

Long-term Financial Plan

City Council Work Session

May 18, 2021



SHAKOPEE | MN
COMMUNITY PRIDE SINCE 1857

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.



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LTFP Background

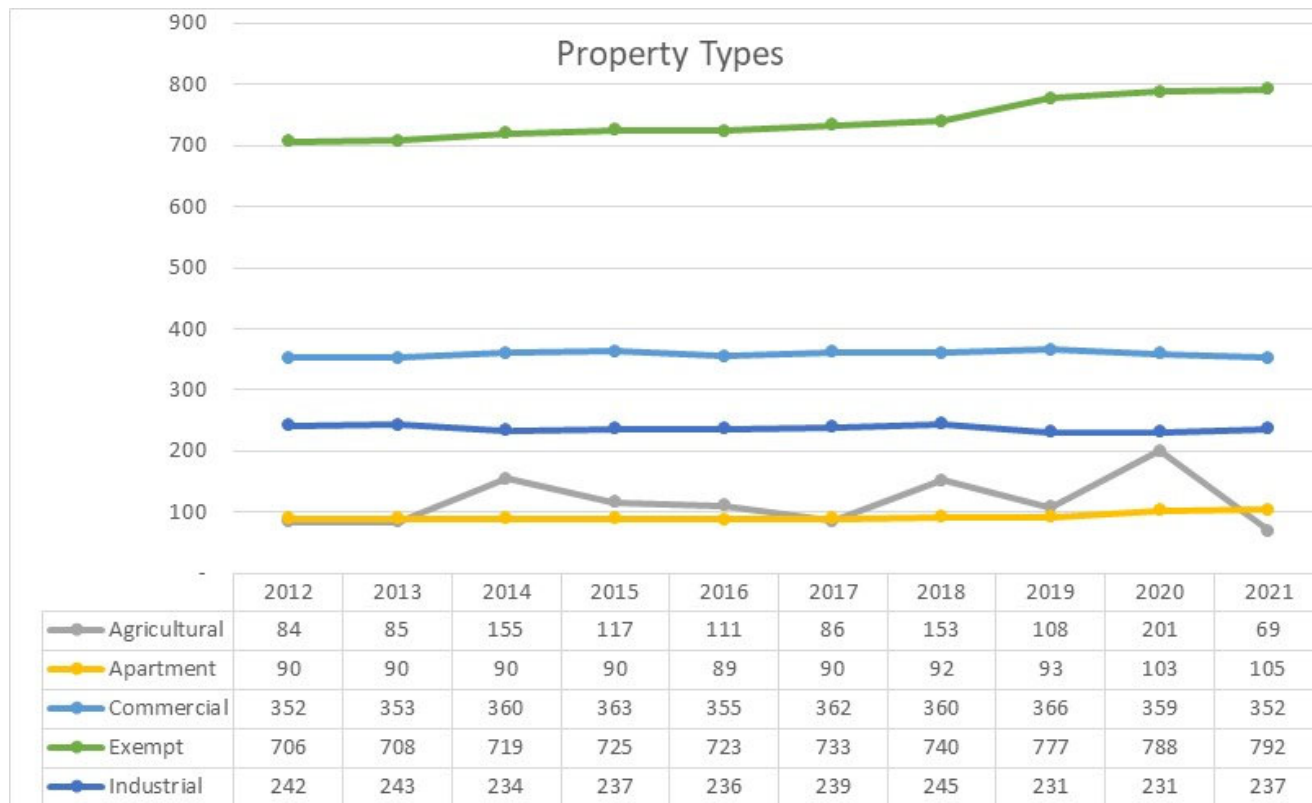
- Trend analysis – assessing current trends to determine current and future financial condition
- General Fund projections – assessment of the impact of anticipated inflationary changes to city's operations and estimated impact on property taxes and rates



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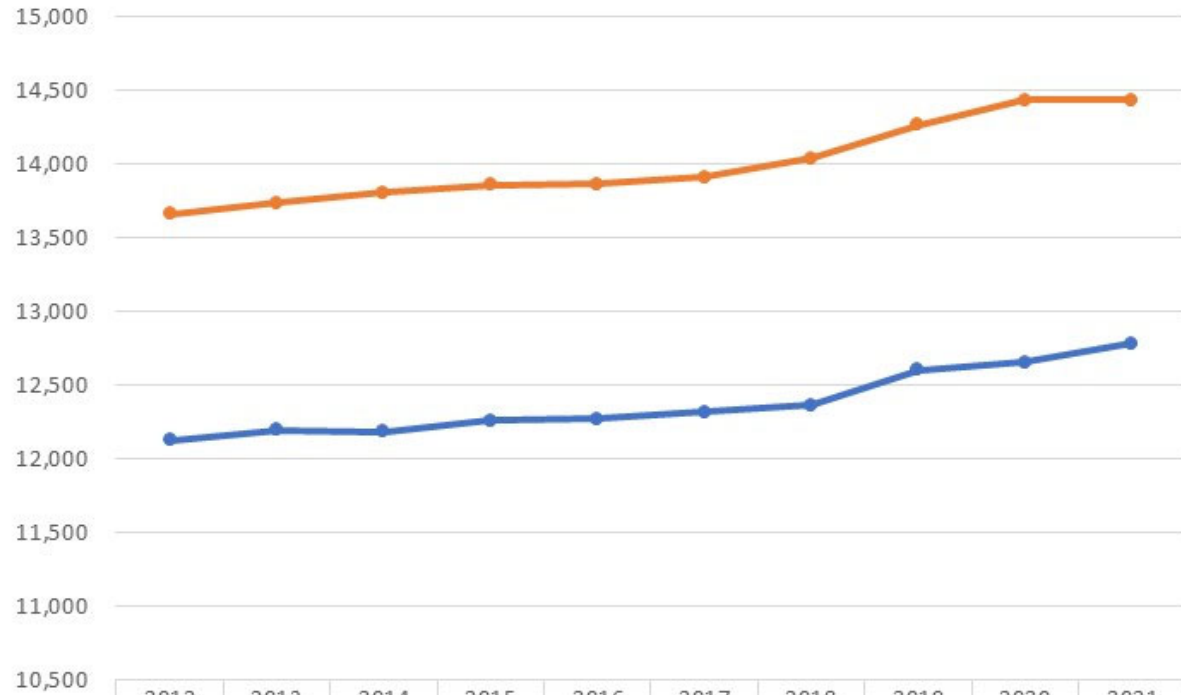
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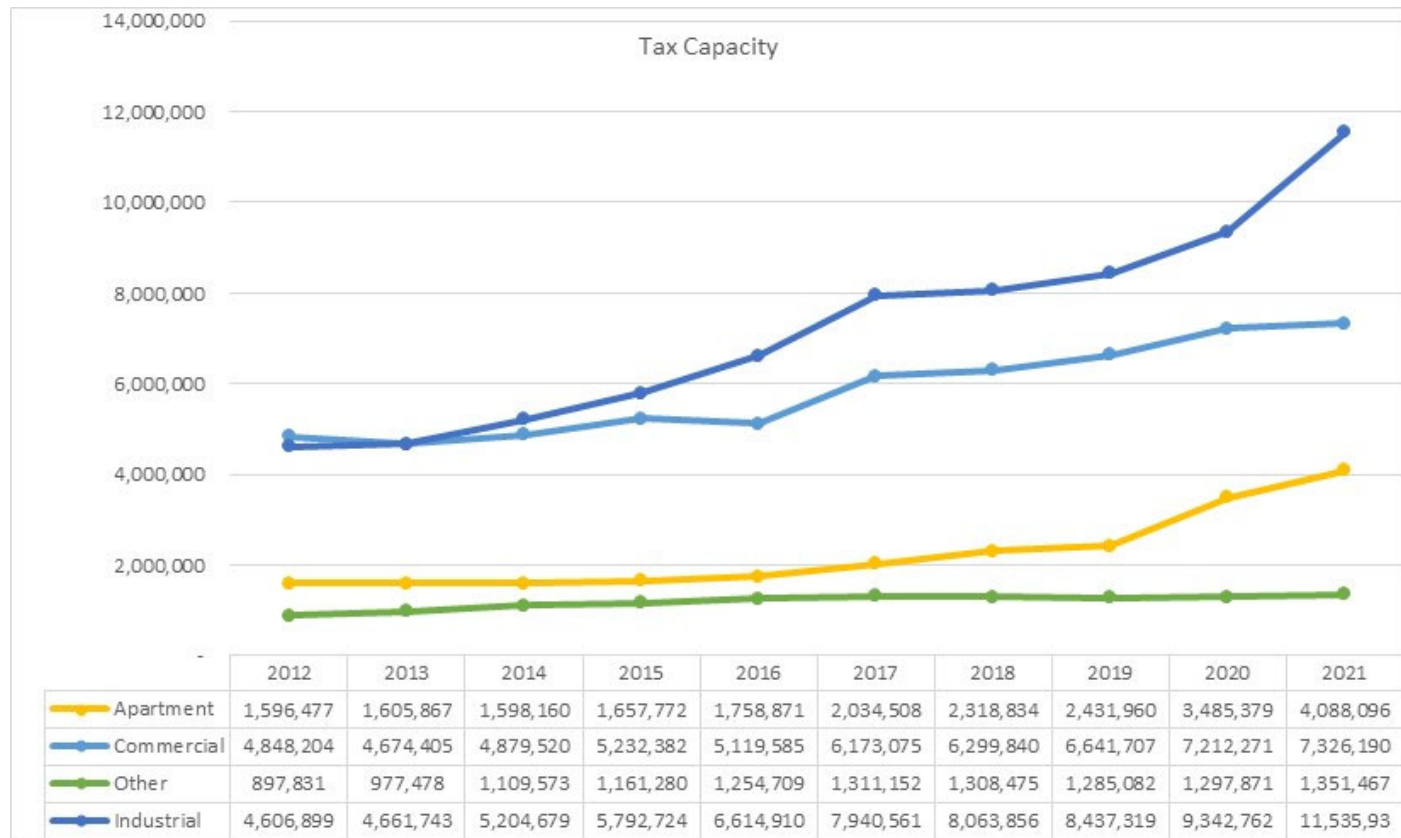
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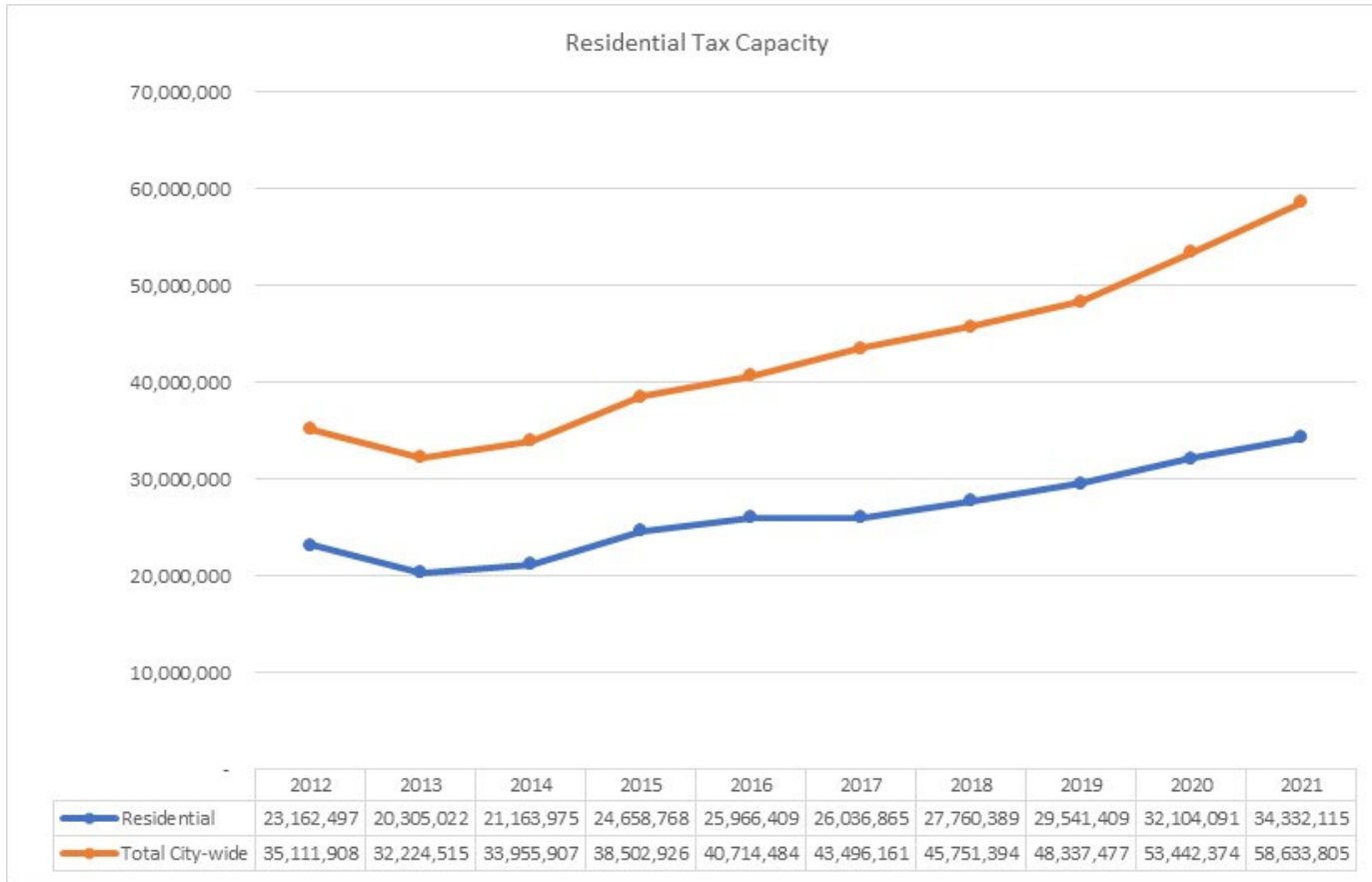
Residential Parcels

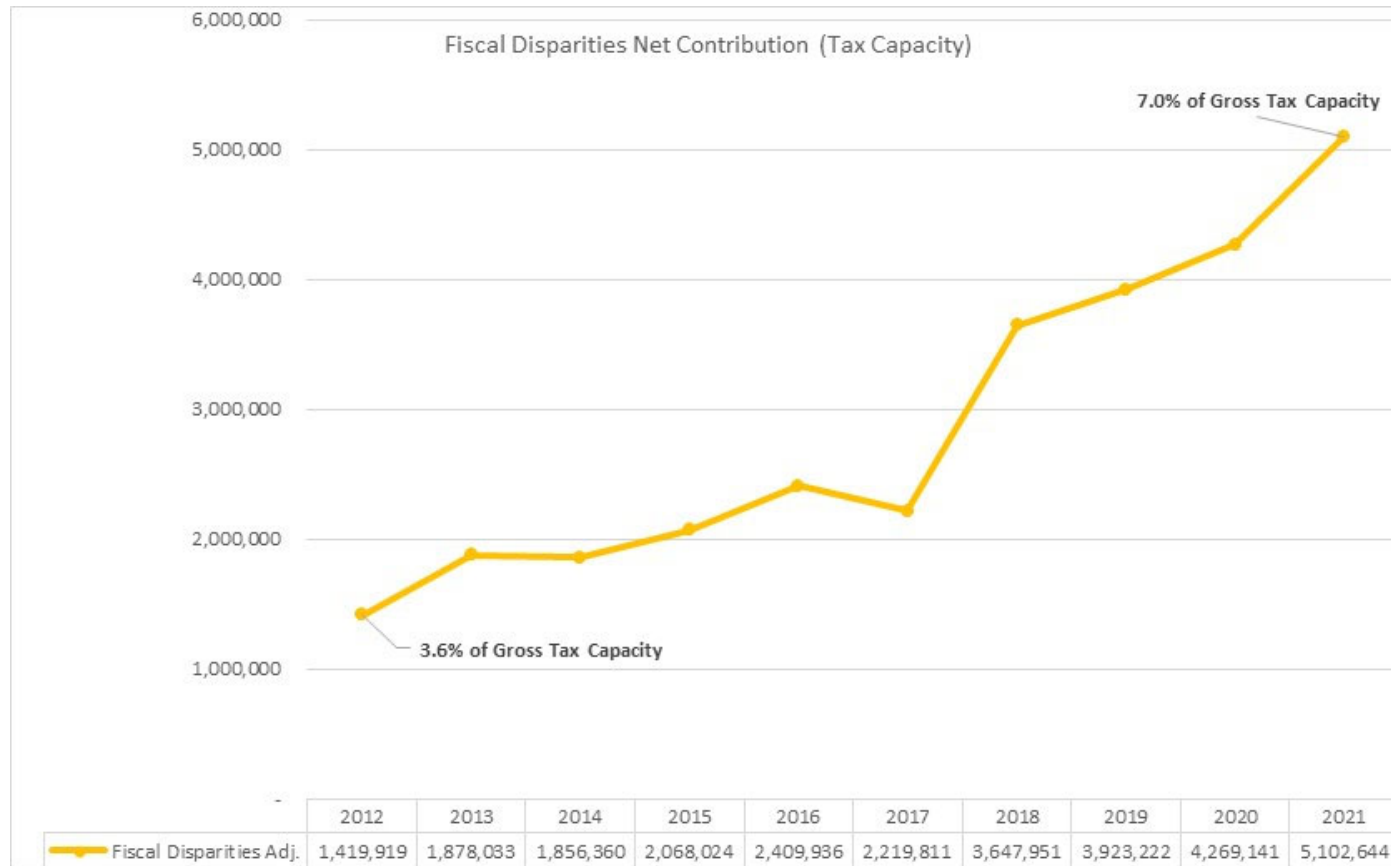


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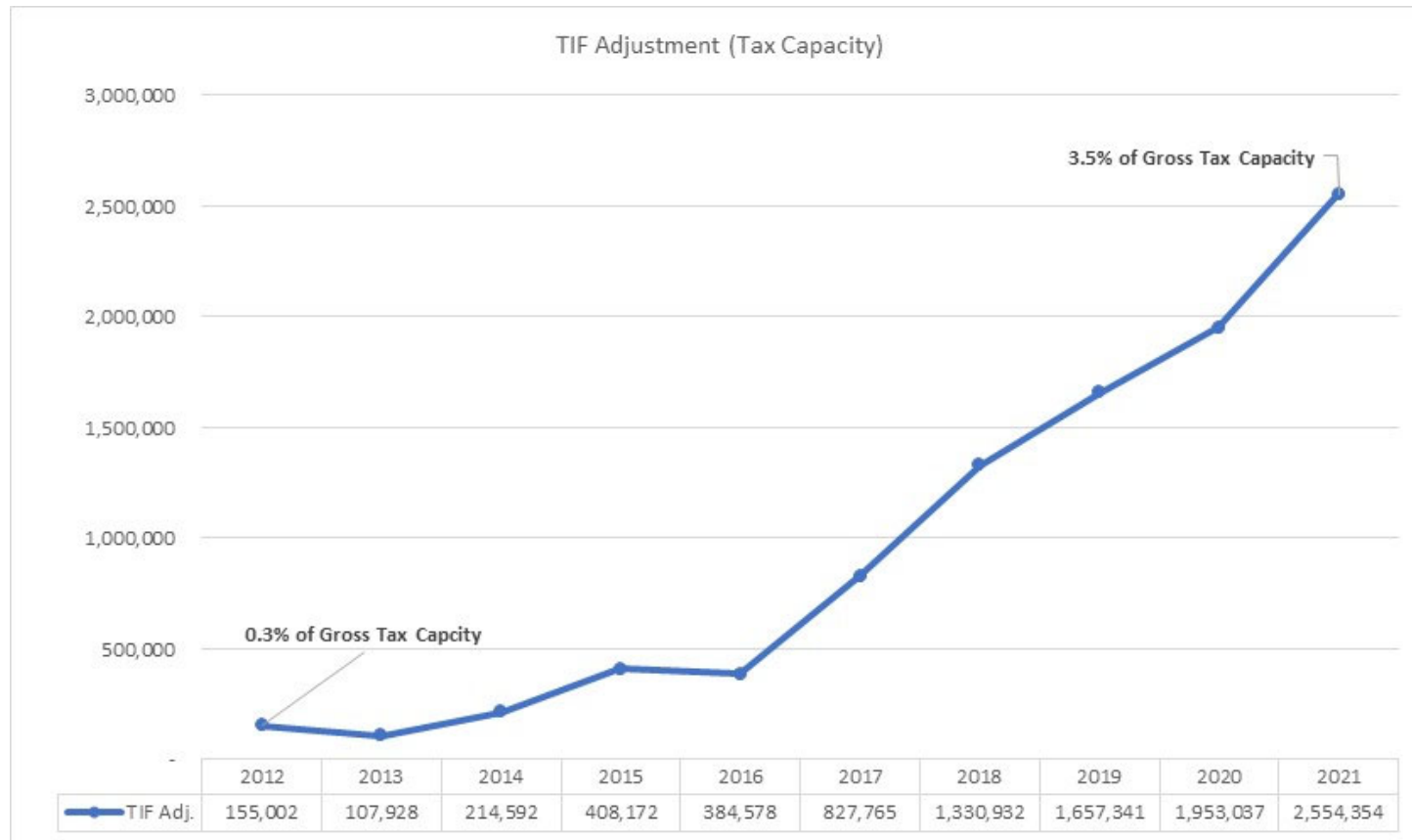


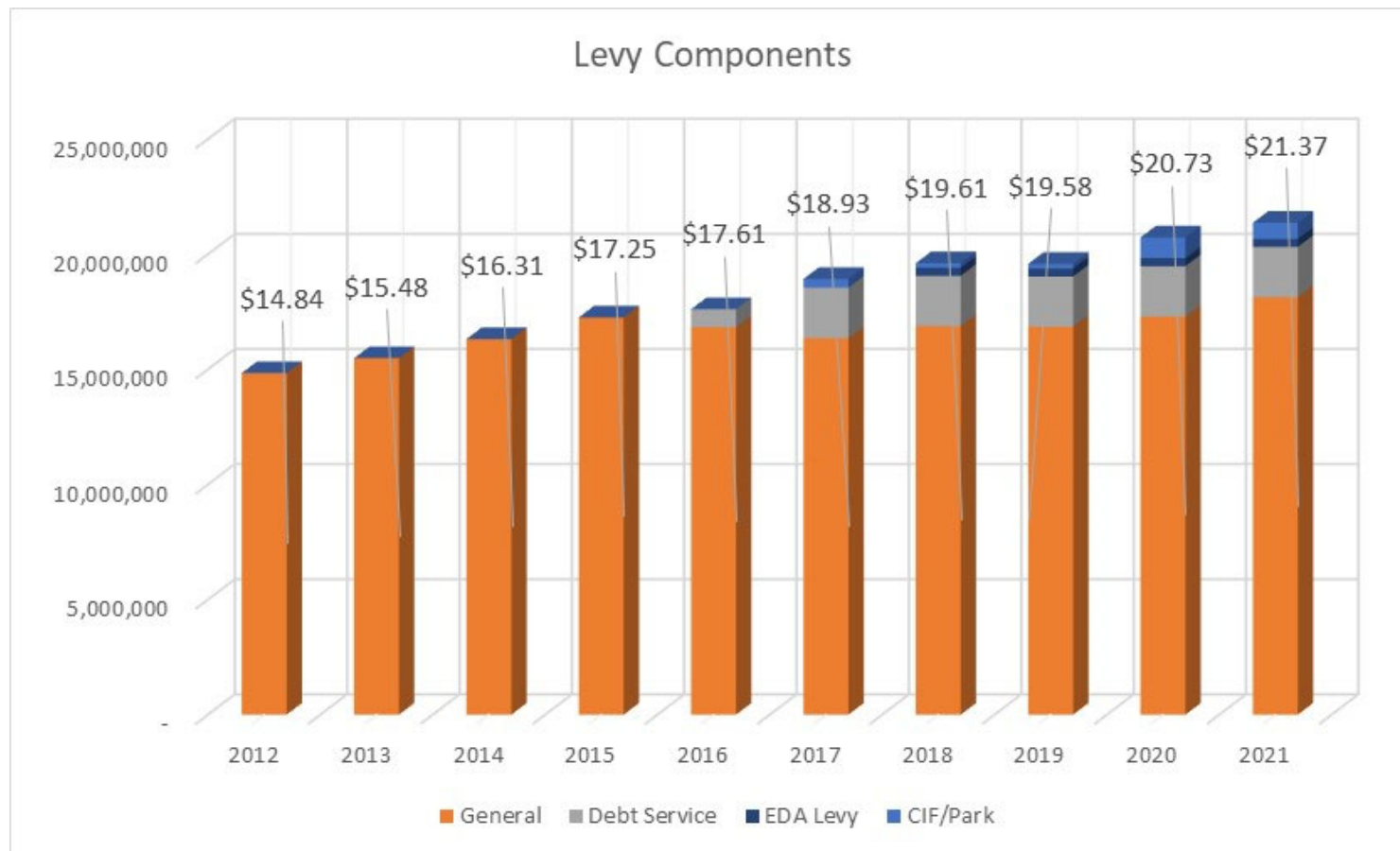


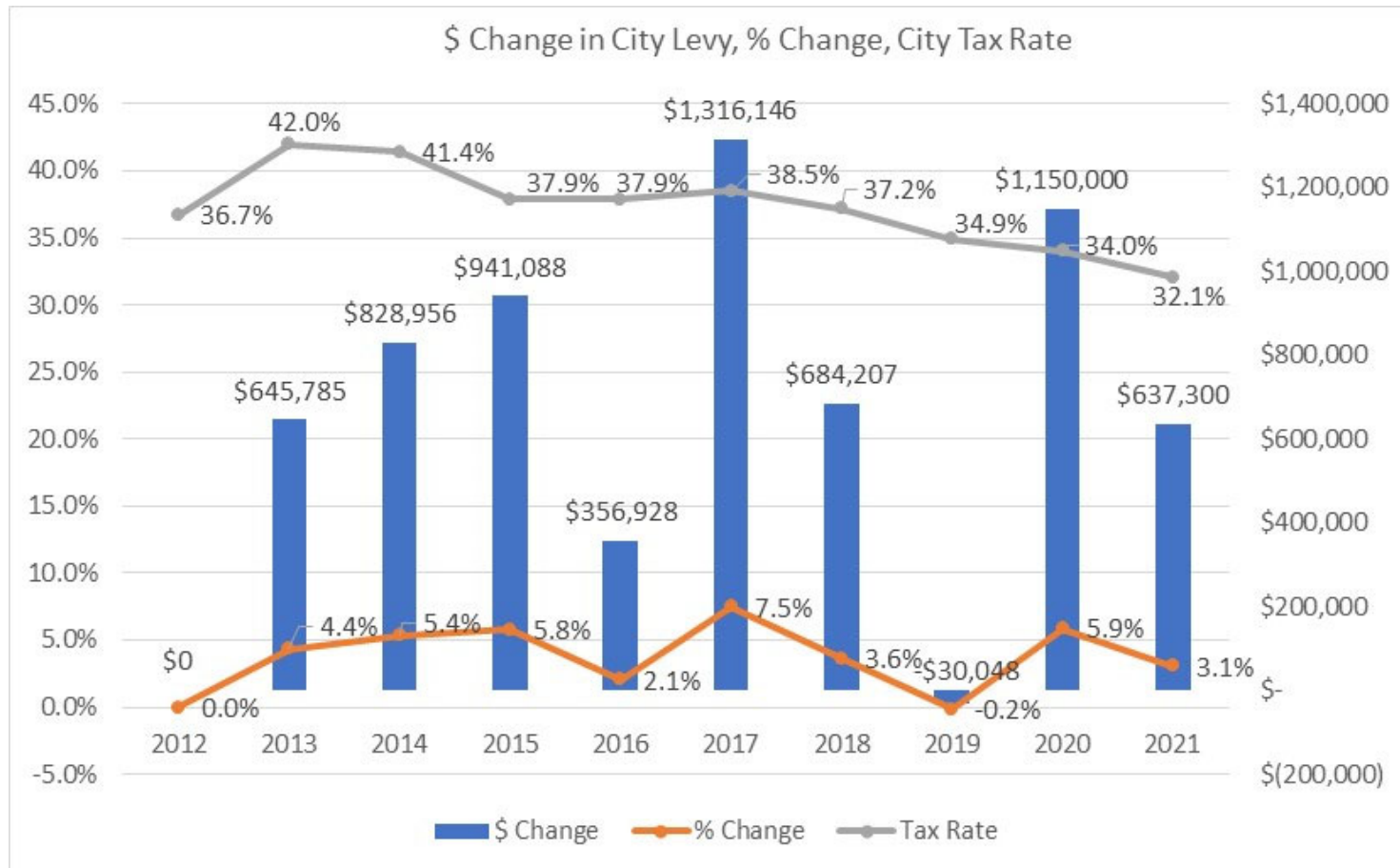


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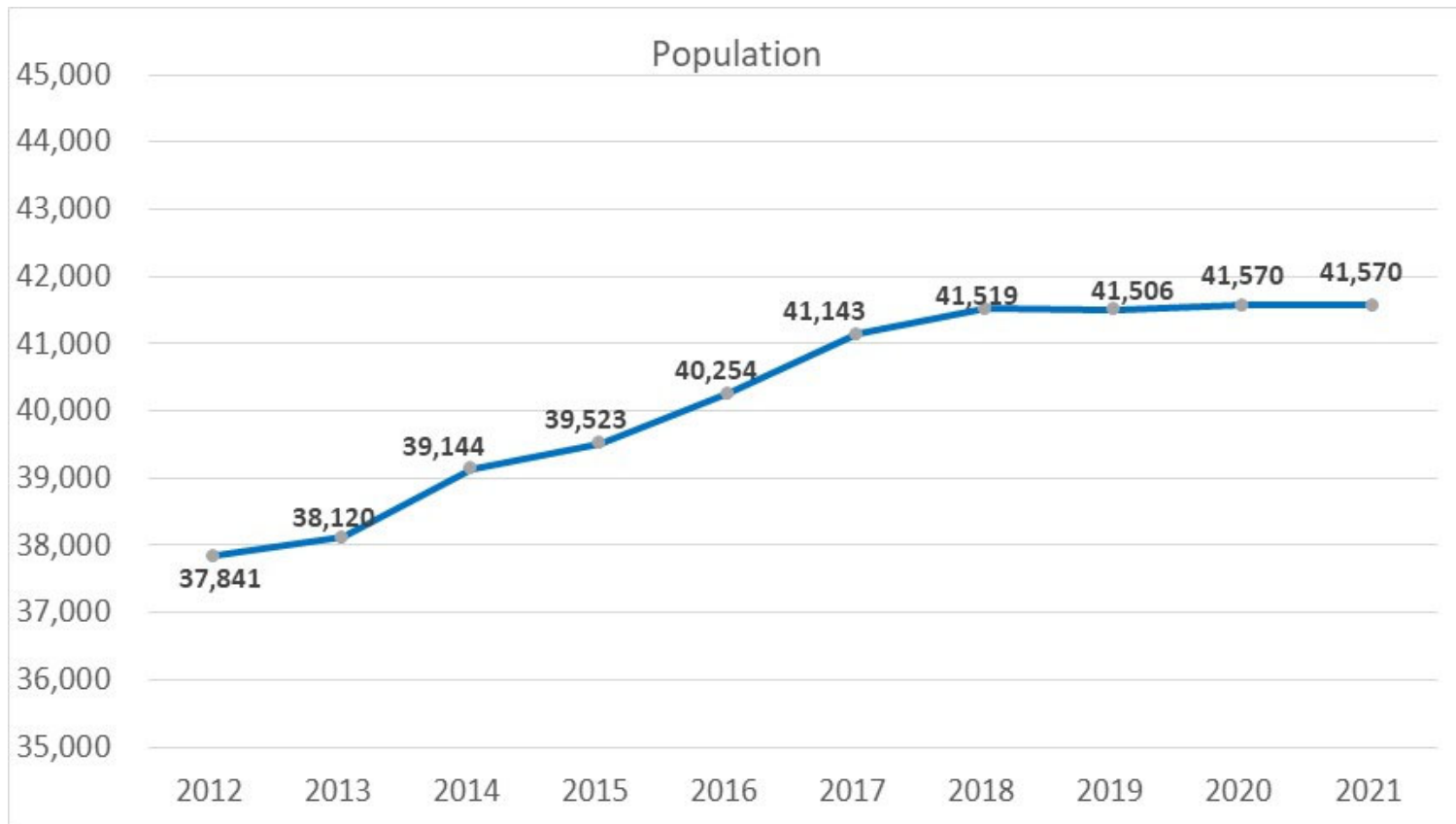
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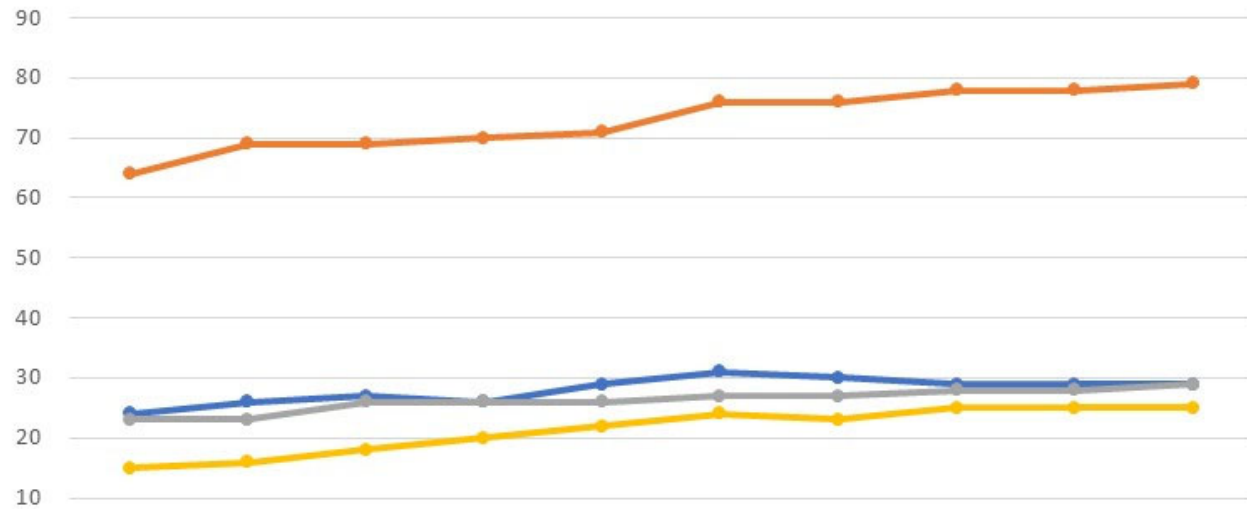




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Full-time Employees



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	24	26	27	26	29	31	30	29	29	29
Public Safety	64	69	69	70	71	76	76	78	78	79
Public Works	23	23	26	26	26	27	27	28	28	29
Park and Recreation	15	16	18	20	22	24	23	25	25	25



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General Fund Projections – Reference Points

- Previous ten-year comparable changes (compounded annual rates)

Description	Annual %
Tax Capacity	5.8%
Tax Levy(City/EDA)	3.9%
Tax Levy (General Fund)	2.1%
Charges for Services	7.0%
General Government	5.4%
Public Safety	4.0%
Public Works	3.9%
Park & Recreation	4.7%
Patrol Officer (hourly wage rate)	2.8%



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General Fund Projections

- Baseline data based on 2021 budget and 2021 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) – 4.25%



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Notes: Population and number of household estimates based on Met Council projections (estimated 2020 and projected 2030). The 2021 Budget year is the base year for future projections.

Discussion

- Where have we been/where are we going?
- Thoughts on resources (i.e. property taxes) needed to maintain a structural balance over the projection period?
- How does the LFTP relate to the 2022 annual budget/Capital Improvement Plan?

Questions?