive population growth, as more people and businesses want to be a part of our community. Population growth drives growth in real estate values, whether that be new development or rising demand for existing inventory. That growth in real estate values ensures rising tax revenue, which pays for the inflation-based cost increases of high-quality city services *with minimal impact on the property tax rate*. This cycle is the foundation of annual budget development and helps identify and explain influencing factors.



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:

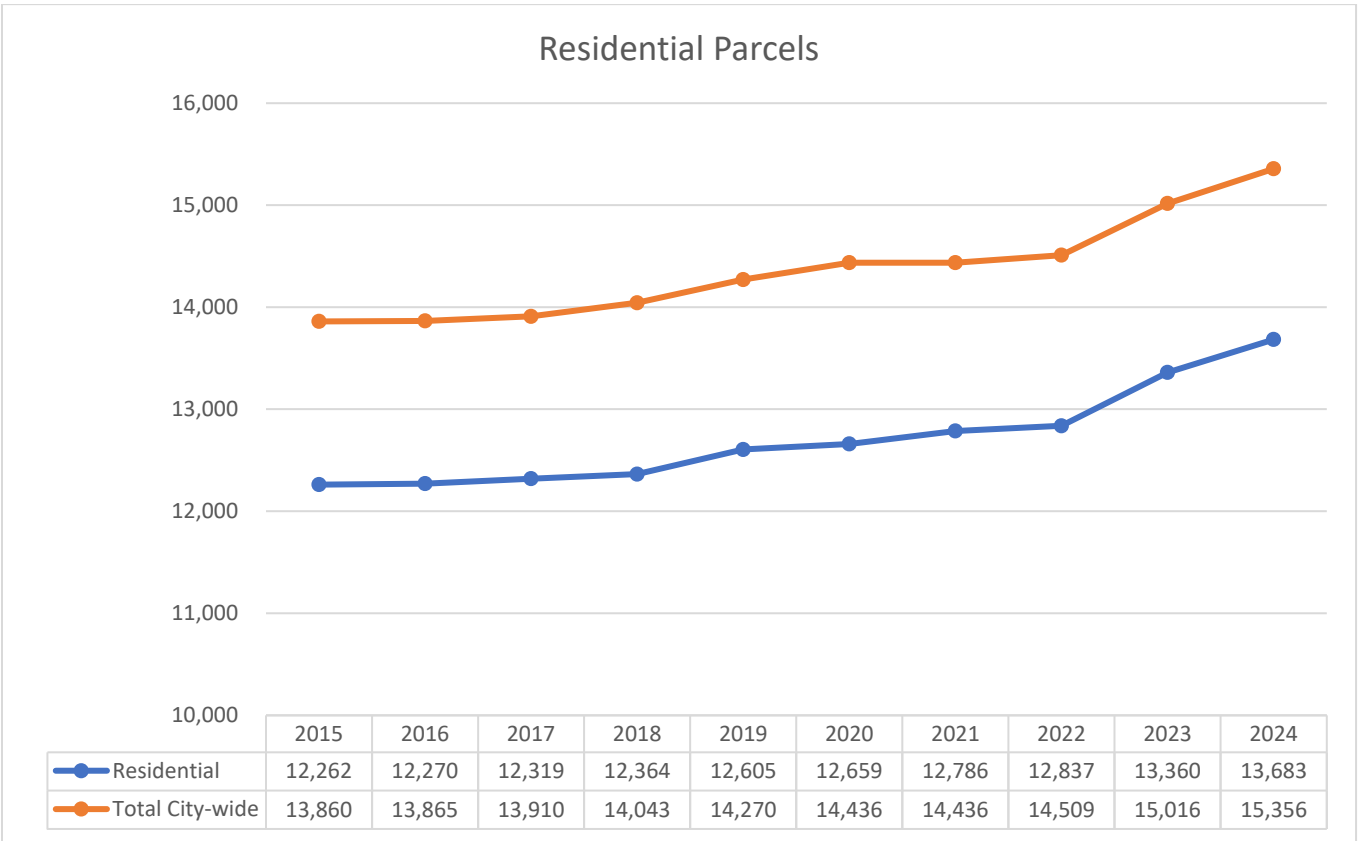
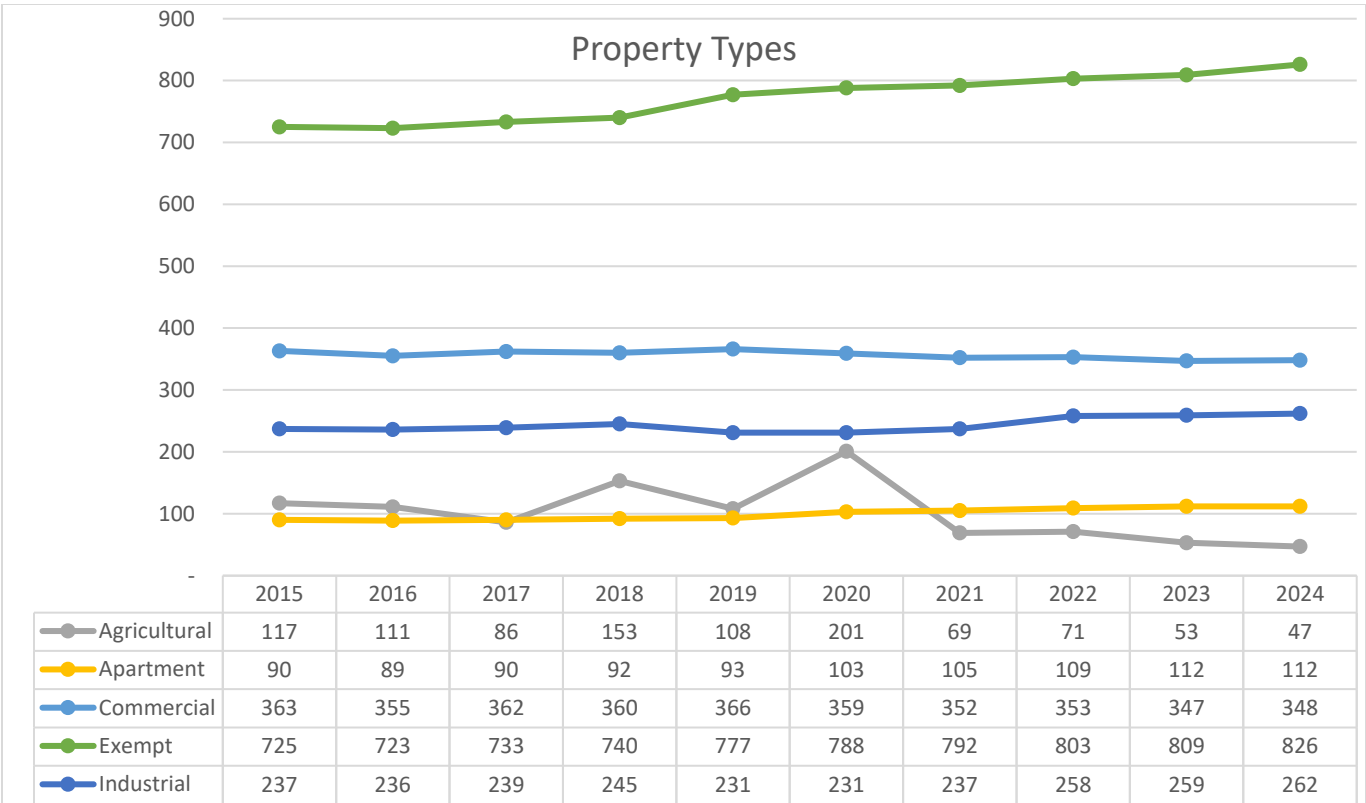
- Property Types
- Market Value, Tax Capacity, Adjustments
- Levy Components, Taxes, Tax Rates
- Population
- Staffing

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).

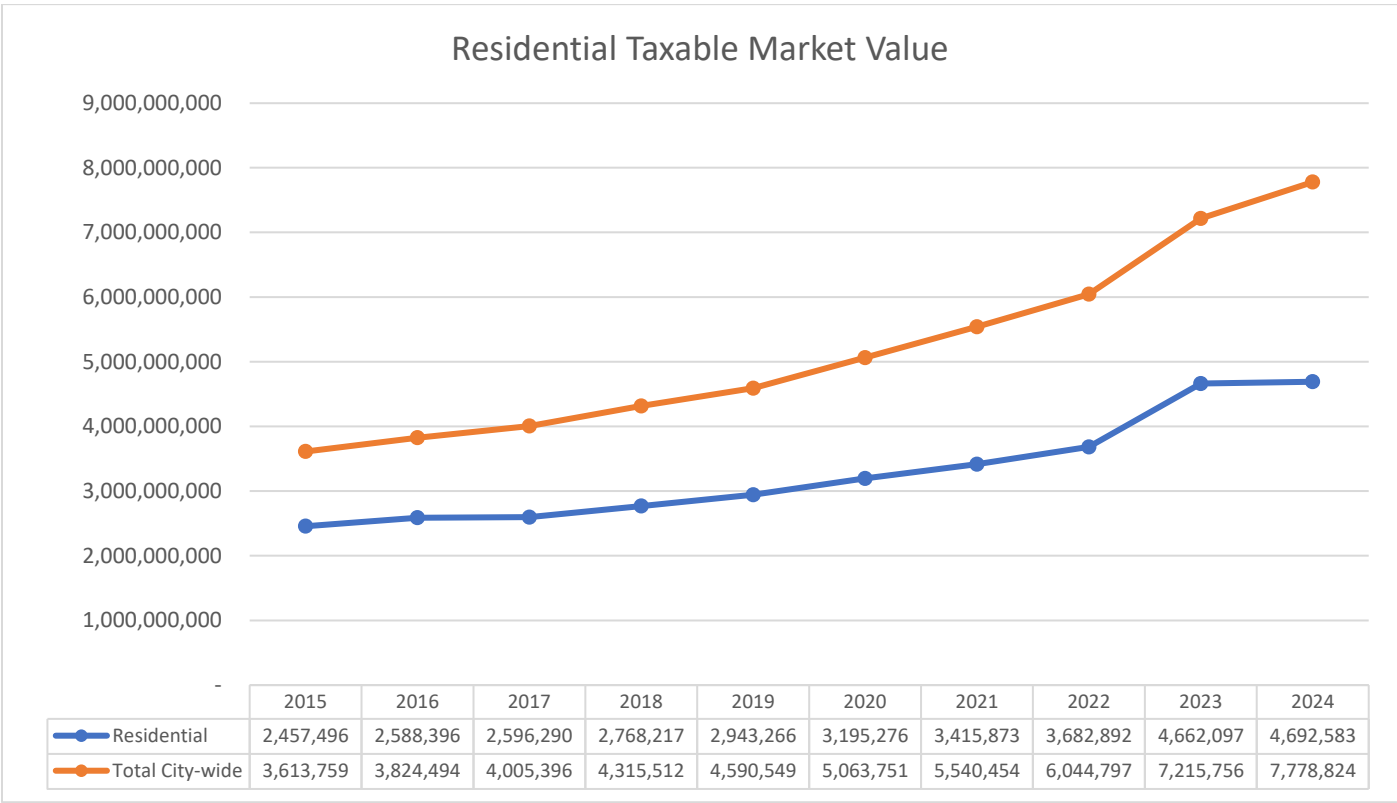
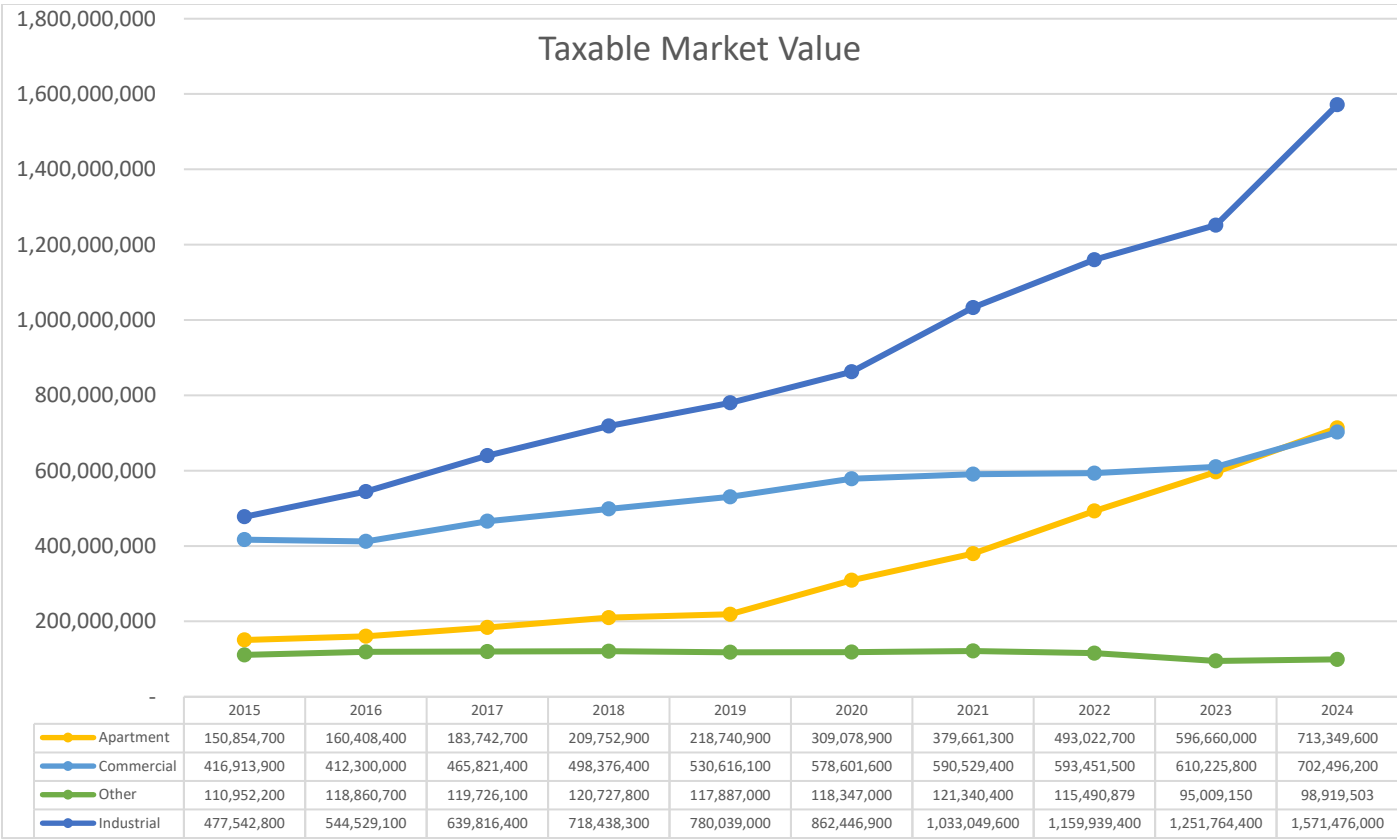
General Fund Projections

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.

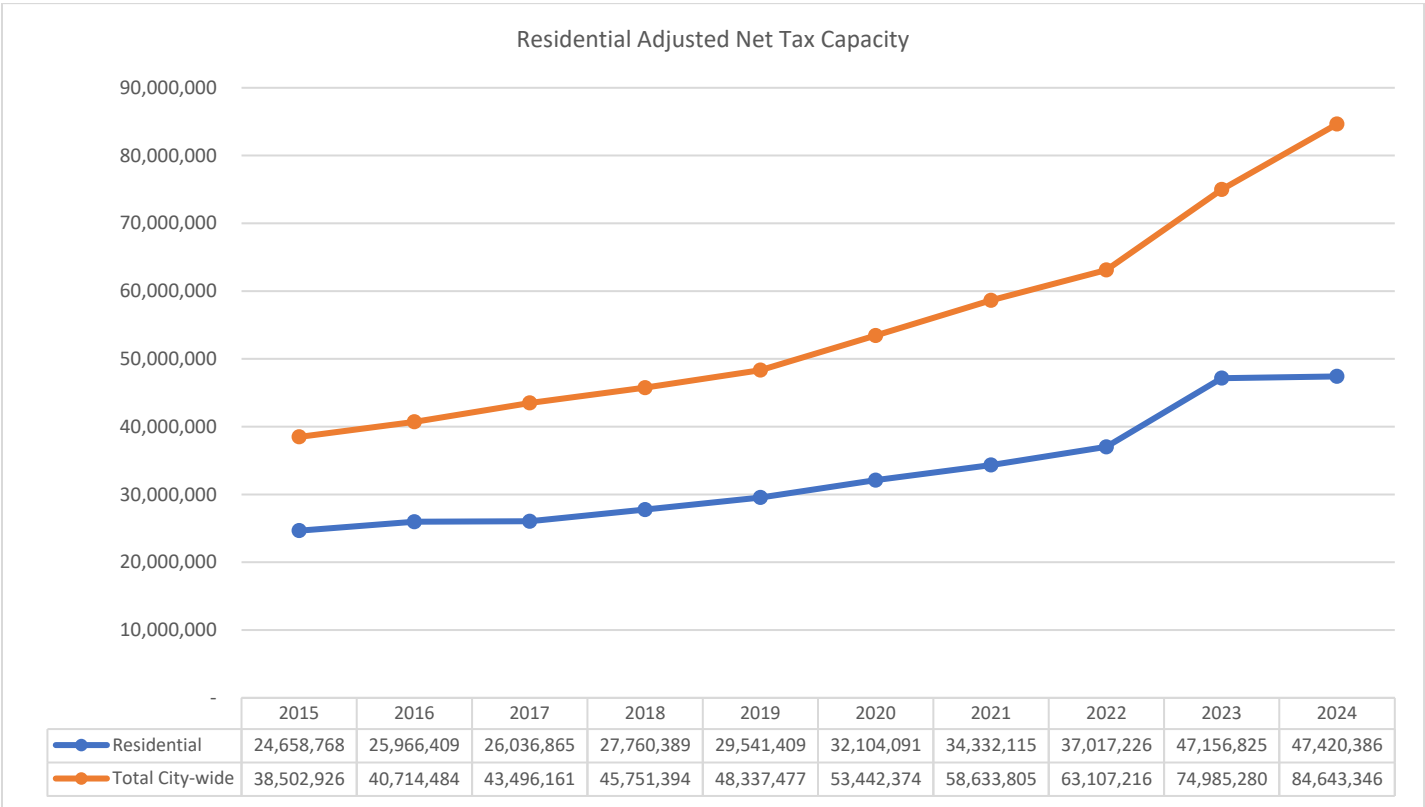
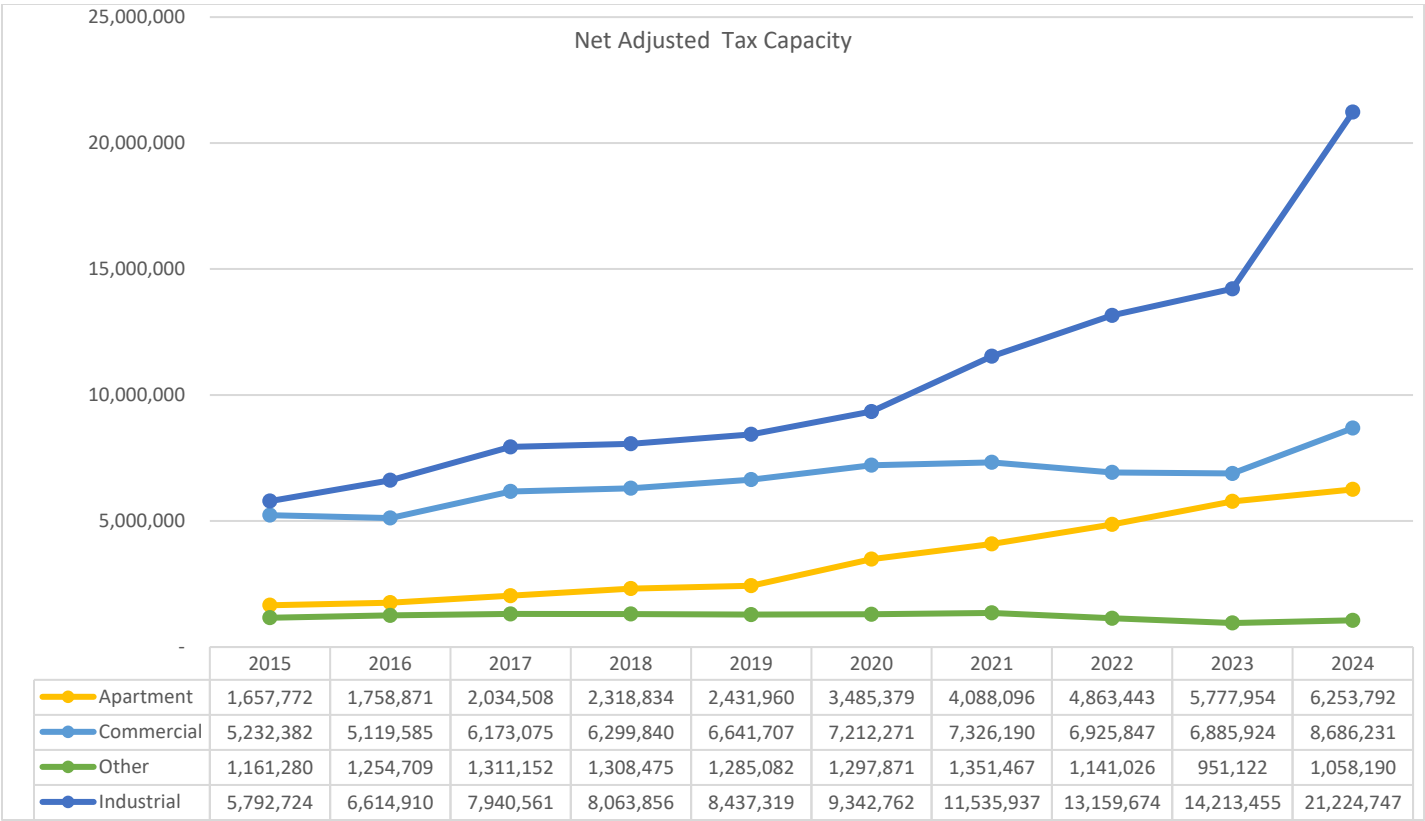
Property Types (parcels)



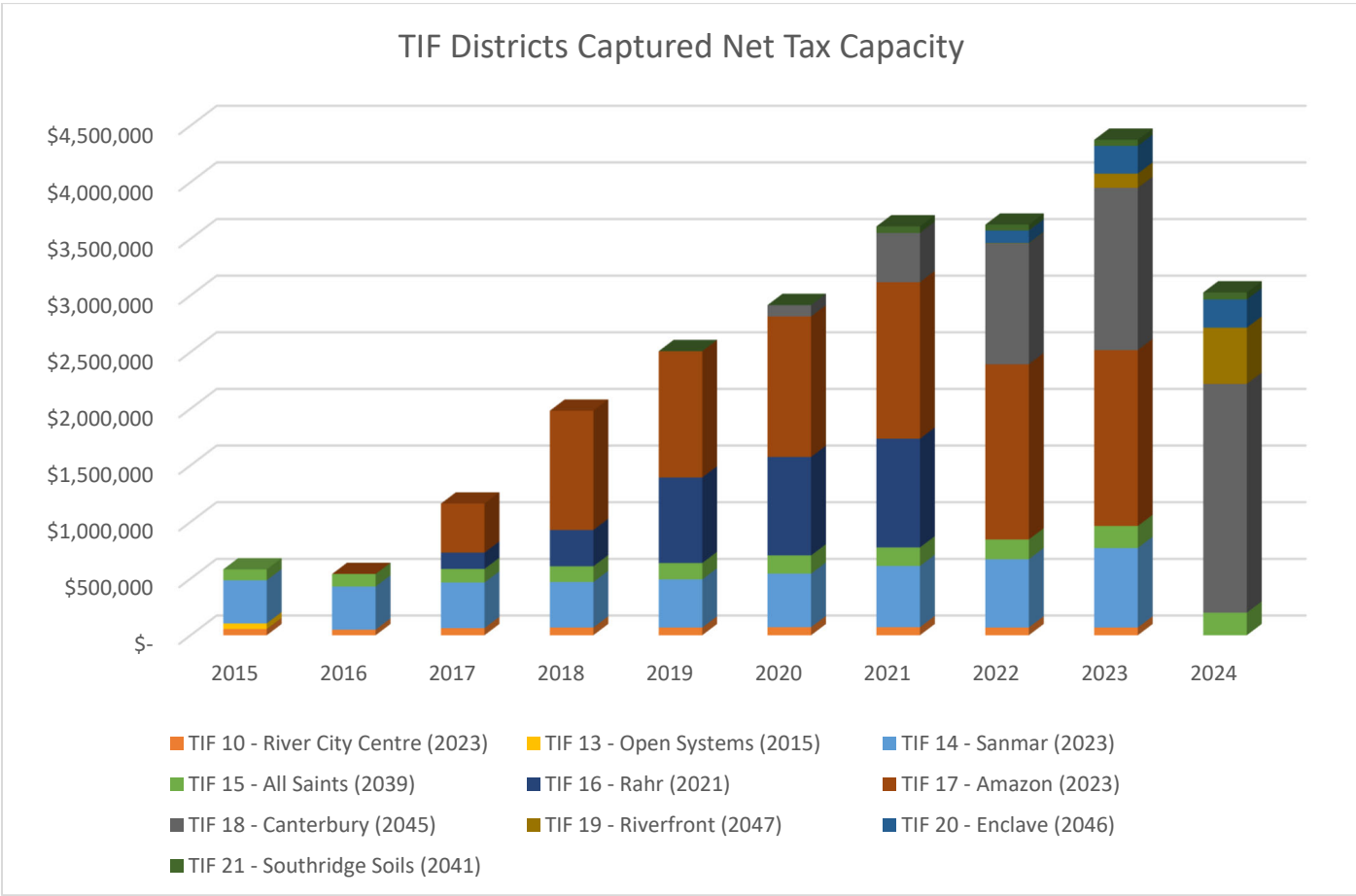
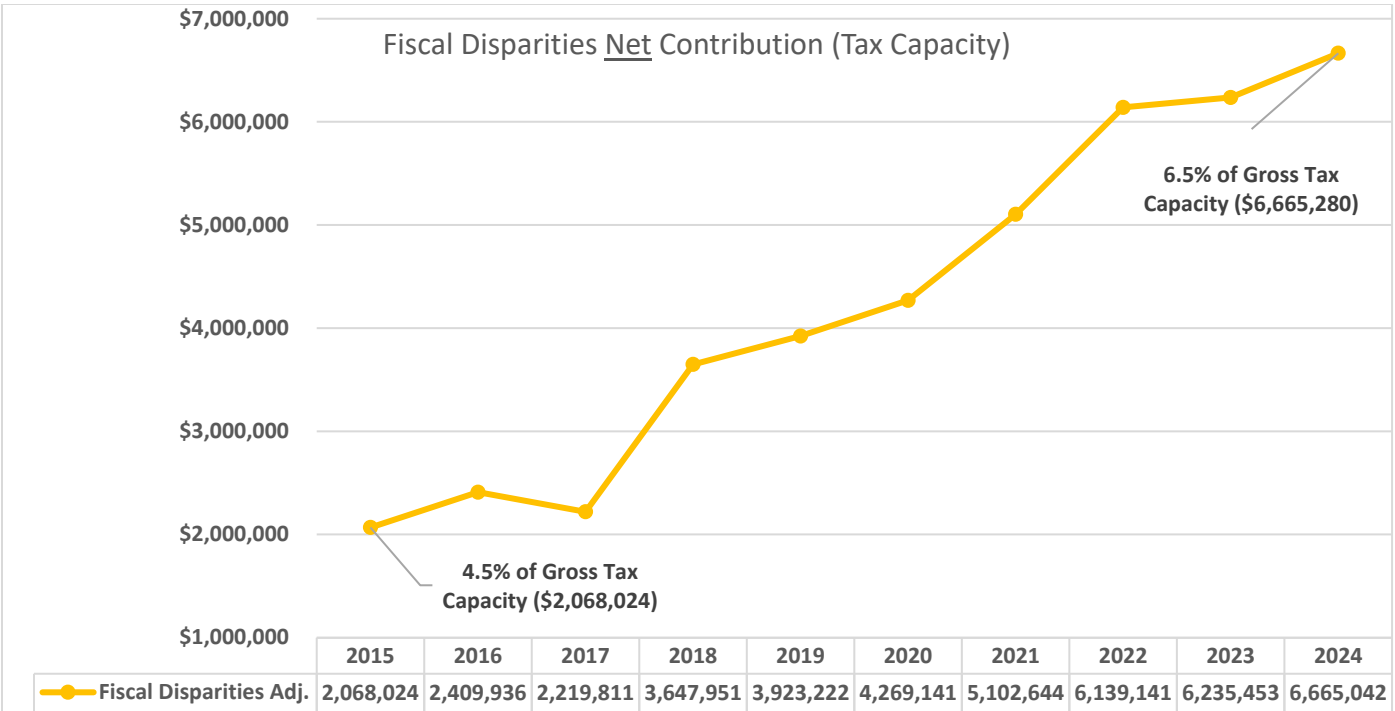
Taxable Market Value



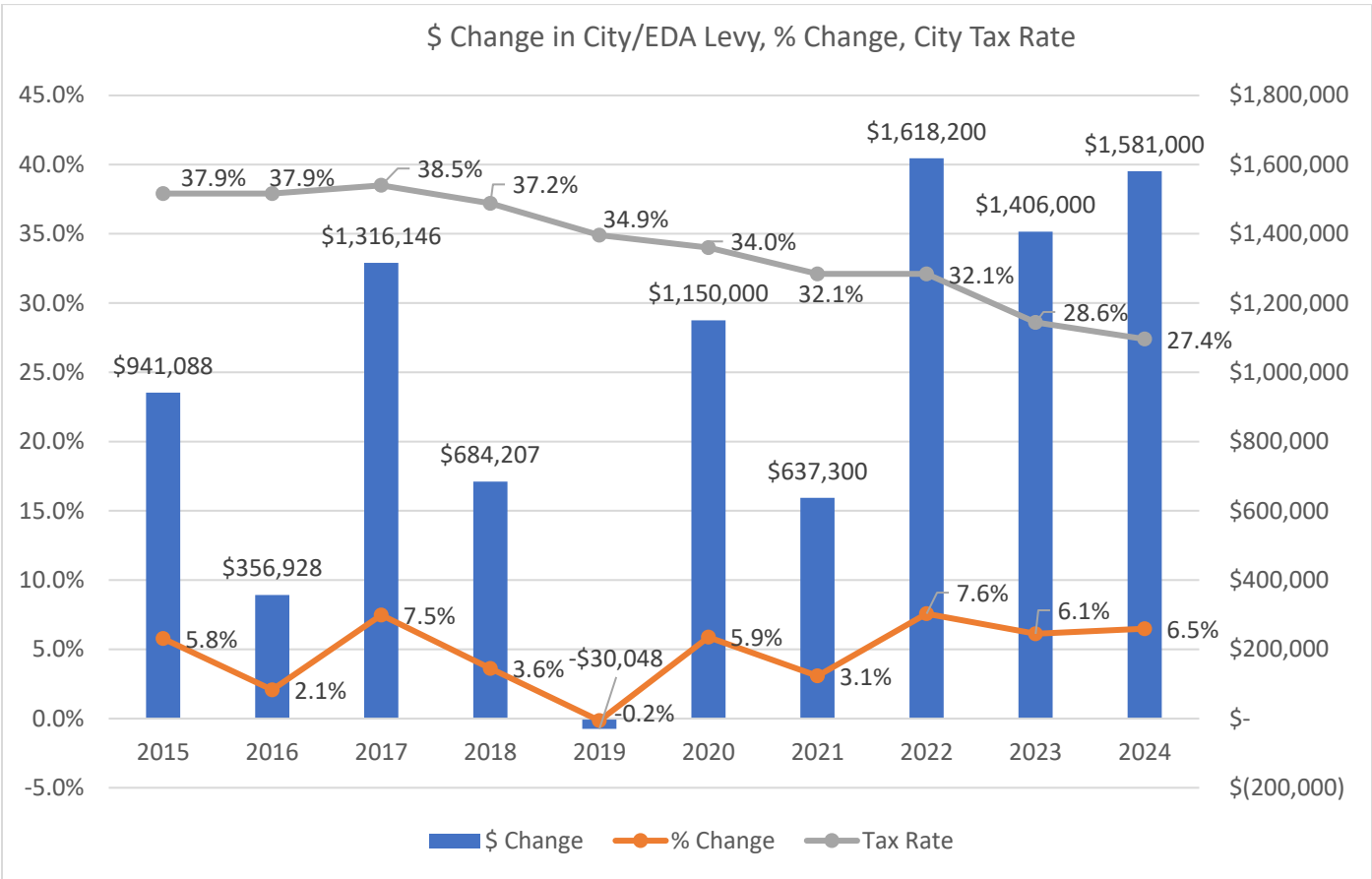
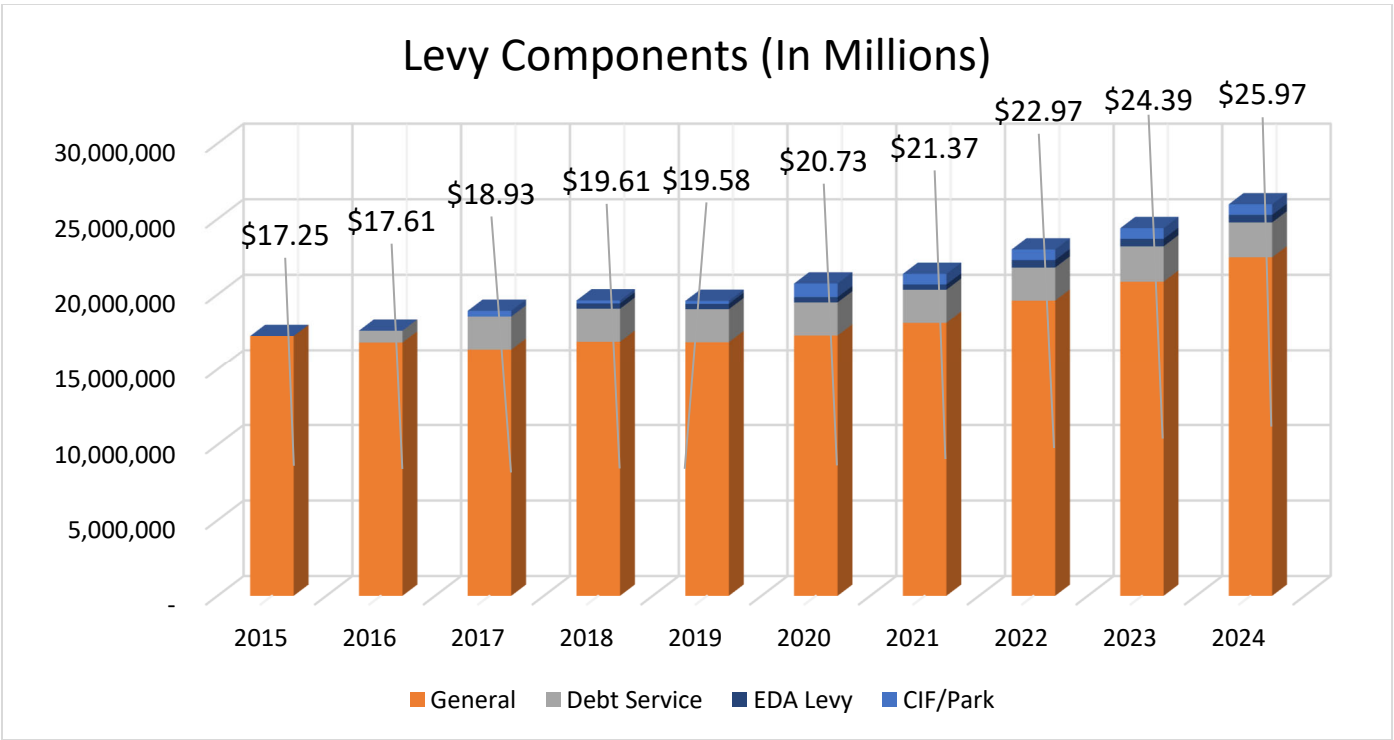
Net Tax Capacity



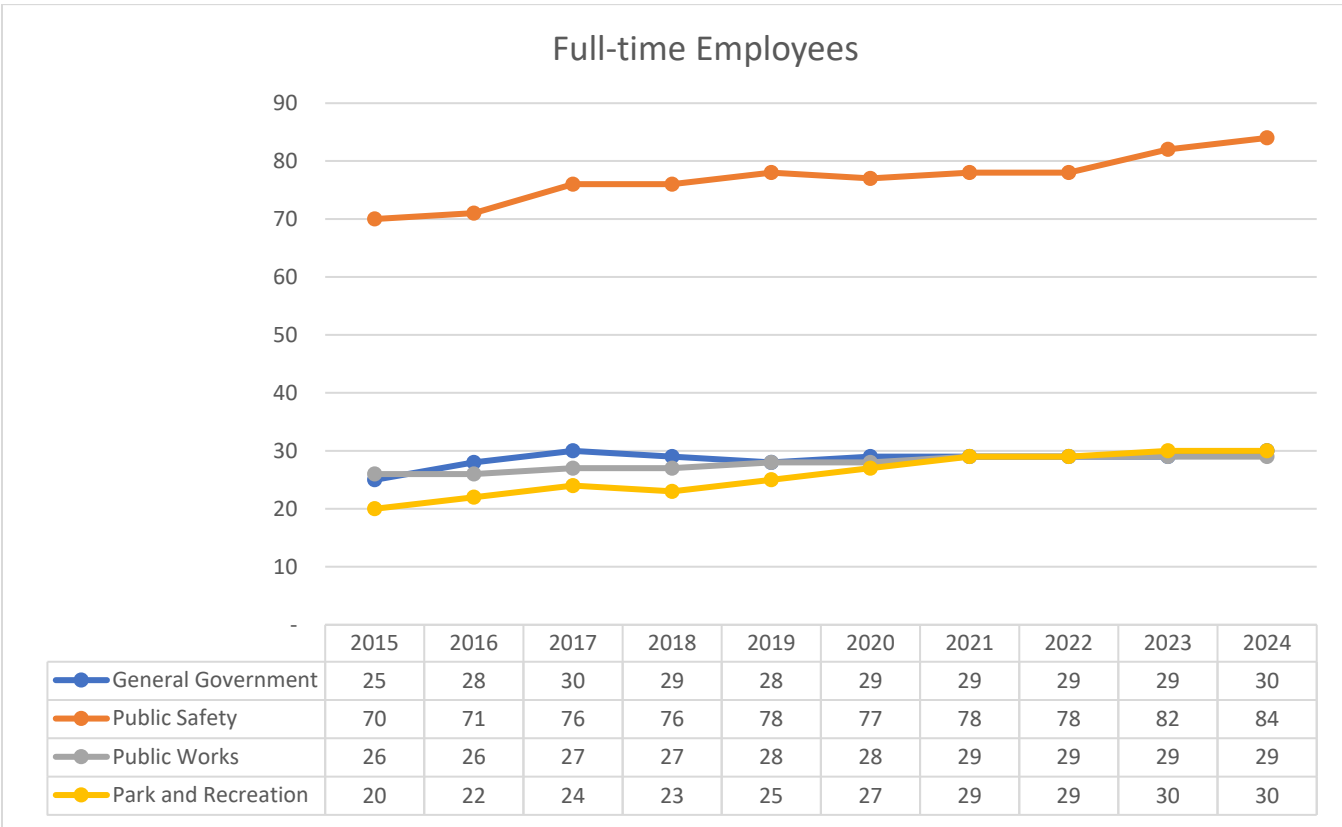
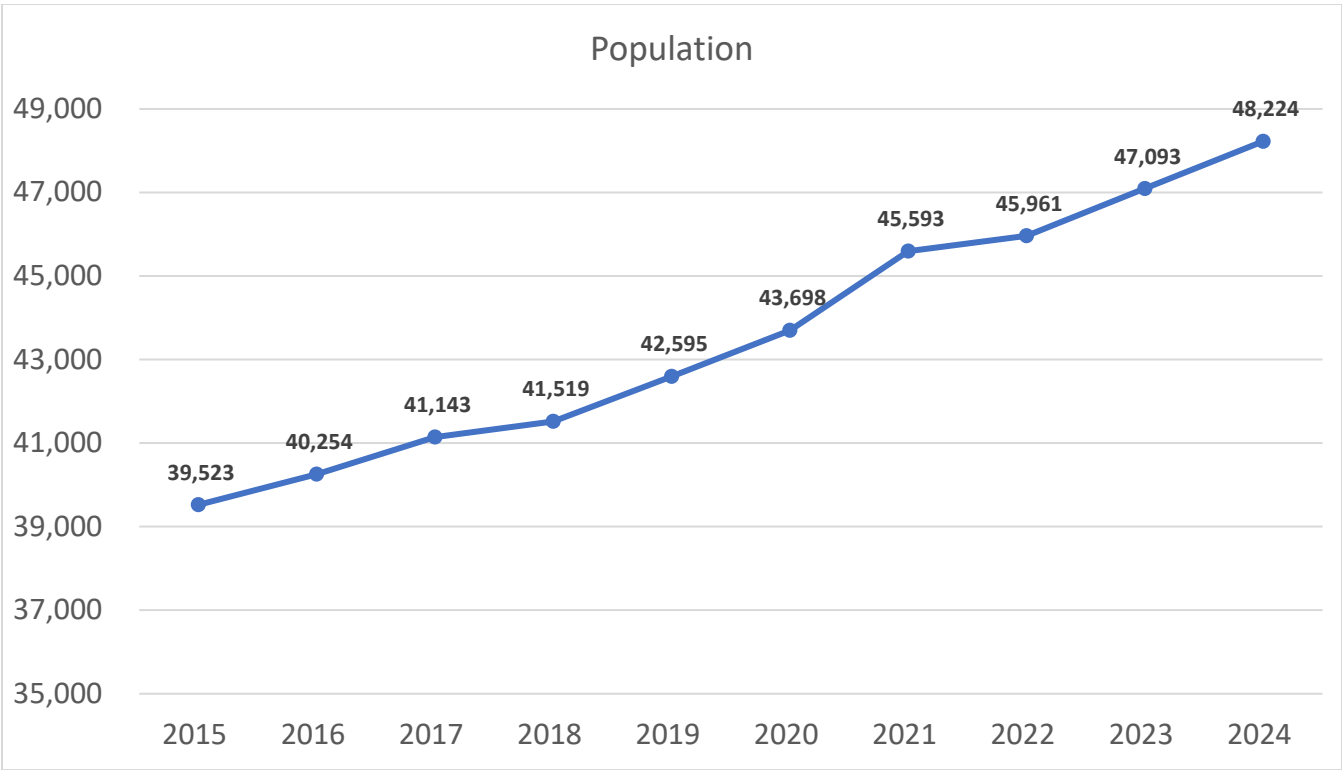
Tax Capacity Adjustments



Levy Components, Taxes & Tax Rates



Population, City Employees



General Fund Projections

Baseline Data

- Revenue and expenditures projections are based on current year budgeted amounts (2024).

Revenues (inflationary assumptions)

- Property taxes – 3.75% 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 2024 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 and Met Council estimates. Equal annual adjustments have been made based on the average increase from the 2020 census number to the 2022 Met Council estimated for future years.

	2024 General Fund Annual Budget Projection													Inflation Assumptions:
GENERAL FUND	Actual 2022	Budget 2023	Budget 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030	Projected 2031	Projected 2032	Projected 2033	Projected 2034	
01000 - GENERAL FUND														
REVENUES:														Revenues:
Taxes	19,649,596	20,938,500	22,569,800	23,416,168	24,294,274	25,205,309	26,150,508	27,131,152	28,148,570	29,204,141	30,299,296	31,435,520	32,614,352	3.75%
Special Assessments	76,312	2,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	0.00%
Licenses and Permits	6,088,412	3,432,700	3,491,450	3,596,194	3,704,080	3,815,202	3,929,658	4,047,548	4,168,974	4,294,043	4,422,864	4,555,550	4,692,217	3.00%
Intergovernmental	5,384,242	4,666,000	4,979,000	5,128,370	5,282,221	5,440,688	5,603,909	5,772,026	5,945,187	6,123,543	6,307,249	6,496,466	6,691,360	3.00%
Charges for Services	4,129,796	4,593,400	4,813,350	4,957,751	5,106,484	5,259,679	5,417,469	5,579,993	5,747,393	5,919,815	6,097,409	6,280,331	6,468,741	3.00%
Fines and Forfeits	9,271	1,700	200	200	200	200	200	200	200	200	200	200	200	0.00%
Miscellaneous	(480,863)	333,400	379,200	379,200	379,200	379,200	379,200	379,200	379,200	379,200	379,200	379,200	379,200	0.00%
Transfers In	400,000	400,000	611,360	611,360	611,360	611,360	611,360	611,360	611,360	611,360	611,360	611,360	611,360	0.00%
REVENUES	35,256,766	34,367,700	36,858,360	38,103,243	39,391,819	40,725,638	42,106,304	43,535,479	45,014,884	46,546,302	48,131,578	49,772,627	51,471,430	
EXPENDITURES:														Expenditures:
General Government	5,157,128	5,422,400	6,226,450	6,397,677	6,573,613	6,754,387	6,940,133	7,130,987	7,327,089	7,528,584	7,735,620	7,948,350	8,166,930	2.75%
Public Safety	15,284,915	15,995,900	17,019,800	17,572,944	18,144,065	18,733,747	19,342,594	19,971,228	20,620,293	21,290,453	21,982,393	22,696,821	23,434,468	3.25%
Public Works	4,391,237	4,742,400	4,857,250	4,990,824	5,128,072	5,269,094	5,413,994	5,562,879	5,715,858	5,873,044	6,034,553	6,200,503	6,371,017	2.75%
Park and Recreation	7,962,901	8,798,800	8,611,760	8,848,583	9,091,919	9,341,947	9,598,851	9,862,819	10,134,047	10,412,733	10,699,083	10,993,308	11,295,624	2.75%
Miscellaneous	1,186	128,200	343,100	343,100	343,100	343,100	343,100	343,100	343,100	343,100	343,100	343,100	343,100	0
Transfers Out	226,000	-	-	-	-	-	-	-	-	-	-	-	-	0
EXPENDITURES	33,023,367	35,087,700	37,058,360	38,153,128	39,280,769	40,442,275	41,638,672	42,871,013	44,140,387	45,447,914	46,794,749	48,182,082	49,611,139	
REVENUE OVER (UNDER) EXPENSE:	2,233,399	(126,000)	(200,000)	(49,885)	111,050	283,363	467,632	664,466	874,497	1,098,388	1,336,829	1,590,545	1,860,291	
FUND BALANCE	17,771,897	20,005,296	19,879,296	19,679,296	19,629,411	19,740,461	20,023,824	20,491,456	21,155,922	22,030,419	23,128,807	24,465,636	26,056,181	
ENDING FUND BALANCE	20,005,296	19,879,296	19,679,296	19,629,411	19,740,461	20,023,824	20,491,456	21,155,922	22,030,419	23,128,807	24,465,636	26,056,181	27,916,472	
50% Fund Balance Policy	\$ 17,543,850	\$ 18,529,180	\$ 19,076,564	\$ 19,640,385	\$ 20,221,138	\$ 20,819,336	\$ 21,435,507	\$ 22,070,194	\$ 22,723,957	\$ 23,397,375	\$ 24,091,041	\$ 24,805,570		
Excess Fund Balance	\$ 2,461,446	\$ 1,350,116	\$ 602,732	\$ (10,974)	\$ (480,677)	\$ (795,512)	\$ (944,051)	\$ (914,272)	\$ (693,538)	\$ (268,568)	\$ 374,595	\$ 1,250,611		
Revenue Changes (without Transfers)	-5.3%	7.2%	6.7%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.5%	3.5%	3.5%	
Expenditure Changes (without Transfers)	7.3%	8.6%	5.6%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Property Tax Levy	\$ 22,486,000	\$ 23,892,000	\$ 25,473,000	\$ 26,428,238	\$ 27,419,296	\$ 28,447,520	\$ 29,514,302	\$ 30,621,088	\$ 31,769,379	\$ 32,960,731	\$ 34,196,758	\$ 35,479,137	\$ 36,809,604	3.75%
Taxable Market Value	6,044,797,135	7,215,756,805	7,782,044,997	8,171,147,247	8,579,704,609	9,008,689,840	9,459,124,332	9,932,080,548	10,428,684,576	10,950,118,804	11,497,624,745	12,072,505,982	12,676,131,281	5.00%
Net Tax Capacity	63,107,216	74,985,280	84,643,346	88,875,513	93,319,289	97,985,253	102,884,516	108,028,742	113,430,179	119,101,688	125,056,772	131,309,611	137,875,091	5.00%
Tax Capacity Rate	32.110%	28.585%	27.402%	27.172%	26.940%	26.706%	26.471%	26.235%	25.998%	25.761%	25.522%	25.284%	25.045%	
Median Value Home	284,700	346,500	338,400	351,936	366,013	380,654	395,880	411,715	428,184	445,311	463,124	481,649	500,915	4.00%
Tax on Median Value Home	877	973	909	941	974	1,009	1,044	1,080	1,117	1,154	1,193	1,233	1,274	
Number of Households	15,596	16,332	17,067	17,803	18,538	19,274	20,009	20,745	21,480	22,216	22,951	23,687	24,422	
Population	45,961	47,093	48,224	49,356	50,487	51,619	52,750	53,882	55,013	56,145	57,276	58,408	59,539	
Taxes Per Capita	\$ 489.24	\$ 507.34	\$ 528.22	\$ 535.47	\$ 543.10	\$ 551.11	\$ 559.51	\$ 568.30	\$ 577.49	\$ 587.07	\$ 597.05	\$ 607.44	\$ 618.24	
	(Met Council Est.)													

Notes: Population and number of household estimates based on Met Council estimates (estimated 2022 and increased by average increase from 2020 census). The 2024 Budget year is the base year for future projections.