

2019 Preliminary Budget Workshop Introduction

If you listen to nothing else...



We can only affect what we have the ability to...

- Our “Box”
 - City Budget – GREAT NEWS!
- No ability to address:
 - Valuation (although even with valuation increases – GREAT NEWS!)
 - School Taxes
 - County Taxes
 - Special Districts Taxes



2019 City Council Financial Objectives

- Council
 - Low Taxes
 - Continued Financial Stability
 - Stable Tax Rate
 - Increased Tax Capacity
 - Increased Bond Rating
- Administration
 - True Fiscal Transparency
 - Budget Reflects how we spend Tax Dollars



Impact of Budget Levy Request (It's a tax cut...)

- City Tax Rate lowers from 37.971% to 35.231%
- If a resident's home value stays the same
 - An average value home = tax decrease of \$62 or about 7.2%
- With an increase in home value
 - An average value home = tax decrease of \$39 or about 4.5%
- Third Consecutive Year of 0% Impact (or less)
- Third year of lowering the tax rate
- **Continue to be among the lowest taxed communities in Metro**



2019 City Council Financial Objectives - Realized

- **Low Taxes** – 2019 budget will decrease taxes on average valued home by \$62 or 7.2%
- **Continued Financial Stability**
- **Stable Tax Rate** – Continuing a 3 year trend of lowering TR
- **Increased Tax Capacity** – Growth of 6.8%
- **Increased Bond Rating** – Setting the stage for AAA



Budget Calendar

Date	Who	What
July 17, 2018	Council/Staff	Review Preliminary Capital Improvement Plan (CIP)
September 4, 2018	Council/Staff	Review Maximum Levy, review initiatives and requests
September 18, 2018	Council	Adopt proposed maximum tax levy for City and EDA. Adopt final 2019-2023 CIP
September 30, 2018	Staff	Certify maximum tax levy to the County which will be used for proposed property tax notices
November	County	Proposed tax notices sent to owners
November	Council/Staff	Work session to review budget document
December 4, 2018	Council	Hold public meeting to discuss levy and budget. Review and approve utility rates for 2018.
December 18, 2018	Council	Adopt final tax levy and budget
December 28, 2018	Staff	Certify final tax levy and budget to County and State

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2019 Preliminary Budget & Levy

- The 2018 budget was the last year of a 3-year transformative budget process that set the foundation to achieve the Council's goals of low taxes, financial stability and a stable tax rate.
- The 2019 budget is a direct reflection of these prior years efforts and focuses on maintaining current service levels.



City of Shakopee
Preliminary Levy Analysis
September 4, 2018

	<u>2018 Final</u>	<u>2019 Preliminary</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
City Levy				
General Fund	\$ 16,694,500	\$ 16,677,400	\$ (17,100)	-0.10%
Abatements	182,400	169,500	(12,900)	-7.07%
Capital Improvement Levy	200,000	200,000	-	0.00%
Debt Service				
2008 A Improve	135,448	-	(135,448)	-100%
2010 A Improve	105,940	115,000	9,060	9%
2016 Abatement	1,942,260	2,068,600	126,340	7%
Total Debt Service	<u>2,183,648</u>	<u>2,183,600</u>	<u>(48)</u>	<u>0%</u>
Total City Levy	<u>\$ 19,260,548</u>	<u>\$ 19,230,500</u>	<u>\$ (30,048)</u>	<u>-0.16%</u>
Shakopee EDA Special Levy	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>0.00%</u>
Total City and EDA Levies	<u><u>\$ 19,610,548</u></u>	<u><u>\$ 19,580,500</u></u>	<u><u>\$ (30,048)</u></u>	<u><u>-0.15%</u></u>

2019 Preliminary Budget & Levy

- Budget Impact Issues
 - Wages & Benefits
 - COLA
 - Health Insurance
 - Police & Fire Pension Contribution
 - Requesting one new PW maintenance operator in the Streets Division
 - Other changes



2019 Preliminary Budget & Levy

- Budget Impact Issues
 - Internal rent charges for L-T equipment recommended to be based on replacement value.
 - Strong Revenue Forecasts
 - Building Permits
 - Community Center/Ice Arena
 - EDA levy



2019 Preliminary Budget & Levy

Payable 2018 Value	Properties in Category	Average of Net % Change for pay 2019
<\$100,000	147	4.1%
100000-149999	1,377	10.5%
150000-199999	3,428	8.0%
200000-249999	2,478	5.0%
250000-299999	1,597	3.9%
300000-399999	2,279	3.3%
400000-499999	582	2.4%
500000-699999	150	2.8%
700000-999999	7	10.7%
>\$999,999	2	8.3%
Grand Total	12,047	5.3%

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2019 Property Tax Levy Comparison

Pay 2019 Market Value of
\$174,300 = \$11 tax
increase



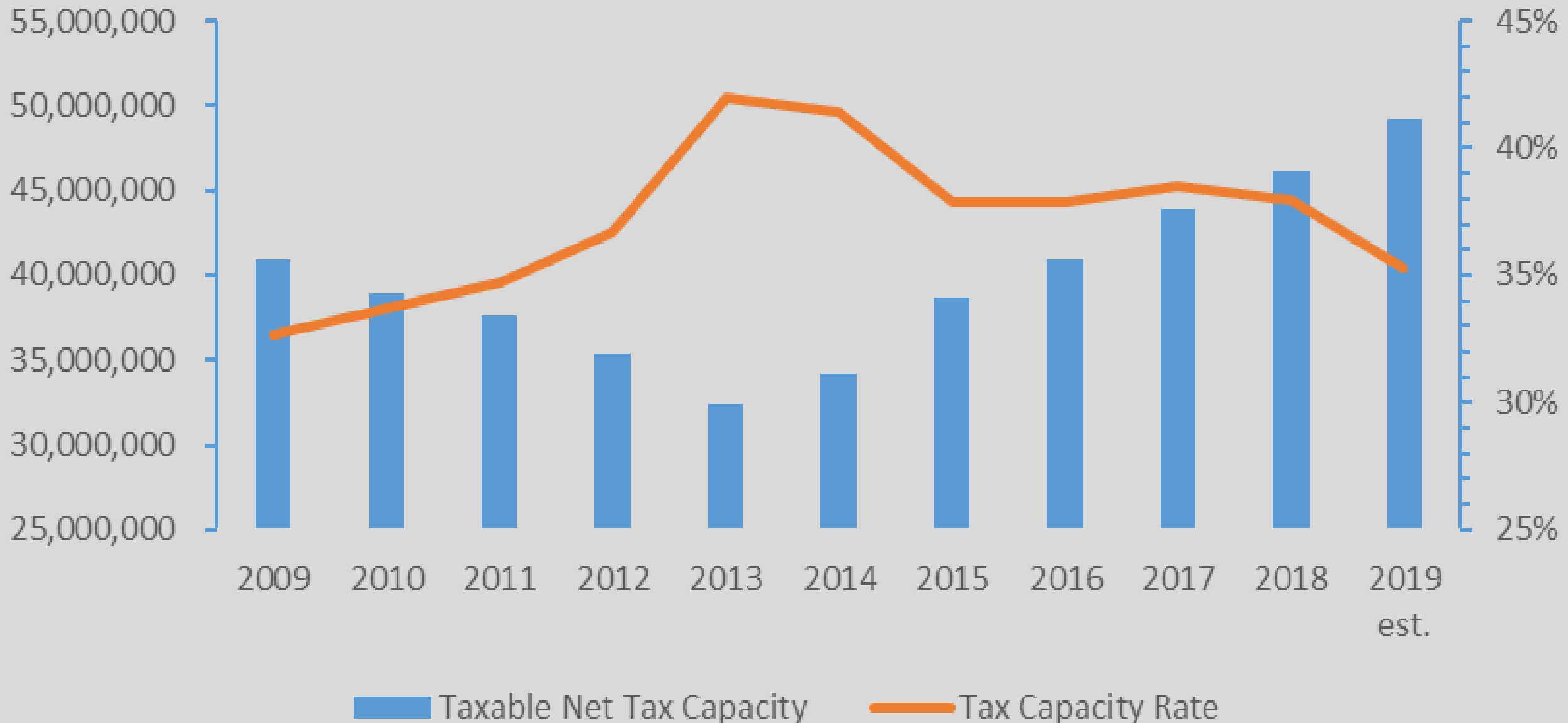
Pay 2019 Market Value of
\$255,000 = \$13 tax
decrease



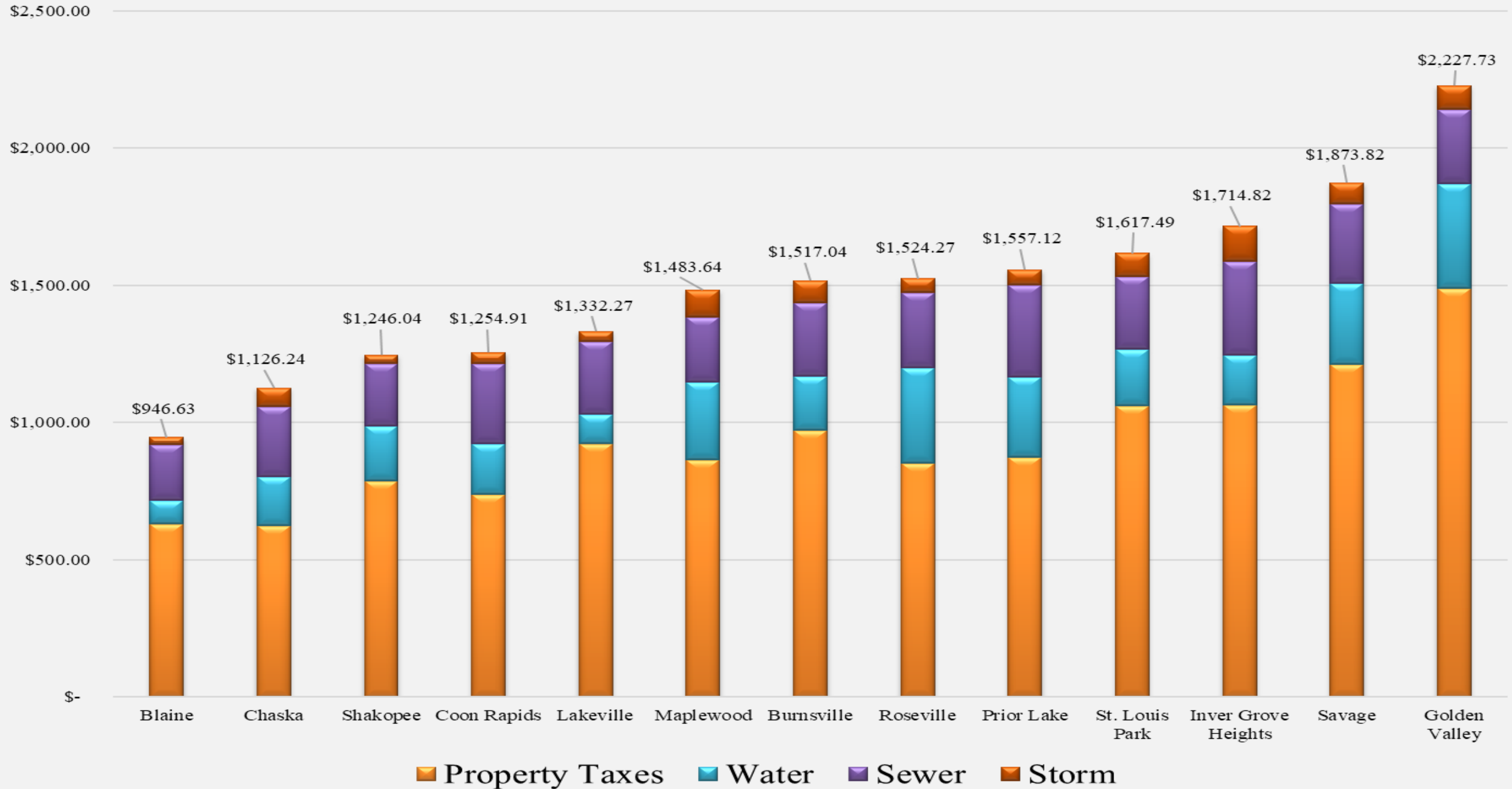
Pay 2019 Market Value of
\$353,300 = \$48 tax
decrease



Tax Capacity & Tax Rate Comparison



2018 Annual Cost of Services for Comparable & Surrounding Cities



2019 Preliminary Budget & Levy

2019 Annual Budget GENERAL FUND SUMMARY

	Actual 2016	Actual 2017	Original Budget 2018	Requested Budget 2019
REVENUES:				
TAXES	17,019,256.64	16,321,610.33	17,100,000.00	16,724,400.00
TAX INCREMENTS	2,946.93	4,633.26	0.00	3,000.00
SPECIAL ASSESSMENTS	15,817.76	3,874.61	7,000.00	7,300.00
LICENSES AND PERMITS	2,564,729.10	2,837,222.02	1,845,000.00	2,207,200.00
INTERGOVERNMENTAL	1,344,279.22	1,369,027.55	1,486,100.00	1,431,600.00
CHARGES FOR SERVICES	4,750,514.28	5,653,773.86	5,699,800.00	6,322,200.00
FINES AND FORFEITURES	11,213.08	2,718.80	1,500.00	1,000.00
MISCELLANEOUS	218,733.94	242,715.83	206,500.00	198,000.00
TOTAL REVENUES	25,927,490.95	26,435,576.26	26,345,900.00	26,894,700.00
EXPENDITURES:				
GENERAL GOVERNMENT	(3,965,116.02)	(4,387,638.96)	(4,922,900.00)	(4,722,800.00)
PUBLIC SAFETY	(10,585,899.22)	(11,004,434.14)	(11,972,200.00)	(12,523,800.00)
PUBLIC WORKS	(4,662,563.14)	(4,849,108.95)	(5,543,800.00)	(5,717,700.00)
RECREATION	(2,630,776.59)	(3,294,861.21)	(3,918,500.00)	(4,049,100.00)
UNALLOCATED	(34,835.56)	(27,619.38)	(216,300.00)	(131,300.00)
DEBT SERVICE	0.00	(16,605.00)	(22,200.00)	0.00
CAPITAL OUTLAY	(37,422.57)	(93,341.00)	0.00	0.00
TOTAL EXPENDITURES	(21,916,613.10)	(23,673,608.64)	(26,595,900.00)	(27,144,700.00)
OTHER FINANCING:				
TRANSFERS IN	250,000.00	250,000.00	250,000.00	250,000.00
PROCEEDS FROM SALE OF ASSETS	9,133.93	4,660.88	0.00	0.00
BOND PROCEEDS	0.00	79,100.00	0.00	0.00
TRANSFERS OUT	(3,348,754.50)	(1,800,000.00)	0.00	0.00
TOTAL OTHER FINANCING	(3,089,620.57)	(1,466,239.12)	250,000.00	250,000.00
NET	921,257.28	1,295,728.50	0.00	0.00

2019 Preliminary Budget & Levy

- Summary
 - The preliminary levy is the maximum levy that can be levied.
 - The final levy can be reduced but cannot be increased.
 - Between the preliminary levy and the final levy staff will be working on fine tuning the current unknowns.
 - Preliminary Levy for the City and the EDA will be on the agenda at the September 18th Council meeting.

