

Measuring What Matters: Executive Limitation 2.5

Introduction

The Eden Prairie School Board annually evaluates Financial Planning and Budgeting by monitoring Executive Limitations Policy 2.5. This policy states: “The Superintendent shall not cause or allow financial planning and budgeting for any fiscal year or the remaining part of any fiscal year to deviate materially from the School Board’s Ends priorities, risk financial jeopardy, or fail to be derived from a multi-year plan.” During the monitoring process, the Superintendent provides evidence that the district is compliant with the policy.

The process to approve the Eden Prairie Schools District Budget and manage financial risk is presented in the Policy Monitoring Report and includes the following components:

- 2.5.1: There will be no financial plan that: Risks incurring those situations or conditions described as unacceptable in the School Board policy “Financial Condition and Activities.”
- 2.5.2: Neglects to present, no later than the third quarter of the current fiscal year, the assumptions, any material reinvestment of unbudgeted revenues or savings, and a timeline for the next annual budget.
- 2.5.3: There will be no financial plan that: Allows the year-end unassigned general fund balance to fall below 8% of expenditures.
- 2.5.4: There will be no financial plan that: Allows the year-end unassigned general fund balance to fall below 8% of expenditures.

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Budget Timeline

The following timeline highlights the steps taken to create the 2023-24 budget with stakeholder input.

Eden Prairie Schools Budget Events Timeline Fiscal Year 2023-24		
Date	Budget Event	Group/Action
September 2022	Preliminary FY 2023-24 Levy Certification	Board - Required Action
	Preliminary FY 2022-23 Enrollment Update	Board - Sup't Incidental
	Preliminary FY 2021-22 Year-End Financial Report	Board - Sup't Incidental
October 2022	October 1 Enrollment	Board - Sup't Incidental
	October 1 Enrollment	Citizen Finance Advisory
	October 1 Enrollment	Leadership Team
	FY 2021-22 Audit Results	Leadership Team
	Preliminary FY 2023-24 Levy Certification	Citizen Finance Advisory
	FY 2021-22 Audit Results	Citizen Finance Advisory
	Regular Detailed Budget Impact Discussions	Superintendent's Cabinet
November 2022	FY 2021-22 Audit Report	Board - Required Action
	Annual Budget Publication	Community
	Regular Detailed Budget Impact Discussions	Superintendent's Cabinet
December 2022	Final Levy Certification (Payable 2023; FY 2023-24 Revenue)	Board - Required Action
	Truth in Taxation Presentation	Board - TNT Hearing
	Regular Detailed Budget Impact Discussions	Superintendent's Cabinet
January 2023	Preliminary FY 2023-24 Budget Assumptions/Drivers & Budget Timeline	Board - Decision Prep
	Mid-Year Budget Update	Board - Required Action
	FY 2023-24 Capital items which require advance ordering (i.e. school buses)	Board - Required Action
	5-Year Financial Forecast	Board - Workshop Discussion
	Mid-Year Budget Update	Citizen Finance Advisory
	FY 2023-24 Budget Assumptions	Citizen Finance Advisory
	Fall Enrollment Projections & Staffing Allocations	Leadership Team
	Requests for FY 2023-24 Capital Funding due to Business Office	Leadership Team
	Regular Detailed Budget Impact Discussions	Superintendent's Cabinet
February 2023	Budget Development	Leadership Team
	Regular Detailed Budget Impact Discussions	Superintendent's Cabinet
March 2023	FY 2023-24 Capital Budget - 1st Reading	Board - Decision Prep
	Final FY 2023-24 Budget Assumptions/Drivers	Board - Required Action
	Regular Detailed Budget Impact Discussions	Superintendent's Cabinet
April 2023	FY 2023-24 Capital Budget Adoption	Board - Required Action
	Review FY 2023-24 Capital Budget	Leadership Team
	5 Year Financial Outlook	Leadership Team
	Regular Detailed Budget Impact Discussions	Superintendent's Cabinet
May 2023	FY 2023-24 Budget Presentation - 1st Reading	Board - Decision Prep
	Review Potential Legislative Impacts	Citizen Finance Advisory
	Review Final FY 2023-24 Budget	Citizen Finance Advisory
	Regular Detailed Budget Impact Discussions	Superintendent's Cabinet
June 2023	FY 2023-24 Budget Adoption	Board - Required Action
	Regular Detailed Budget Impact Discussions	Superintendent's Cabinet
	Fall Enrollment Projections	Leadership Team

8

****Hyperlink above table****

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Assertion:

Effective budgeting is a function of rigorous budget development and the approval process detailed in the Budget Events Timeline **linked here**. On Dec. 11, 2023, the school board evaluated compliance of policy E.L. 2.5, and concurred with the Superintendent that the district is in compliance with these policies.

School Board's Perspective on Financial Management:

Over the last decade, Eden Prairie Schools implemented strategies and processes to ensure continued financial health to successfully accomplish district goals and initiatives. Each year through a comprehensive budgeting process, financial committees, and strategic reviews, the School Board partners with the administration to optimize resource allocation for today and tomorrow. The 2024-2025 process recently culminated with the approval of the budget on June 24, 2024.

Thoughtful planning and prudent fiscal management have positioned our district to succeed across variable state funding allocations. Furthermore, our conservative operating model has provided unique flexibility and options to lower both our cost base and overhead and create opportunistic long-term investments. This approach has resulted in more dollars flowing to the classroom and lower taxes than most metro districts (*see chart*).

In 2023, you may have read about the MN legislature passing significant funding for schools. Although Eden Prairie Schools received additional funding from the state, there were new significant unfunded mandates and expenses. Nonetheless, our conservative approach combined with recent referendum support from our community and new state funding, has provided the financial strength to stay true to our mission. While most peer suburban districts had to layoff teachers/staff, increase class sizes, or cut programming, our balanced fiscal approach has allowed Eden Prairie Schools to:

- Maintain lower class sizes in grades 2,3,5,6 (targets reduced by two students per class).
- Reward and recognize all staff groups with competitive employment agreements. These contracts maintain Eden Prairie as a top destination for teachers/staff.
- Extend our investment in reading supports to help kids recover from COVID learning-loss.
- Improve student & staff well-being by extending mental health supports.
- Maintain Eden Prairie's low tax rates relative to our metro peers. Overall school taxes have remained flat over the last 5 years (when controlling for property value increases). *See Chart*
- Initiate plans for expanded TASSEL, Inspired Journey/Capstone programming, and alternative learning programs through acquisition of an existing private property- capitalizing on the significant commercial real estate downturn.
- Keeping the 2022 referendum promise- maintaining 5-year fiscal responsibility and stability.

We believe this allocation of resources balances the needs of our students, staff, and taxpayers and embodies the high standards and values of our community- delivering significant value for all our customers. Further, it balances the demands of today with the uncertainty and requirements of tomorrow. Our district has achieved this financial success through a history of prudent financial and risk decisions, successful long-term fiscal strategy and execution, commitment to cost controls, partnership with our unions, and community support through taxes, volunteering, and giving.

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Our district is in an enviable position, one that few **if any** in Minnesota enjoy: the ability to fund critical educational strategies and maintain small class sizes, avoid staff cuts, expand/invest in new programs, and maintain reasonable tax rates for our residents. As we approach the new school year, although we face challenges and uncertainty, you can be proud that your district is built on a solid foundation of academic excellence, extraordinary teachers/staff, and fiscal stewardship.

Estimated Changes in School Property Taxes, 2021-24

Based on No Changes in Property Value

