

**Preliminary
Tax Levy
September 2023**



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Tonight's Outcome

The school board approves language to allow management to continue working with the Minnesota Department of Education (MDE) to establish levy parameters that will be used in property tax statements distributed in November.

The school board is not setting the tax levy tonight. That will occur on December 12th, 2022.



Property Tax Background

- Every owner of taxable property pays property taxes for the various “taxing jurisdictions” (county, city or township, school district, special districts) in which the property is located
- Each taxing jurisdiction sets its own tax levy, often based on limits in state law
- County sends out bills, collects taxes from property owners, and distributes funds back to other taxing jurisdictions



Payable in 2023 Tax Levy

Schedule of events in approval of district's Payable 2023 tax levy

- September 8: Dept. of Education prepared and distributed first draft of levy limit worksheets setting maximum authorized levy
- September 26: School board approves proposed levy amounts at the maximum
- Mid-November: County mails “Proposed Property Tax Statements” to all property owners
- December 12: Public hearing on proposed levy
- December 12: Following hearing school board will certify final actual levy amounts



Tax Levy Impacts

1. Property Value Changes

- a. School taxes change based on value of property within the school district
- b. Estimated numbers from Hennepin County indicate values have increased by 15.0-20% (Up to \$12.8 Billion)
- c. The school district has no control over value changes, but they impact our taxes

2. Inflation

- a. Operating levy includes changes to inflation
- b. For 2023 calendar year, Minnesota Department of Education (MDE) is estimated inflation at 2.38%.
 - i. The tax levy includes adjustments due to inflation over the past 3 years. MDE calculated inflation at 15.94% based on the consumer price index.



Overview of Levy Changes

Fund	Pay 22	Pay 23	\$ Change	% Change
General Fund	\$41,029,879	\$45,685,486	+ \$4,655,616	+ 11.35%
Community Education	1,210,950	1,274,416	+ 63,466	+ 5.24
Debt Service	8,266,625	8,202,933	- (63,692)	- (0.77)
Total	\$50,509,384	\$55,162,835	+ \$4,655,390	+ 9.22%

Note: These are estimates



Overview of Aid Changes

Fund	FY22	FY23	\$ Change	% Change
General	\$ 87,571,396	\$ 88,830,492	+ \$1,259,096	+ 1.44%
Community Education	380,505	398,140	+ 17,635	+ 4.63%
Total	\$ 87,951,901	\$ 89,228,632	+ \$1,276,731	+ 1.45%



Explanation of Levy Changes

General Fund

Category:	Operating Referendum & Local Optional Revenue
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Change:	+ \$2,379,912
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Use of Funds:	General operating expenses
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Reasons for increase:

	Funding based on inflation, FY 2.38%
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	2-Year increase of 13.24%
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Explanation of Levy Changes

General Fund

Category:

Building/Lease

Change:

- \$200,891

Use of Funds:

To pay for leasing of space outside of schools

Reasons for decrease:

Decrease in rented space, this includes fully moving the community education program from City Center to Lower Campus.



Explanation of Levy Changes

General Fund

Category:	Long Term Facility Maintenance (LTFM)
Change:	+ \$1,760,453
Use of Funds:	Deferred capital and maintenance, approved health and safety, increased accessibility to school facilities.

Reasons for increase:

Increase in pay-as-you go (Paygo)

Consideration for district-wide debt financing plan



Long-Term Debt Financing Plan

PRELIMINARY INFORMATION - FOR DISCUSSION ONLY

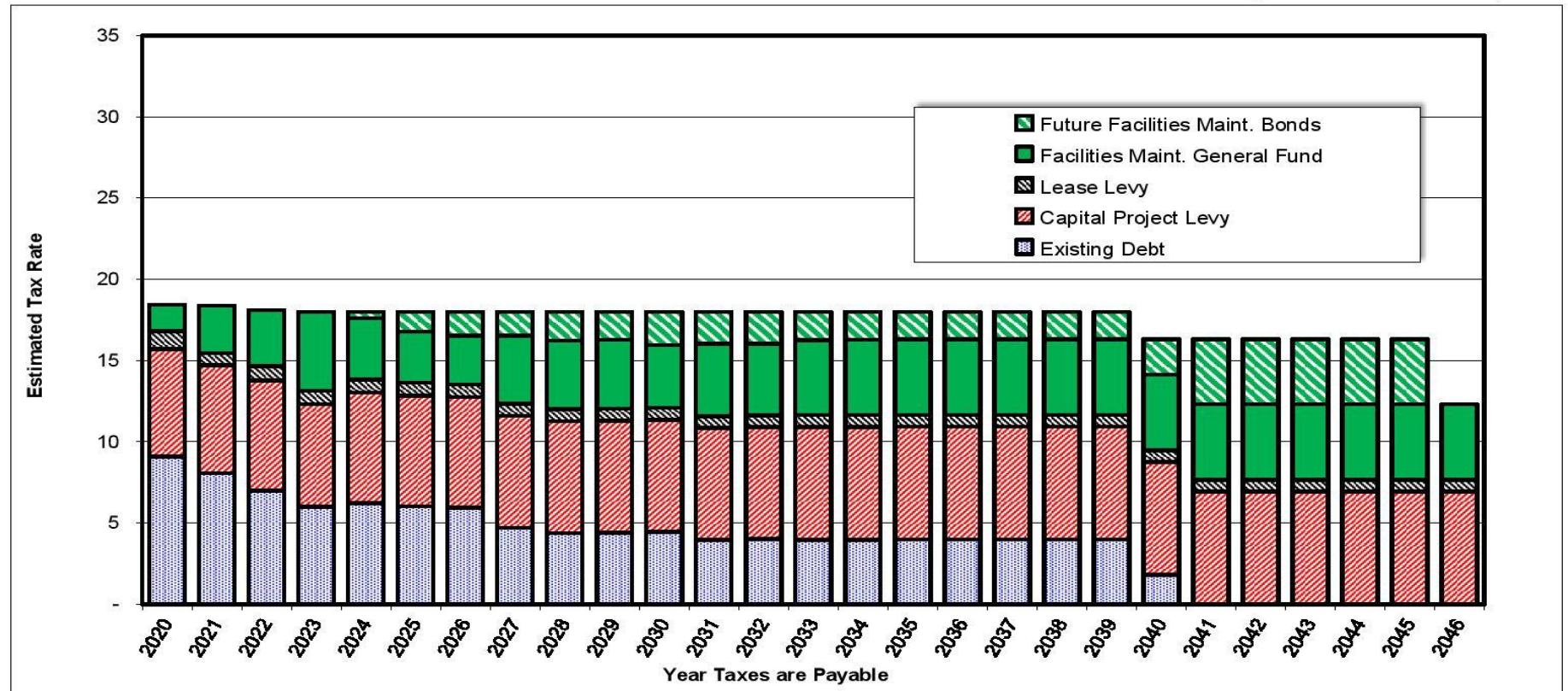
Eden Prairie Schools, ISD 272

Estimated Tax Rates for Capital and Debt Service Levies

5 Future Facilities Maintenance Bond Issues (\$3M to \$12M)
 Wrapped Around Existing Debt
 LTFM Project Costs: \$6 to \$12 Million thru FY 2032

Date Prepared:

June 22, 2022



Explanation of Levy Changes

General Fund

Category:	Capital Projects (Technology Levy)
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Change:	+ \$206,971
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Use of Funds:	General operating expenses
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Reasons for increase:

The capital projects levy is based on net tax capacity (ANTC)



Explanation of Levy Changes

Community Education Fund	
Category:	School-Age Care
Change:	+ \$53,244
Use of Funds:	A district that offers a school age care program is eligible for revenue for the additional costs of providing services to children with disabilities
Reasons for increase:	
	Experienced more reimbursable costs last year, creating a positive adjustment
	The Eagle Zone program means the district can claim the incurred expenses as revenue



Overview of Levy Changes

Fund	Pay 22	Pay 23	\$ Change	% Change
Voter Approved	\$ 26,388,785	\$ 29,388,890	+ \$3,000,105	+ 11.37%
Other	<u>24,118,660</u>	<u>25,773,944</u>	<u>+ \$1,655,285</u>	<u>+ 6.86%</u>
Total	\$ 50,507,444	\$ 55,162,835	+ \$4,655,390	+ 9.22%



District Comparison

- Edina 9.27%
- Minnetonka 10.68%
- St Louis Park 28.04%
- Eastern Carver 7.10%
- Osseo 13.35%
- Burnsville 18.46%



Tax Impact - Home Value Remaining the Same

		Actual Taxes Payable in 2022	Preliminary Estimate of Taxes Payable in 2023	Estimated Change in Annual Taxes	Estimated % Change
Type of Property	Estimated Market Value	Estimated Annual School District Property Taxes			
Residential Homestead	\$100,000	\$356	\$347	-\$9	-2.5%
	200,000	789	772	-17	-2.2%
	300,000	1,223	1,197	-26	-2.1%
	400,000	1,657	1,622	-35	-2.1%
	430,000	1,784	1,746	-38	-2.1%
	500,000	2,075	2,031	-44	-2.1%
	550,000	2,308	2,260	-48	-2.1%
	600,000	2,542	2,489	-53	-2.1%
	750,000	3,243	3,177	-66	-2.0%
	1,000,000	4,412	4,323	-89	-2.0%
Commercial/ Industrial *	\$250,000	\$1,044	\$1,022	-\$22	-2.1%
	500,000	2,182	2,138	-44	-2.0%
	1,000,000	4,458	4,369	-89	-2.0%
	2,000,000	9,009	8,832	-177	-2.0%
Apartments	\$200,000	\$935	\$917	-\$18	-1.9%
	500,000	2,337	2,293	-44	-1.9%
	1,000,000	4,674	4,585	-89	-1.9%
	2,000,000	9,348	9,170	-178	-1.9%



Summary

- Inflation is largely driving our levy increase
 - 15.94% over 3 years, \$2.3 million increase over prior year
- LTFM paygo is increasing in order to keep our long-term debt financing stable
- Property values have increased 15-20%
 - Tax base growth is higher than the levy increase, causing taxes to decrease



Tonight's Action

- We propose the school board approve the preliminary levy at the maximum for taxes payable in 2023 for Independent School District #272.



THANK YOU



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