

Long-term Financial Plan

City Council Work Session

May 7, 2024



INNOVATING. ENTERTAINING. THRIVING.

City of Shakopee | 485 Gorman St., Shakopee MN 55379
952-233-9300 | www.ShakopeeMN.gov

LTFP Background

- Strategic Priority – Financial Stability
 - Development of a long-term financial plan
- No long-term financial plan “template” exists
- S&P credit ratings criteria:

Long-Term Financial Planning

Does management have a long-term financial plan that allows them to identify future revenues and expenditures as well as address upcoming issues that might affect these?

Strong	A multi-year financial plan exists where future issues are identified and possible solutions are identified, if not implemented; revenue and expenditure decisions are made primarily from a long-term perspective. Structural balance is a clear goal.
Standard	Multi-year projections are done informally; multi-year projections are done, but without discussion of pending issues, so that issues are not addressed; some one-shot actions exist, but the long-term consequences of these actions are acknowledged and communicated.
Vulnerable	No long-term financial planning exists; operational planning is done on a year-to-year (or budget-to-budget) basis; one-shot budget fixes are used with little attention to long-term consequences.



INNOVATING. ENTERTAINING. THRIVING.
City of Shakopee | 485 Gorman St., Shakopee MN 55379
952-233-9300 | www.ShakopeeMN.gov

LTFP Background

- Trend analysis – assessing current trends to determine current and future financial condition
- General Fund projections – assessment of the impact of anticipated inflationary changes to city's operations and estimated impact on property taxes and rates

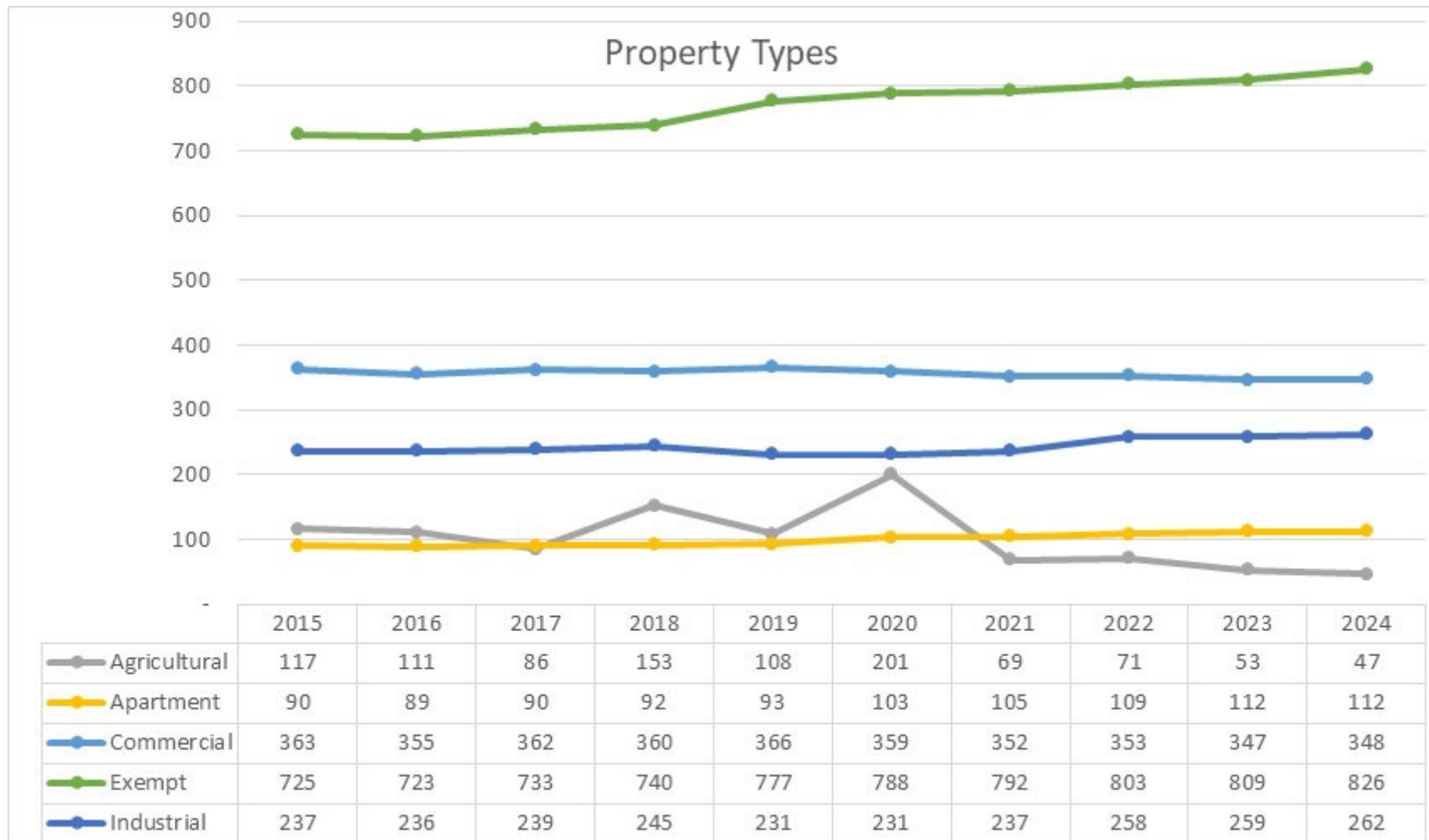


INNOVATING. ENTERTAINING. THRIVING.
City of Shakopee | 485 Gorman St., Shakopee MN 55379
952-233-9300 | www.ShakopeeMN.gov

Shakopee Sustainable Cycle of City Government

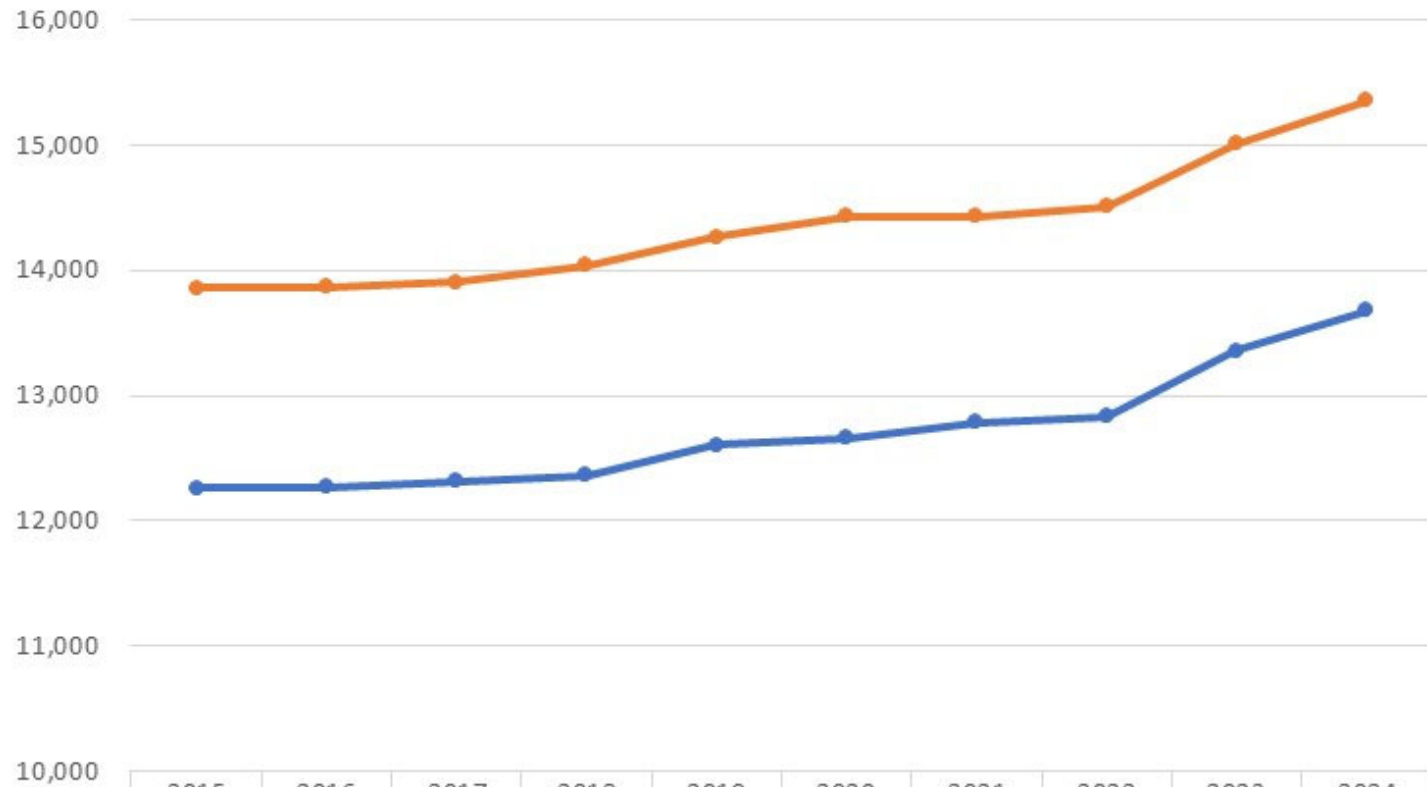


INNOVATING. ENTERTAINMENT.
City of Shakopee | 485 Gorman St., Shakopee, MN 55379
952-233-9300 | www.ShakopeeMN.gov



INNOVATING. ENTERTAINING. THRIVING.
 City of Shakopee | 485 Gorman St., Shakopee MN 55379
 952-233-9300 | www.ShakopeeMN.gov

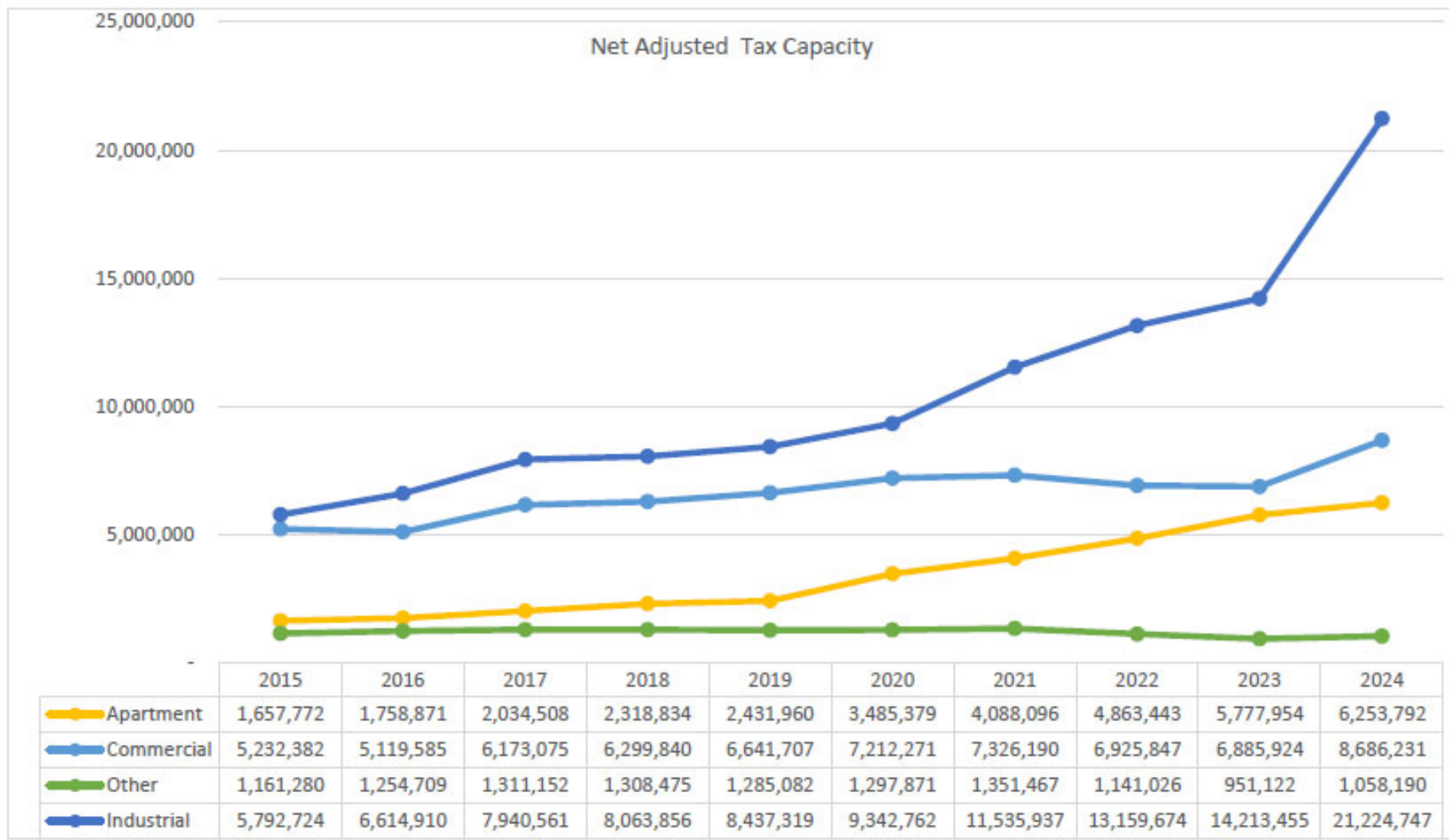
Residential Parcels



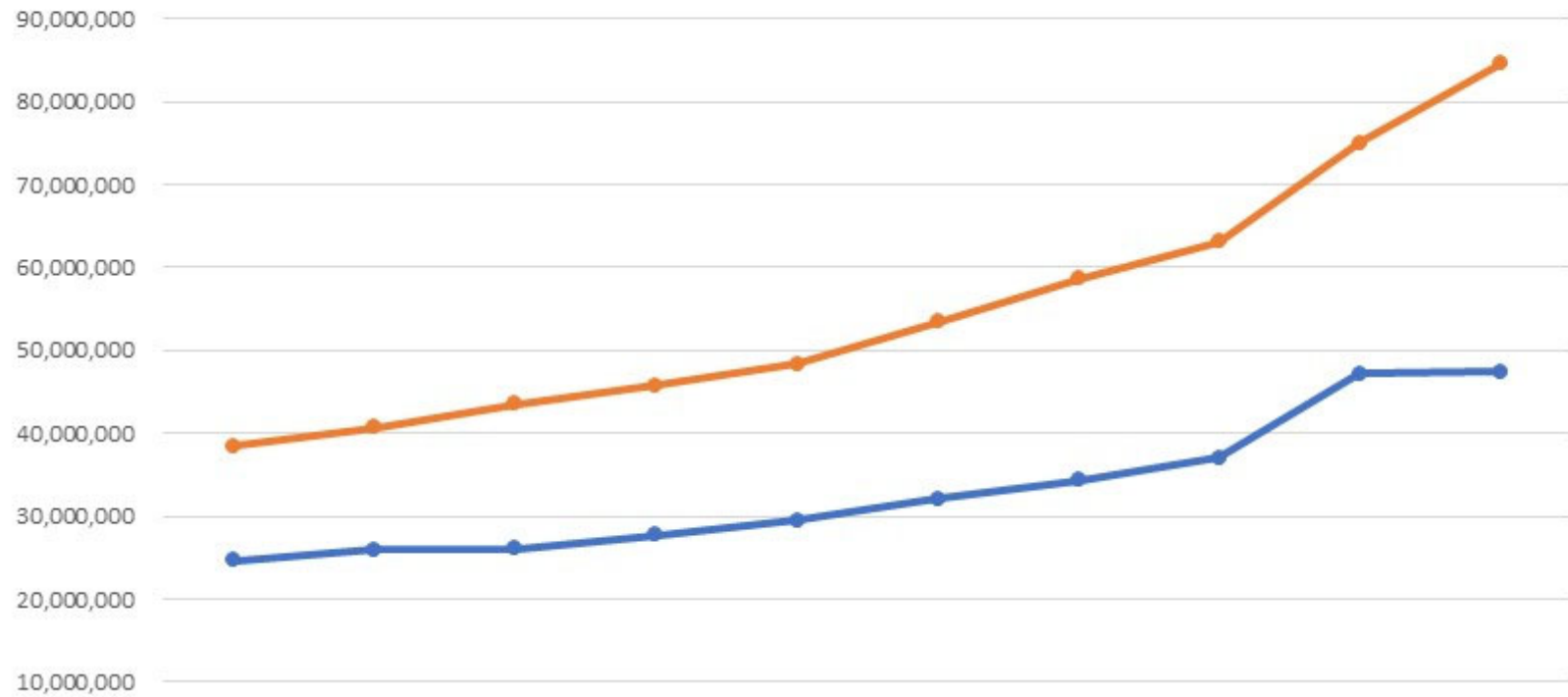
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Residential	12,262	12,270	12,319	12,364	12,605	12,659	12,786	12,837	13,360	13,683
Total City-wide	13,860	13,865	13,910	14,043	14,270	14,436	14,436	14,509	15,016	15,356



INNOVATING. ENTERTAINING. THRIVING.
 City of Shakopee | 485 Gorman St., Shakopee MN 55379
 952-233-9300 | www.ShakopeeMN.gov



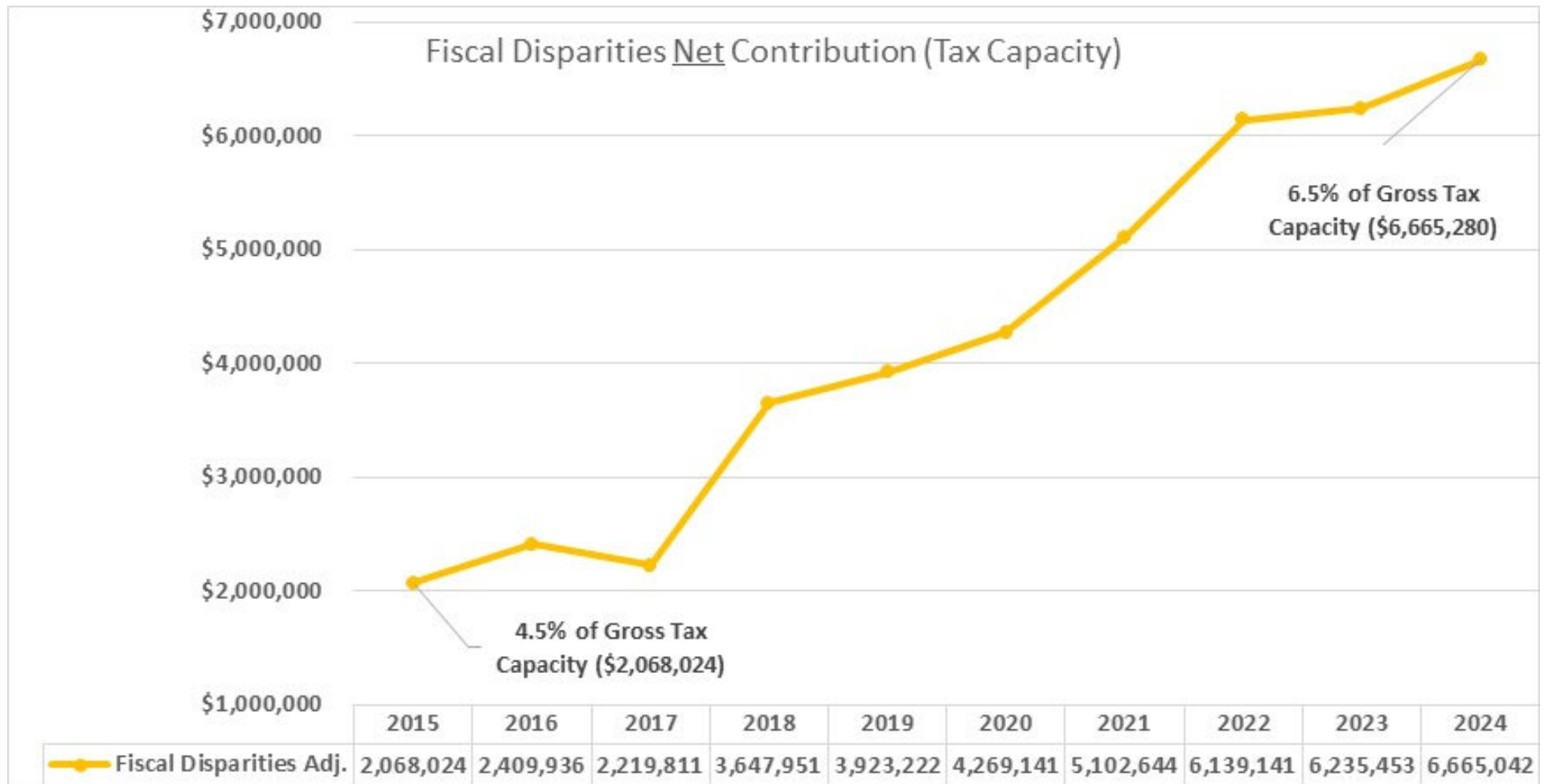
Residential Adjusted Net Tax Capacity



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Residential	24,658,768	25,966,409	26,036,865	27,760,389	29,541,409	32,104,091	34,332,115	37,017,226	47,156,825	47,420,386
Total City-wide	38,502,926	40,714,484	43,496,161	45,751,394	48,337,477	53,442,374	58,633,805	63,107,216	74,985,280	84,643,346

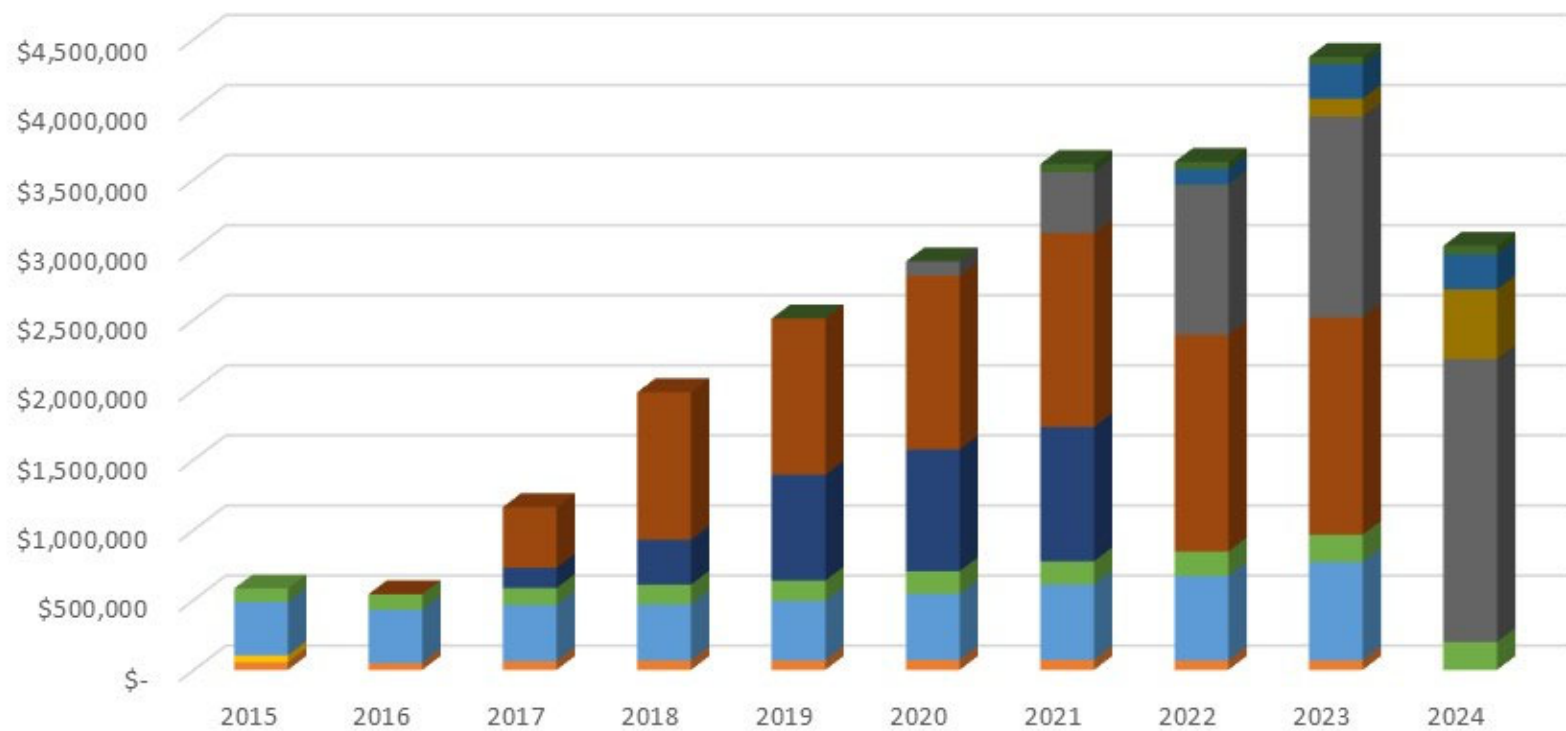


INNOVATING. ENTERTAINING. THRIVING.
 City of Shakopee | 485 Gorman St., Shakopee MN 55379
 952-233-9300 | www.ShakopeeMN.gov



INNOVATING. ENTERTAINING. THRIVING.
 City of Shakopee | 485 Gorman St., Shakopee MN 55379
 952-233-9300 | www.ShakopeeMN.gov

TIF Districts Captured Net Tax Capacity



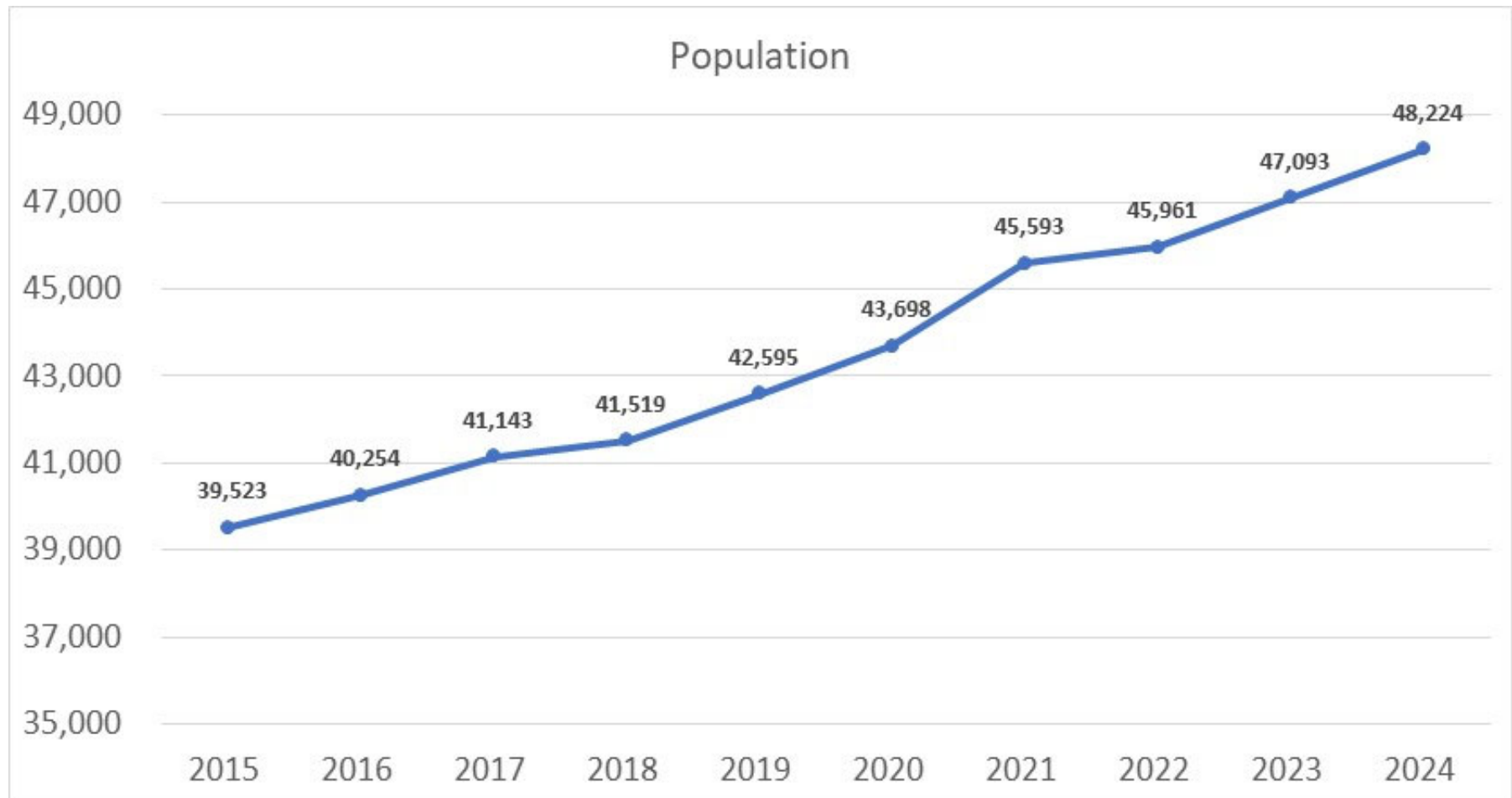
Levy Components (In Millions)



INNOVATING. ENTERTAINING. THRIVING.
City of Shakopee | 485 Gorman St., Shakopee MN 55379
952-233-9300 | www.ShakopeeMN.gov

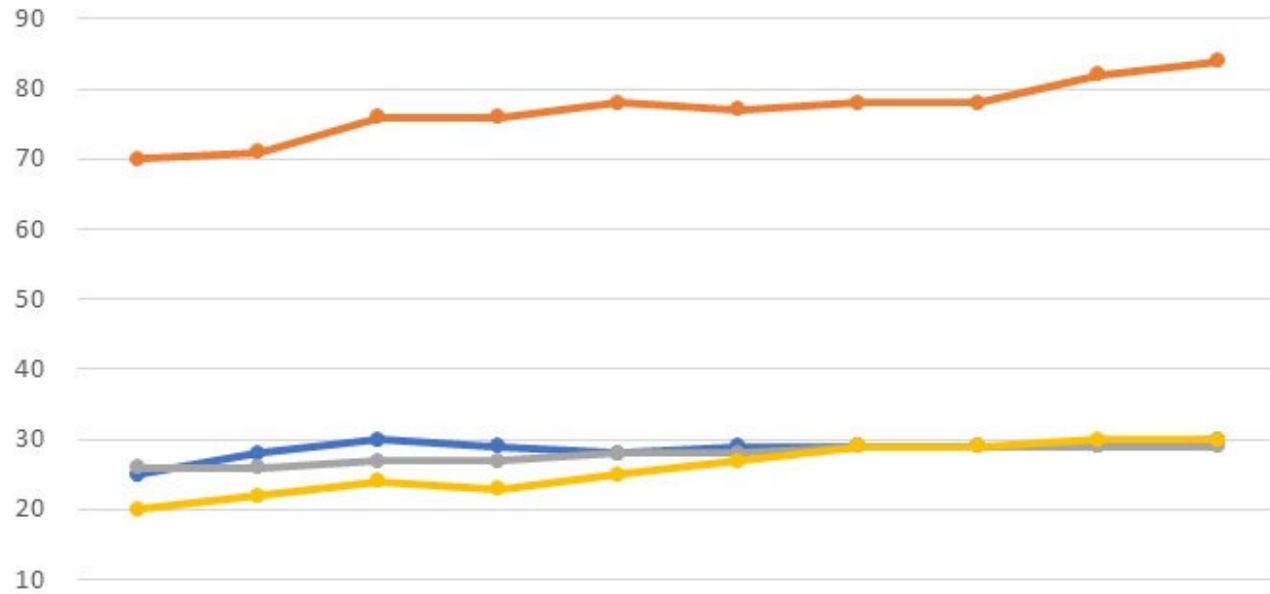
\$ Change in City/EDA Levy, % Change, City Tax Rate





INNOVATING. ENTERTAINING. THRIVING.
City of Shakopee | 485 Gorman St., Shakopee MN 55379
952-233-9300 | www.ShakopeeMN.gov

Full-time Employees



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government	25	28	30	29	28	29	29	29	29	30
Public Safety	70	71	76	76	78	77	78	78	82	84
Public Works	26	26	27	27	28	28	29	29	29	29
Park and Recreation	20	22	24	23	25	27	29	29	30	30



INNOVATING. ENTERTAINING. THRIVING.
 City of Shakopee | 485 Gorman St., Shakopee MN 55379
 952-233-9300 | www.ShakopeeMN.gov

Preliminary Taxable Market Value (April 2024)

Class	Payable 2024	Payable 2025	Change (%)
Agricultural	\$65,302,703	\$65,157,710	-0.2%
Apartment	713,349,600	778,527,700	9.1%
Commercial	702,496,200	769,135,900	9.5%
Industrial	1,571,476,000	1,773,380,700	12.8%
Public Utility/Railroad	31,337,200	31,337,200	0.0%
Residential	4,692,583,394	4,931,489,463	5.1%
Other	<u>2,279,600</u>	<u>2,300,500</u>	<u>0.9%</u>
Totals	\$7,778,824,697	\$8,351,329,173	7.4%

- New construction accounts for about 44% of the increase
- Median value home \$350,700
- Market value exclusion increases from \$417k to \$517k for taxes payable 2025.



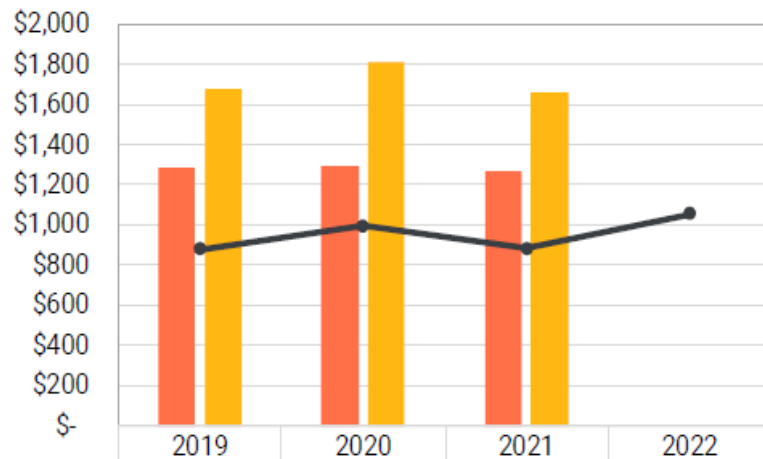
INNOVATING. ENTERTAINING. THRIVING.
City of Shakopee | 485 Gorman St., Shakopee MN 55379
952-233-9300 | www.ShakopeeMN.gov

Debt

Key Performance Indicators

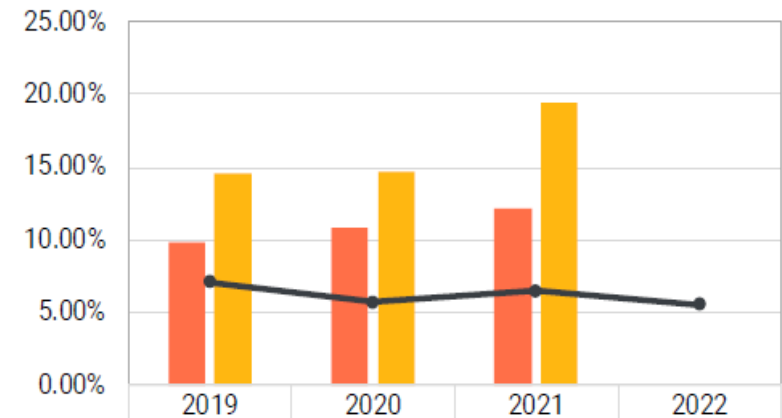
* Class 2 Cities: 20,001 – 100,000

Debt Per Capita



	2019	2020	2021	2022
Class 2 Cities	\$1,283	\$1,292	\$1,271	N/A
Cities in Scott County	\$1,679	\$1,815	\$1,665	N/A
City of Shakopee	\$879	\$997	\$885	\$1,057

Debt Service Expenditures as a Percent of Total Expenditures



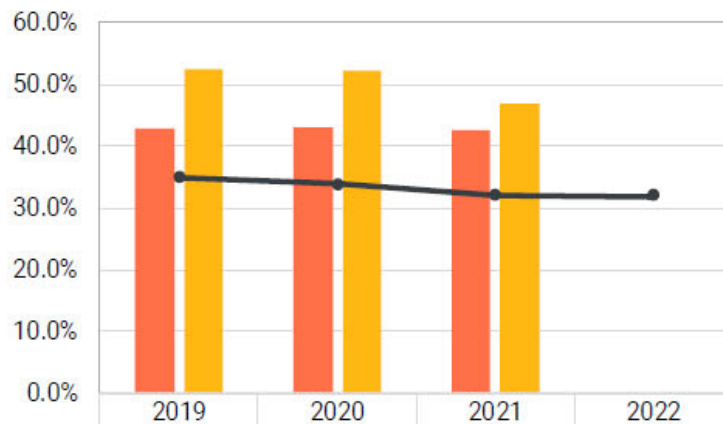
	2019	2020	2021	2022
Class 2 Cities	9.80%	10.85%	12.08%	N/A
Cities in Scott County	14.55%	14.66%	19.38%	N/A
City of Shakopee	7.09%	5.68%	6.49%	5.52%

Taxes

Key Performance Indicators

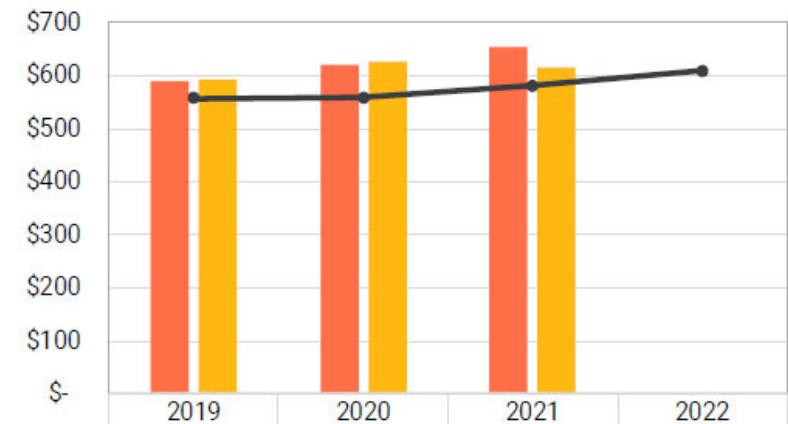
* Class 2 Cities: 20,001 – 100,000

Tax Rates



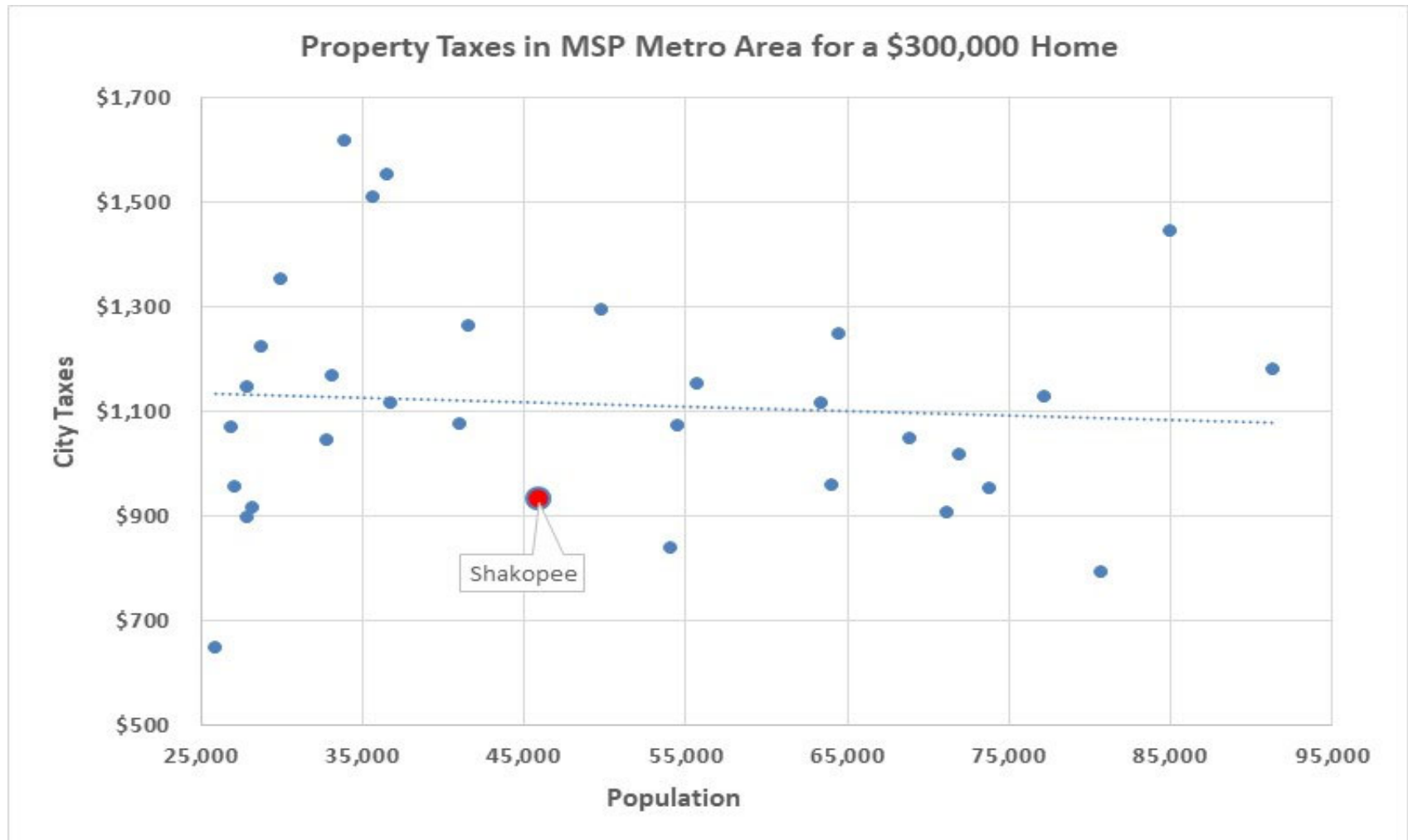
	2019	2020	2021	2022
Class 2 Cities	42.9%	43.1%	42.7%	N/A
Cities in Scott County	52.5%	52.1%	46.9%	N/A
City of Shakopee	34.9%	33.9%	32.1%	32.1%

Taxes Per Capita



	2019	2020	2021	2022
Class 2 Cities	\$589	\$620	\$654	N/A
Cities in Scott County	\$593	\$626	\$616	N/A
City of Shakopee	\$557	\$558	\$580	\$608

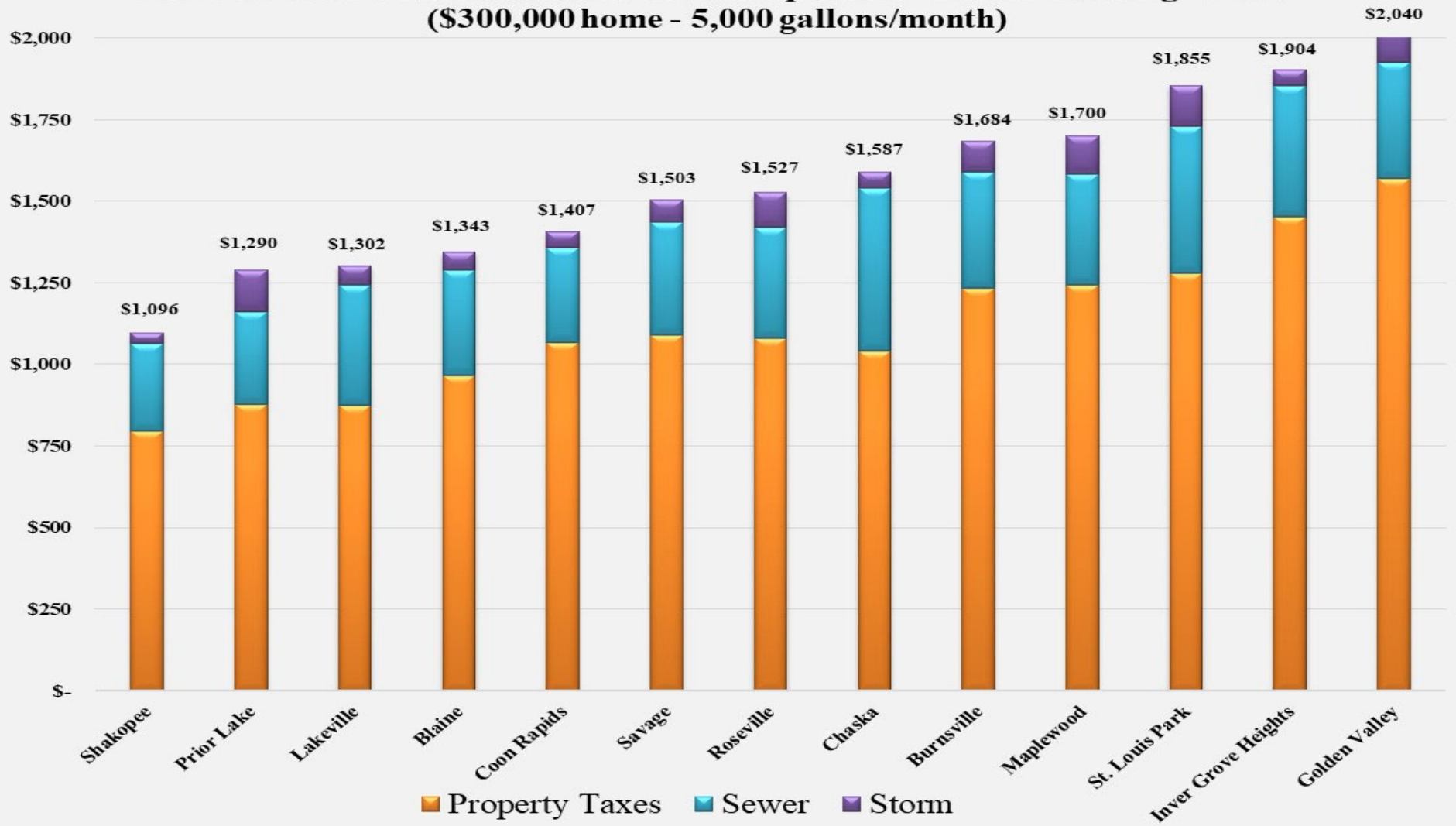
Note: Taxes per capita includes property taxes, lodging taxes, franchise taxes and tax increment revenue



INNOVATING. ENTERTAINING. THRIVING.
City of Shakopee | 485 Gorman St., Shakopee MN 55379
952-233-9300 | www.ShakopeeMN.gov

Cities in the metro with population between 25,000 and 100,000, based on 2022 property taxes.

2024 Annual Cost of Services for Comparable & Surrounding Cities (\$300,000 home - 5,000 gallons/month)



General Fund Projections – Reference Points

- Previous ten-year comparable changes (compounded annual rates)
 - Used 2022 and 2014 actuals as data points

Description	Annual %
Tax Capacity	10.6%
Tax Levy(City/EDA)	4.6%
Tax Levy (General Fund only)	2.7%
<u>Expenses</u>	
General Government	5.4%
Public Safety	5.1%
Public Works	6.0%
Park & Recreation	8.5%



INNOVATING. ENTERTAINING. THRIVING.
City of Shakopee | 485 Gorman St., Shakopee MN 55379
952-233-9300 | www.ShakopeeMN.gov

General Fund Projections

- Baseline data based on 2024 budget and 2024 payable for market value information
- Expenses
 - General Government, Public Works, Parks & Recreation – 2.75%
 - Public Safety (personnel driven) – 3.25%
- Revenues
 - Licenses and permits, intergovernmental, charges for services – 3.00%
 - Taxes (annual increase needed to support expenditure assumptions) – 3.75%



INNOVATING. ENTERTAINING. THRIVING.
City of Shakopee | 485 Gorman St., Shakopee MN 55379
952-233-9300 | www.ShakopeeMN.gov

	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.

Discussion & Questions?



INNOVATING. ENTERTAINING. THRIVING.
City of Shakopee | 485 Gorman St., Shakopee MN 55379
952-233-9300 | www.ShakopeeMN.gov