

2025-26 Adopted Budget 1st Reading



EDEN PRAIRIE SCHOOLS



Legislative Update

➤ **2025 Omnibus Education Bill**

➤ Revenues:

- Formula Increase – 2.74%
- Future years tied to inflation

➤ Expenditures:

- Unemployment Insurance
- Paid Family Leave – Effective January 2026
- Other Policy Changes – Still analyzing budget impact.



Budget Assumptions

➤ **Basic Funding Formula**

- 2.74% Increase; \$7,481 per pupil unit

➤ **Enrollment**

- 545 Kindergarten; 8,890 students (includes 625 EP Online)

➤ **Class Size Targets & Staff Allocation Ratios**

- Maintain current investments in FY26

➤ **Fees in General Fund**

- No changes; Transportation continues to be free for all Eden Prairie residents.

➤ **Fund Balance**

- Minimum General Fund balance maintained above 8%



Collecting Input

➤ **School Board:**

➤ December 9, 2024:

Approval of the payable 2025 tax levy

➤ January 6, 2025:

Review financial projection model and assumptions

➤ January 27, 2025:

Review budget timeline and discuss preliminary 2025-26 budget assumptions, Mid-Year 2024-25 update

➤ March 24, 2025:

Review final 2025-26 budget assumptions, review proposed 2025-26 preliminary capital budget

➤ May 5, 2025:

Review proposed 2025-26 School Board budget and approve 2025-26 Capital and School Board budgets

➤ **Finance Advisory Committee:**

Financial projection model and assumptions

➤ **Principals and Directors:**

Input and shared decision making for budget adjustments, staffing and program needs

➤ **Community:**

Website, email list and publications; inform, feedback, survey

➤ **Superintendent's Cabinet:**

Shared decision making, regular budget discussions



General Fund

General Fund (Unassigned)

Revenue	\$150,230,225	
Expenditure	\$151,905,956	
Variance	(\$1,675,731)	
Fund Balance	\$19,201,681	12.6%

Major Assumptions:

Revenue:

- General education aid increase of 2.74%
- Oct 1 enrollment projections of 8,890 (includes 625 EP Online)
- \$20.05 million special education aid
- \$807,646 voluntary prekindergarten (VPK)
- \$400,000 Unemployment Aid

Expenditure:

- Salary & benefit increases for unsettled contracts
- Inflationary Adjustments (5% Utilities, 10% Property Insurance)
- Budget Increases for Contracted Transportation (SPED, Homeless & Integration)
- Utility Savings from Energy Efficiency Project
- \$807,646 voluntary prekindergarten (VPK)
- \$250,000 staffing contingency



Food Service Fund

Food Service Fund		
Revenue	\$6,749,515	
Expenditure	\$7,071,335	
Variance	(\$321,820)	
Fund Balance	\$1,278,867	18.1%
Major Assumptions:		
	Revenue: <ul style="list-style-type: none">• 1st meals will be free for all students• Projected 3% increase in federal & state reimbursement rates• Projecting steady participation Expenditure: <ul style="list-style-type: none">• Salary & benefit increases for unsettled contracts• Projecting increases in cost of food and supplies for inflation.• One-time investments in capital purchases	



Community Service Fund

Community Service Fund		
Revenue	\$7,472,227	
Expenditure	\$7,746,447	
Variance	(\$274,220)	
Fund Balance	\$3,757,127	48.5%
Major Assumptions:		
	<ul style="list-style-type: none">Includes programming for general community education, early childhood and family education (ECFE), school readiness (Little Eagles Preschool) and preschool screening	
	Revenues:	
	<ul style="list-style-type: none">Conservative participation projections drive revenues (Tuition/Fees 68.4% of budget)	
	Expenditures:	
	<ul style="list-style-type: none">Salary & benefit increases for settled & unsettled contracts	



Capital and Building Funds

Capital and Building Funds		
Revenue	\$18,547,997	
Expenditure	\$22,181,295	
Variance	(\$3,633,298)	
Fund Balance	\$8,323,251	
Major Assumptions:		
	Revenue: <ul style="list-style-type: none">• Capital projects levy (tech levy), operating capital (levy & aid), long term facilities maintenance levy (LTFM bond & pay as you go), certificates of participation (COP) lease levy, bond investment interest	
	Expenditure: <ul style="list-style-type: none">• Capital Budget was adopted at the April board meeting	



Debt Service Funds

Debt Service Fund		
Revenue	\$10,218,815	
Expenditure	\$10,216,267	
Variance	\$2,548	
Fund Balance	\$1,827,423	17.9%
Major Assumptions:		
	Revenue: <ul style="list-style-type: none">• Property taxes levied for 105% of principal and interest payments• Property tax abatements were under-levied by \$193,457 as approved by the school board on December 9, 2024	
	Expenditure: <ul style="list-style-type: none">• Scheduled principal and interest payments	



Internal Service Funds

Internal Service Funds		
Revenue	\$18,144,344	
Expenditure	\$18,232,215	
Variance	(\$87,871)	
Fund Balance	\$6,914,696	37.9%
Major Assumptions:		
	Dental: <ul style="list-style-type: none">• Anticipating participation is steady and claims stay consistent based on trend data Health: <ul style="list-style-type: none">• Premiums are increasing 13% in fiscal year 2025-26, while participation is expected to be consistent.• We are projecting health insurance claims to increase.	



Trust & Agency Funds

Trust and Agency Funds

Revenue	\$750,000
Expenditure	\$1,000,000
Variance	(\$250,000)
Fund Balance	\$15,252,854

Major Assumptions:

Other Post Employment Benefit (OPEB) Trust

- \$750,000 budgeted for interest earnings. Represents 5% rate of return
- OPEB trust pays for eligible retirement benefits, with over \$13 million in benefits paid out since its inception in 2009.



Fund Balance Projection (Unassigned)

Executive Limitation 2.5.2 : “There will be no financial plan that neglects to present the assumptions and timeline for the next annual budget during the third quarter of the current fiscal year.”

	2024-25 Budget	2025-26 Projected	2026-27 Projected	2027-28* Projected	2028-29 Projected
Revenue	144,853,394	150,230,225	150,720,614	152,335,199	154,260,921
Expenditure	145,100,958	151,905,956	153,903,719	155,744,983	157,297,014
Surplus/(Deficit)	(247,564)	(1,675,731)	(3,183,105)	(3,409,784)	(3,036,093)
Unassigned Fund Balance (\$)	20,877,412	19,201,681	16,018,576	12,608,792	9,572,699
Unassigned Fund Balance (%)	14.4%	12.6%	10.4%	8.1%	6.1%

* Represent Year 5 of the 2022 Operating Referendum



Future Considerations

➤ **Long-Term Stability**

- 10-Year Operating Referendum (2022)
- Capital Projects (Technology) Levy (2022)
- Long Term Facilities Maintenance Funding
- Self-Funded Medical
- OPEB Trust (2009)

➤ **Other Budget Impacts**

- EP Online
- Inspired Journey
- Alternative Learning Center
- Legislative Funding
- Budget Efficiencies
- Sustainability (Electric Buses, Solar Power, etc.)
- City of Eden Prairie Development

**THANK
YOU**



EDEN PRAIRIE SCHOOLS

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