

**Preliminary
Tax Levy
September 2023**



EDEN PRAIRIE SCHOOLS

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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 8th, 2023.



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 2024 Tax Levy

Schedule of events in approval of district's Payable 2024 tax levy

- September 8: Dept. of Education prepared and distributed first draft of levy limit worksheets setting maximum authorized levy
- September 25: School board approves proposed levy amounts at the maximum
- Mid-November: County mails “Proposed Property Tax Statements” to all property owners
- December 8: Public hearing on proposed levy
- December 8: Following hearing school board will certify final actual levy amounts



Overview of Levy Changes

| Fund | Pay 23 | Pay 24 | \$ Change | % Change |
|---------------------|---------------------|---------------------|----------------------|----------------|
| General Fund | \$48,158,122 | \$50,385,028 | + \$2,226,906 | + 4.62% |
| Community Education | 1,274,415 | 1,302,511 | + 28,096 | + 2.20 |
| Debt Service | 8,202,933 | 9,613,382 | + 1,410,449 | + 17.19 |
| Total | \$57,635,470 | \$61,300,921 | + \$3,665,451 | + 6.36% |

Note: These are estimates



Overview of Aid Changes

| Fund | FY24 | FY25 | \$ Change | % Change |
|---------------------|----------------------|----------------------|----------------------|----------------|
| General | \$ 88,830,492 | \$ 94,470,097 | + \$5,639,605 | + 6.35% |
| Community Education | 398,140 | 447,292 | + 49,152 | + 12.35% |
| Total | \$ 89,228,632 | \$ 94,917,390 | + \$5,688,757 | + 6.38% |



Explanation of Levy Changes

General Fund

| | |
|-----------|---|
| Category: | Operating Referendum & Local Optional Revenue |
|-----------|---|

| | |
|---------|-------------|
| Change: | + \$753,573 |
|---------|-------------|

| | |
|---------------|----------------------------|
| Use of Funds: | General operating expenses |
|---------------|----------------------------|

Reasons for increase:

| | |
|--|--|
| | Funding based on estimated inflation, FY25 2.57% |
|--|--|

| | |
|--|---------------------------|
| | 3-Year increase of 11.87% |
|--|---------------------------|



Explanation of Levy Changes

General Fund

| | |
|-----------|-------------------------|
| Category: | Re-Employment Insurance |
|-----------|-------------------------|

| | |
|---------|-------------|
| Change: | - \$409,203 |
|---------|-------------|

| | |
|---------------|--|
| Use of Funds: | To pay for former employees that file for unemployment |
|---------------|--|

Reasons for decrease:

The levy is an estimated amount, the actual expenditures for FY22 were \$226,000 less, resulting in the large decrease. We also adjusted our estimated for FY25 down.



Explanation of Levy Changes

General Fund

| | |
|-----------|--------------------------------------|
| Category: | Facilities & Capital Bond Adjustment |
|-----------|--------------------------------------|

| | |
|---------|-------------|
| Change: | - \$460,425 |
|---------|-------------|

| | |
|---------------|----------------------------------|
| Use of Funds: | To pay for LED lighting upgrades |
|---------------|----------------------------------|

Reasons for decrease:

This is year 1 of 10 in receiving a general fund reduction to our operating capital funds in order to pay for the LED lighting upgrades. The offset is an increase to our debt service fund.



Explanation of Levy Changes

General Fund

| | |
|-----------------------|---|
| Category: | Long Term Facility Maintenance (LTFM) |
| Change: | + \$334,005 |
| Use of Funds: | Deferred capital and maintenance, approved health and safety, increased accessibility to school facilities. |
| Reasons for increase: | |
| | FY23 positive adjustment to cover additional health and safety expenses. |



Explanation of Levy Changes

General Fund

| | |
|-----------|------------------------------------|
| Category: | Capital Projects (Technology Levy) |
|-----------|------------------------------------|

| | |
|---------|---------------|
| Change: | + \$1,303,961 |
|---------|---------------|

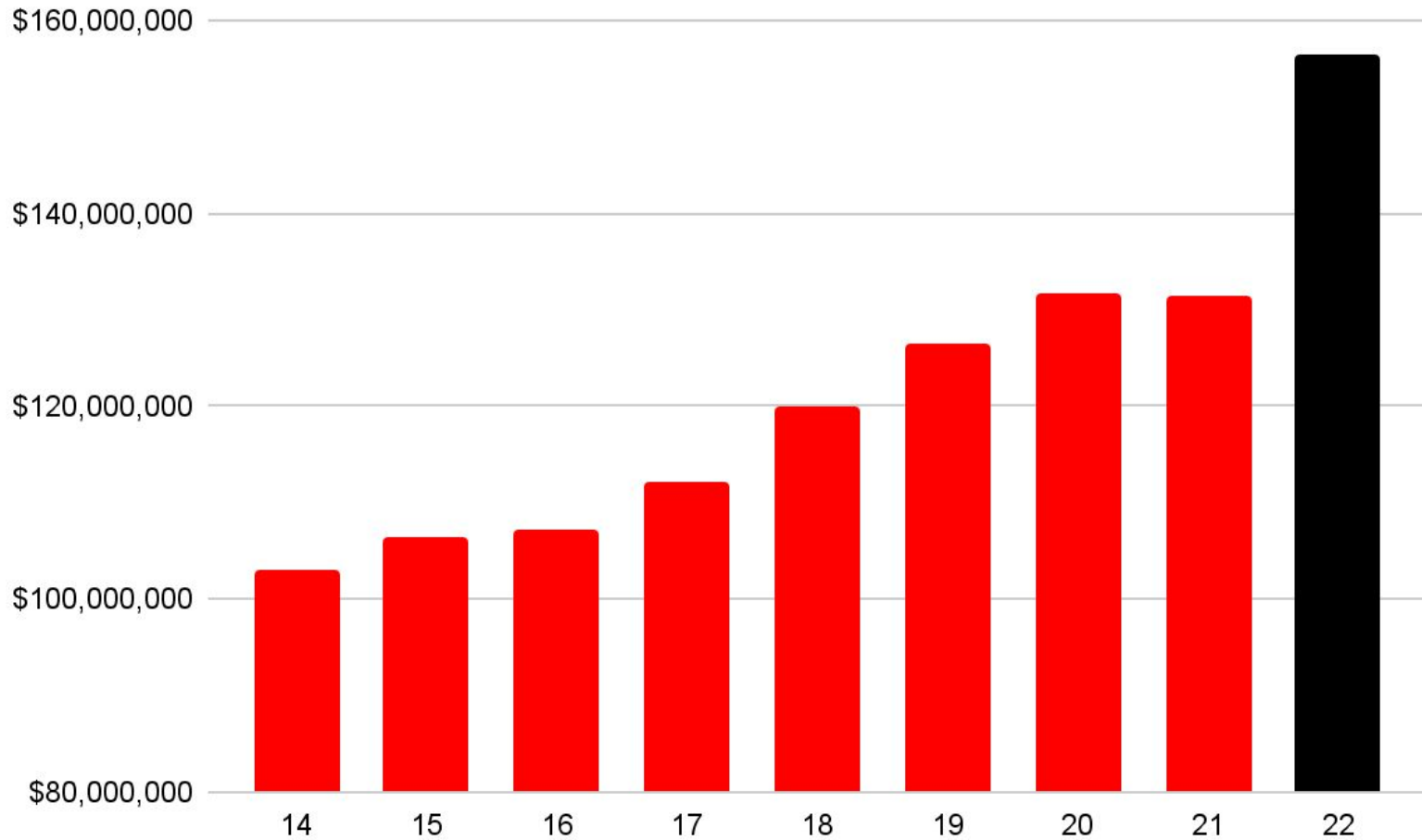
| | |
|---------------|----------------------------|
| Use of Funds: | General operating expenses |
|---------------|----------------------------|

Reasons for increase:

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



Adjusted Net Tax Capacity (ANTC)



Explanation of Levy Changes

Debt Service Fund

Category:

Facilities Maintenance Bonds

Change:

+ \$623,438

Use of Funds:

Principal and Interest Payments

Reasons for increase:

Planned increase in the principal and interest payments on the old alternative facilities bonds and the newer long-term facilities maintenance bonds.



Overview of Levy Changes

| Fund | Pay 23 | Pay 24 | \$ Change | % Change |
|----------------|----------------------|----------------------|----------------------|----------------|
| Voter Approved | \$ 31,938,938 | \$ 33,863,034 | + \$1,924,096 | + 6.02% |
| Other | <u>25,696,532</u> | <u>27,437,887</u> | <u>+ \$1,741,355</u> | <u>+ 6.78%</u> |
| Total | \$ 57,635,470 | \$ 61,300,921 | + \$3,665,451 | + 6.36% |



Tax Levy Comparisons

Local Taxing Jurisdictions Proposed Levies:

- City of EP: 5.00%
- Hennepin County: 6.50%
- Eden Prairie Schools: 6.36%



Tax Impact

Eden Prairie Public School District No. 272

September 18, 2023

Property Tax Levy and Rate Summary, Taxes Payable in 2023 and 2024

| | | Actual Taxes Payable in 2023 | Preliminary Estimate of Taxes Payable in 2024 | Estimated Change in Annual Taxes | Estimated % Change |
|-----------------------|------------------------|---|---|----------------------------------|--------------------|
| Type of Property | Estimated Market Value | Estimated Annual School District Property Taxes | | | |
| Residential Homestead | \$250,000 | \$994 | \$1,003 | \$9 | 0.9% |
| | 350,000 | 1,420 | 1,435 | 15 | 1.1% |
| | 450,000 | 1,840 | 1,859 | 19 | 1.0% |
| | 515,000 | 2,113 | 2,136 | 23 | 1.1% |
| | 538,000 | 2,218 | 2,242 | 24 | 1.1% |
| | 650,000 | 2,729 | 2,762 | 33 | 1.2% |
| | 750,000 | 3,186 | 3,226 | 40 | 1.3% |
| 850,000 | 3,643 | 3,690 | 47 | 1.3% | |

Key Assumptions:

1. Preliminary Pay 24 RMV is estimated to change by 6.27% and NTC by 7.36% as compared to taxes payable 2023.
2. Assumes no change in the value of individual parcels of property from 2023 to 2024 taxes. If the value of a parcel changed, the change in taxes will be different than shown above.
3. Taxes payable in 2024 are based on latest estimates of proposed levy, as of the date above.



Summary

- Property value growth is driving a \$1,300,000 increase to the voter approved Capital Project Levy
- Voter approved operating referendum includes an inflationary increase of 2.57%
- Scheduled principal & interest payments on debt are \$667,000 higher than Pay23
- Strong enrollment continues to drive many levy increases
- Property tax impact is 1.1%:
 - \$538,000 home is \$24/year
 - \$350,000 home is \$15/year



Tonight's Action

- We propose the school board approve the preliminary levy at the maximum for taxes payable in 2024 for Independent School District #272.



THANK YOU



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