

MEETING AGENDA

*The mission of Eden Prairie Schools is to inspire each student to learn continuously so they are empowered
To reach personal fulfillment and contribute purposefully to our ever-changing world.*

1. Convene: 6:00 p.m.

Call to order, School Board Roll Call:

Dave Espe, Ranee Jacobus, John Kohner, Elaine Larabee, Greg Lehman, Holly Link, Adam Seidel

2. Truth in Taxation Public Hearing: 6:00 p.m.

2

3. Adjourn

Truth in Taxation Hearing adjourned at _____ p.m.

EPS

EDEN PRAIRIE
SCHOOLS

Inspiring Each Student Every Day

Public Hearing for Taxes Payable in 2018

2



December 11, 2017

Tax Hearing Presentation

- Public Meeting
 - Must be held between Nov. 24th and Dec. 27th and after 6:00 PM
- State law requires that we present:
 - Information on the current year budget
 - Information on prior year actual revenues and expenditures
 - Information on the proposed property tax levy
 - The percentage change over the prior year
 - Specific purposes and reasons for which taxes are being increased
- District must also allow for public comments

Proposed Levy Payable in 2018

Schedule of events in approval of district's payable 2018 levy:

- September 8: Dept. of Education prepared and distributed first draft of levy limit worksheets setting maximum authorized levy
- September 25: School board approved proposed levy amounts
- September 26-30: Dept. of Education made changes to the levy
- Mid-November: County mailed “Proposed Property Tax Statements” to all property owners
- December 11: Public hearing on proposed levy
- December 11: School board will certify final levy amounts

School Levy vs. Budget Cycle

- Unlike cities and counties, a school district does not set its budget when setting the tax levy
- Property Tax Levy
 - Final levy set in December
 - Property taxes levied on a calendar year basis
- Budget
 - Final budget approved in June, six months later
 - School fiscal year is July 1 through June 30

Tax levy – Budget Relationship

- Tax levy is based on many state determined formulas
 - Some changes are revenue neutral – offset by reductions or increases in state aid
- Revenue budget is limited by tax levy and voter-approved levies
- Expenditure budget is then limited by revenues and available fund balance

Budget Information

- All school districts' budgets are divided into separate funds, based on purposes of revenue, as required by law
- For our district, 7 funds:
 - General
 - Capital Outlay (Includes Capital, Tech Levy, H&S)
 - Food Service
 - Community Service
 - Building Construction
 - Debt Service
 - Regular Debt Service and OPEB Debt Service
 - Trust
 - Employee Severance, OPEB Irrevocable Trust
 - Flexible Benefits, Scholarship
 - Internal Service
 - Self Funded Medical and Dental





Department of Education
 Division of School Finance
 1500 Highway 36 West
 Roseville, MN 55113-4266

**DISTRICT REVENUES AND EXPENDITURES
 BUDGET FOR FY 2017 AND FY 2018**

ED-00110-40

GENERAL INFORMATION: Minnesota Statutes, section 123B.10, requires that every school board shall publish the subject data of this report.

District Name: _____ District Number: _____

FUND	FY 2017 BEGINNING FUND BALANCES	FY 2017 ACTUAL REVENUES AND TRANSFERS IN	FY 2017 ACTUAL EXPENDITURES AND TRANSFERS OUT	JUNE 30, 2017 ACTUAL FUND BALANCES	FY 2018 BUDGET REVENUES AND TRANSFERS IN	FY 2018 BUDGET EXPENDITURES AND TRANSFERS OUT	JUNE 30, 2018 PROJECTED FUND BALANCES
General Fund/Restricted	\$ 1,207,446	\$ 11,827,048	\$ 12,309,814	\$ 724,680	\$ 11,937,550	\$ 11,670,073	\$ 992,157
General Fund/Other	\$ 16,301,392	\$ 109,078,280	\$ 106,469,710	\$ 18,909,962	\$ 109,945,567	\$ 108,996,600	\$ 19,858,929
Food Service Fund	\$ 794,950	\$ 4,916,394	\$ 4,999,012	\$ 712,332	\$ 4,903,900	\$ 4,882,790	\$ 733,442
Community Service Fund	\$ 1,291,371	\$ 5,144,268	\$ 5,547,409	\$ 888,230	\$ 5,002,538	\$ 5,004,951	\$ 885,817
Building Construction Fund	\$ 5,558,129	\$ 10,962,984	\$ 6,734,915	\$ 9,786,198	\$ 30,000	\$ 5,126,750	\$ 4,689,448
Debt Service Fund	\$ 1,102,536	\$ 4,313,121	\$ 4,177,106	\$ 1,238,551	\$ 3,927,305	\$ 4,607,863	\$ 557,993
Trust Fund	\$ 1,544,590	\$ 702,006	\$ 1,312,385	\$ 934,211	\$ 712,000	\$ 708,000	\$ 938,211
Internal Service Fund	\$ 225,362			\$ (525,922)			\$ (525,922)
* OPEB Revocable Trust Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OPEB Irrevocable Trust Fund	\$ 15,265,102	\$ 1,645,488	\$ 714,186	\$ 16,196,404	\$ 1,000,000	\$ 1,000,000	\$ 16,196,404
OPEB Debt Service Fund	\$ 372,767	\$ 3,884,699	\$ 3,733,812	\$ 523,654	\$ 3,988,782	\$ 3,840,288	\$ 672,148
TOTAL - ALL FUNDS	\$ 43,663,644	\$ 152,474,288	\$ 145,998,349	\$ 49,388,300	\$ 141,447,642	\$ 145,837,315	\$ 44,998,627
LONG-TERM DEBT	\$ -	CURRENT STATUTORY OPERATING DEBT PER MINNESOTA STATUTES, SECTION 123B.81					
Outstanding July 1, 2016	\$ 61,213,044	AMOUNT OF GENERAL FUND DEFICIT,				\$ -	
Plus: New Issues	\$ 10,940,000	IF ANY, IN EXCESS OF 2.5% OF EXPENDITURES 06/30/2017					
Less: Redemmed Issues	\$ 5,613,044	COST PER STUDENT - AVERAGE DAILY MEMBERSHIP (ADM) 06/30/2017					
Outstanding June 30, 2017	\$ 66,540,000	TOTAL OPERATING EXPENDITURES				\$ 117,016,131.00	
SHORT-TERM DEBT		FY 2017 TOTAL ADM SERVED + TUITIONED OUT ADM + ADJUSTED EXTENDED ADM				8,930.88	
Certificates of Indebtedness	\$ -	FY 2017 OPERATING COST PER ADM				\$ 13,102.42	
Other Short-Term Indebtedness	\$ 5,837,670.00						

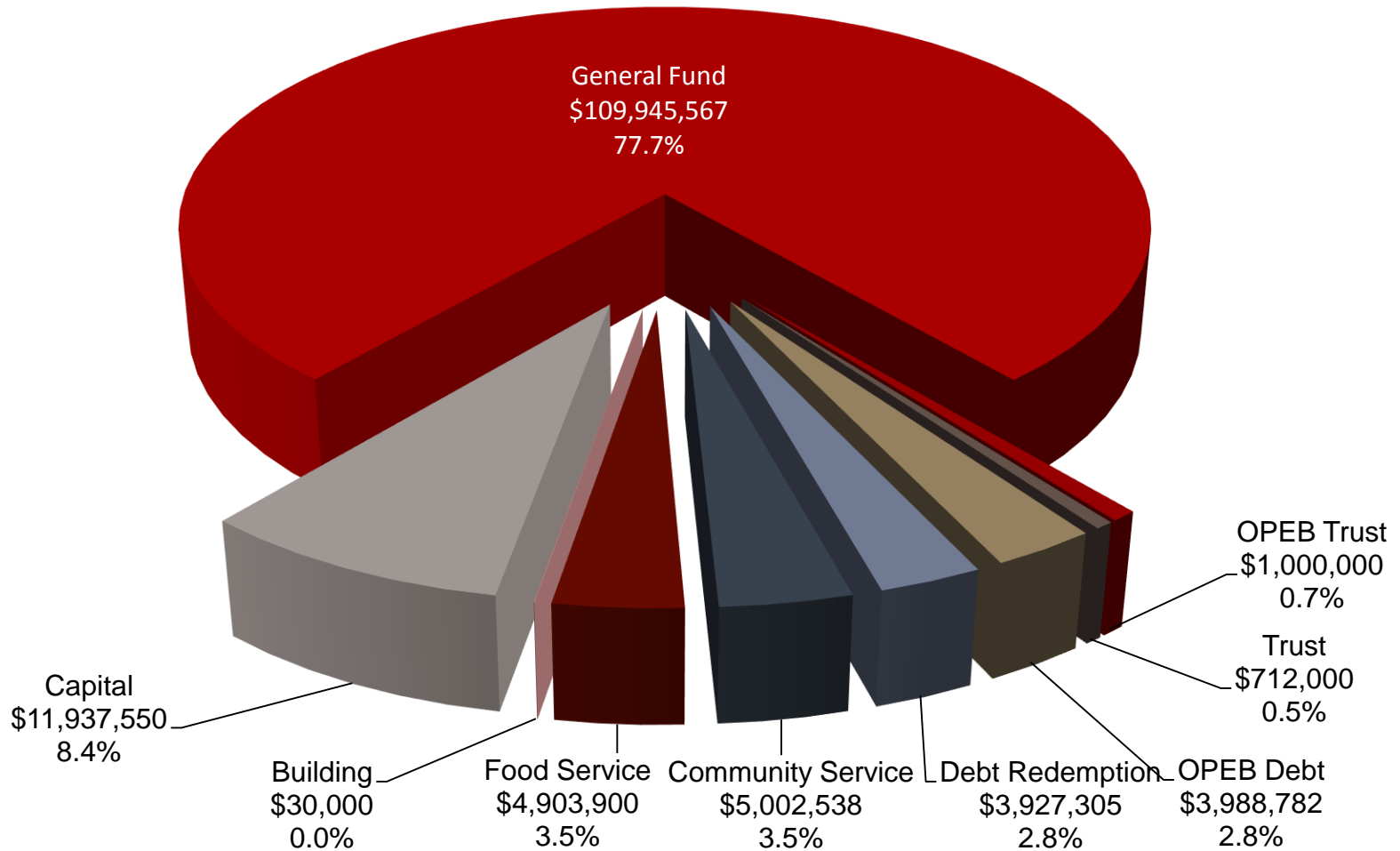
The complete budget may be inspected upon request to the superintendent.

Comments:

* Other Post-Employment Benefits (OPEB)

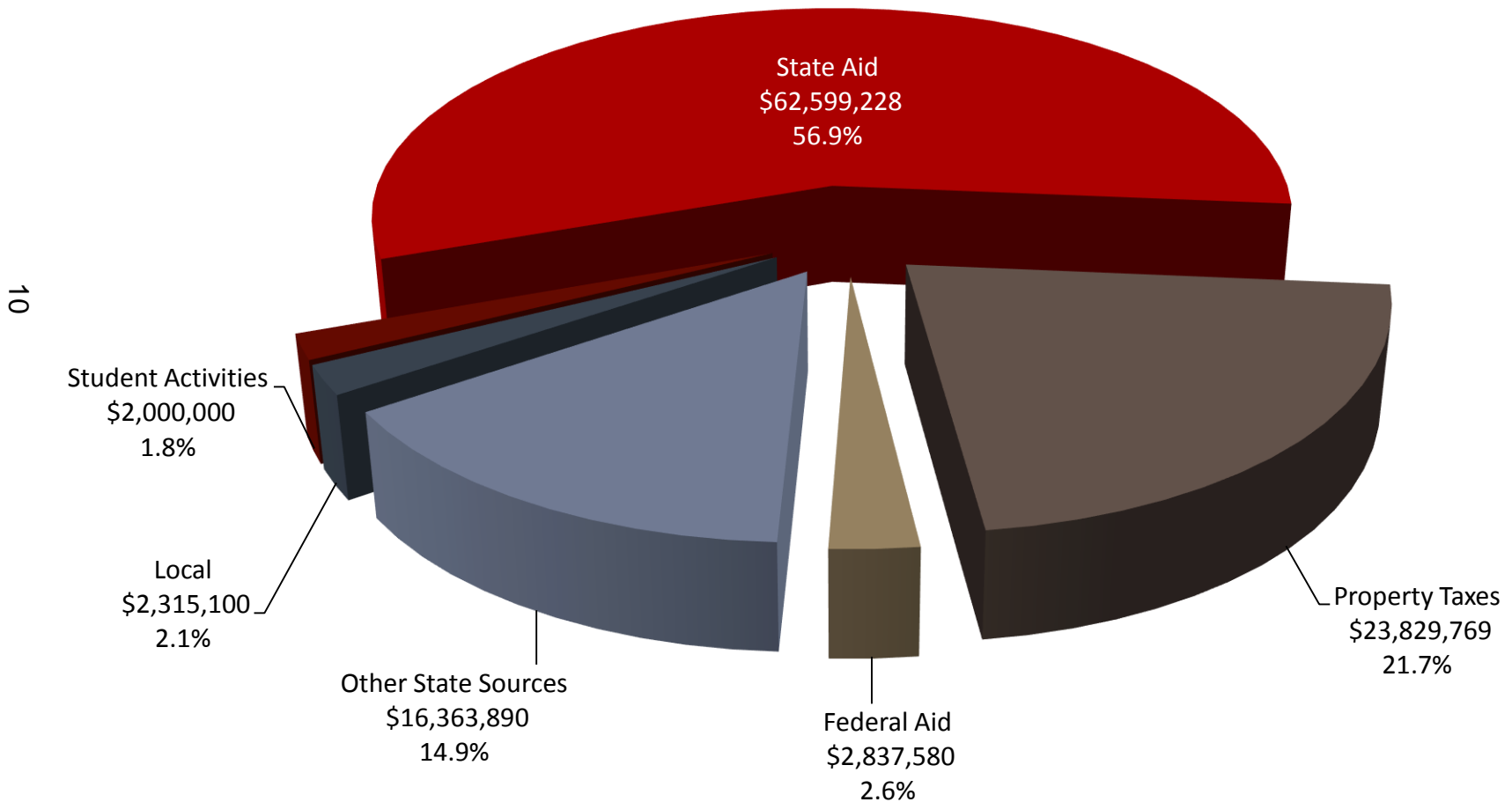
Revenue - All Funds

FY 18 Budget Total - \$141,447,642



General Fund Revenue

FY 18 Budget - \$109,945,567

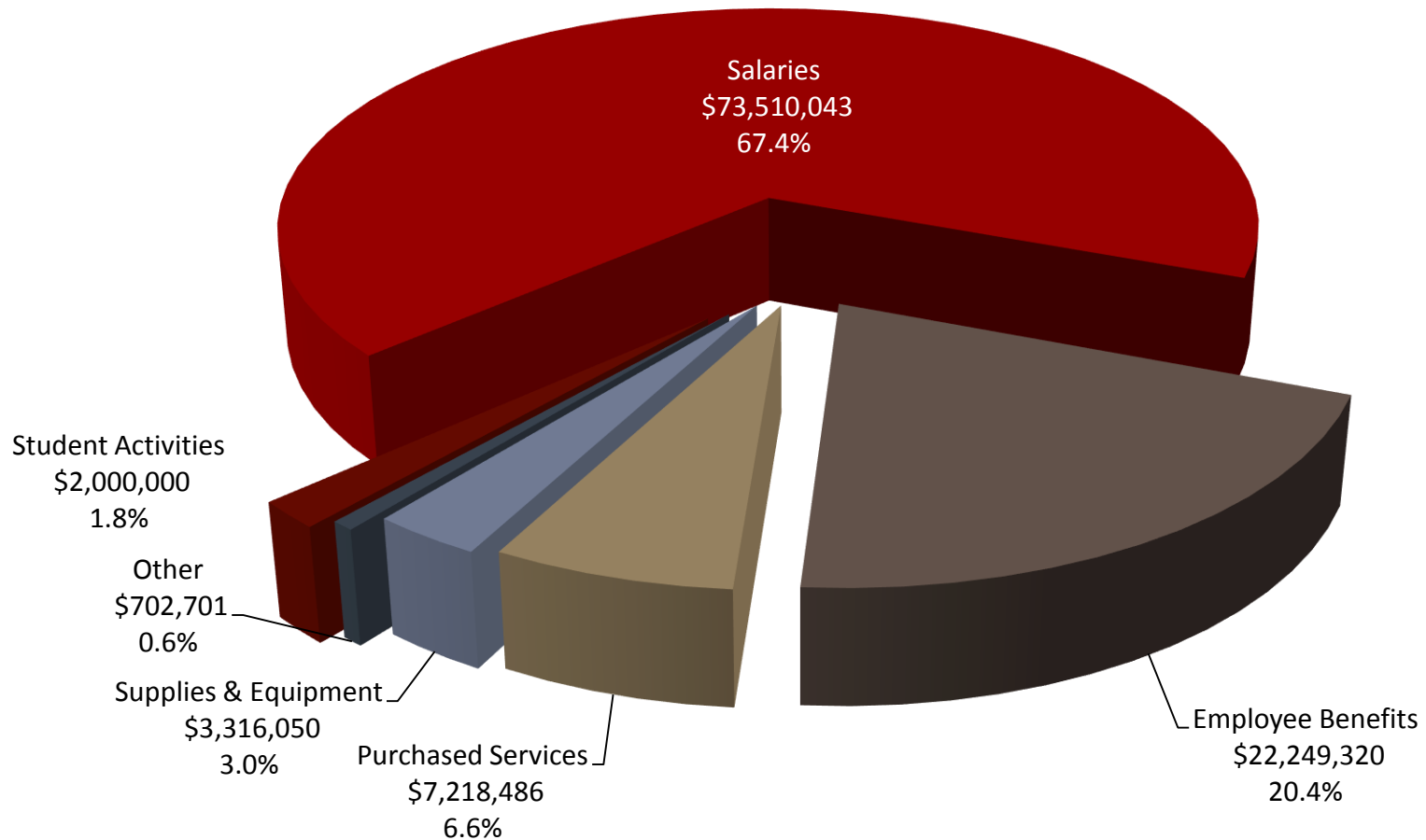


Expenditure - All Funds

FY 18 Budget Total - \$145,837,315



General Fund Expenditures FY 18 Budget - \$108,996,600



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

School Funding is Highly Regulated

- **State sets** formulas which determine revenue; most revenue is based on specified amounts per pupil
- **State sets** tax policy for local schools
- **State sets** maximum authorized property tax levy
- **State authorizes** school board to submit referendums for operating and capital needs to voters for approval

Factors Causing Changes from 2017 to 2018

Many factors can cause the tax bill for an individual property to increase or decrease from year to year:

- Total approved levy – Increase of \$1,399,953 or 3.22%
 - District changes in pupil units and expenditures
- Changes in assessed value of the individual property
- Changes in the total value of all property in the district
 - Increased \$231,687,693

Taxing Jurisdictions

- School District + 3.22%
- City of Eden Prairie + 3.90%
- Hennepin County + 4.95%

16



Just a Note...



- The operating referendum of 2014 impacted tax statements issued in 2014 for calendar year 2015
- This is the 4th year of the operating referendum

Overview of Levy Changes

Fund	Pay 17	Pay 18	\$ Change	% Change
General	\$34,638,943	\$35,152,258	+ \$513,315	+ 1.48%
Community Education	851,483	837,627	- 13,856	- 1.63
Debt Service	3,966,975	4,888,621	+ 921,646	+ 23.23
<u>OPEB Debt Service</u>	<u>4,029,073</u>	<u>4,007,921</u>	<u>- 21,152</u>	<u>- 0.52</u>
Total	\$43,486,474	\$44,886,427	+ \$1,399,953	+ 3.22%

Explanation of Levy Changes

General Fund	
Category:	Equity Revenue
Change:	+ \$778,279
Use of Funds:	General operating expenses
Reasons for increase:	
	Equity is intended to reduce the per pupil disparity between the highest and lowest revenue districts. Last year we did not initially qualify for 1 of the 3 components of equity revenue; however, with the passage of metro referendums in fall 2016, we've since qualified and are receiving an adjustment this year.

Explanation of Levy Changes

General Fund	
Category:	Operating Referendum
Change:	+ \$804,362
Use of Funds:	General operating expenses
Reasons for increase:	
	Funding based on adjusted pupil units which are declining from 9,677 to 9,575
	Adjustments for prior year student counts being greater than estimates
	Includes an inflationary increase of 2.02%

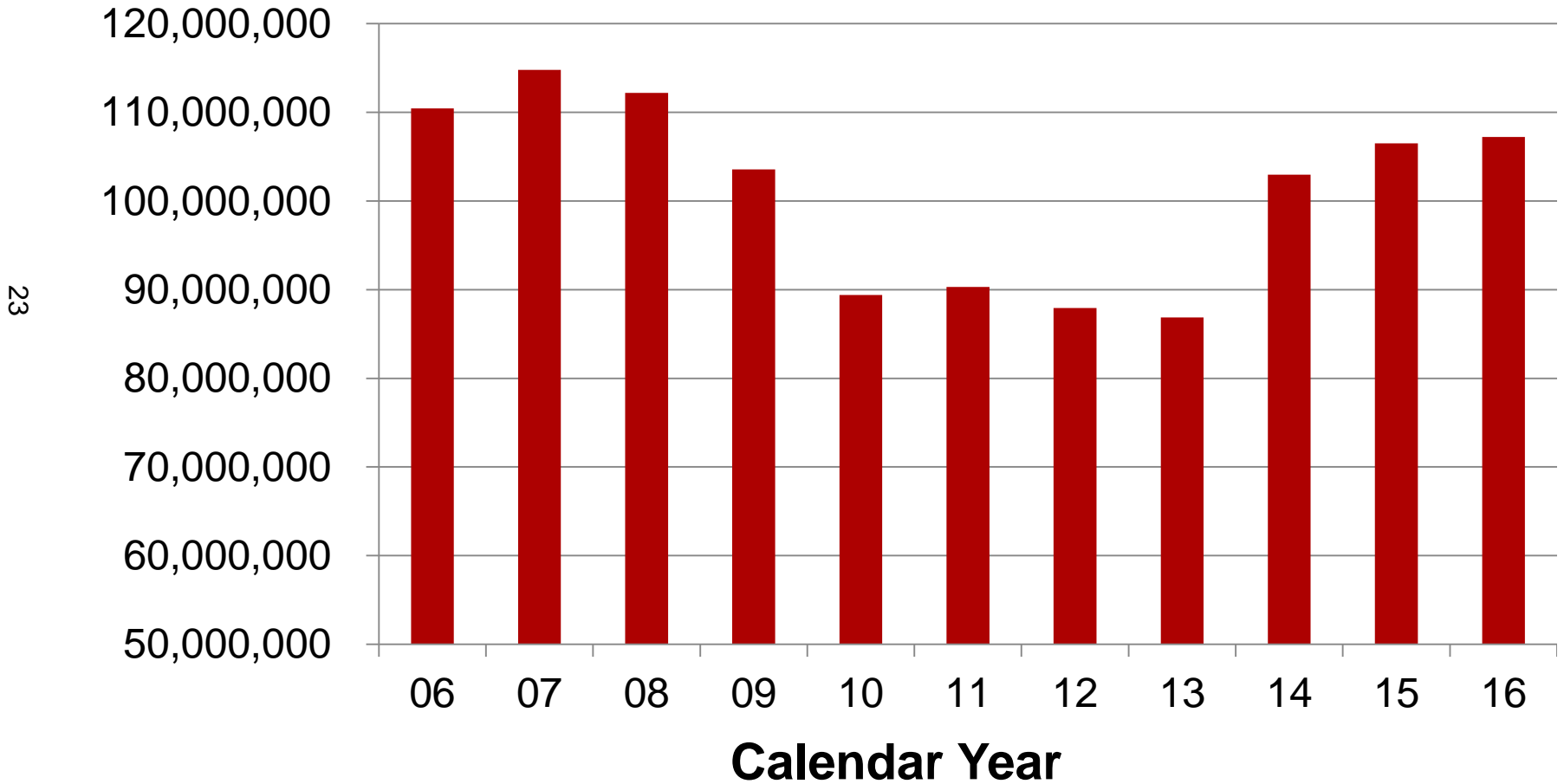
Explanation of Levy Changes

General Fund	
Category:	Student Achievement
Change:	- \$149,118
Use of Funds:	General operating expenses
Reasons for decrease:	
	2015 Legislature acted to phase out this levy

Explanation of Levy Changes

General Fund	
Category:	Building/Lease
Change:	- \$223,177
Use of Funds:	General operating expenses
Reasons for decrease:	
	10 year lease for 3 turf fields have been fully paid

Adjusted Net Tax Capacity (ANTC)



Explanation of Levy Changes

General Fund	
Category:	Capital Projects (Technology Levy)
Change:	+ \$149,436
Use of Funds:	General operating expenses
Reasons for increase:	
	The capital projects levy is based on ANTC

Explanation of Levy Changes

General Fund

Category:	Long Term Facility Maintenance (LTFM)
Change:	- \$795,971
Use of Funds:	Deferred capital and maintenance, approved health and safety, increased accessibility to school facilities.
Reasons for decrease:	
	Conversion of old law to new law in 2017, increase in total funding, decrease in pay-as-you go to help offset the debt service increase.

Explanation of Levy Changes

Debt Service Fund

Category:	All Debt Service Categories
Change:	+ \$900,493
Use of Funds:	Principal and Interest Payments

Reasons for decrease:

This was a planned increase according to the overall district financing plan. This is largely due to the LTFM bond sold in 2017 which included an increase in our deferred maintenance funding.

Overview of Levy Changes

Fund	Pay 16	Pay 17	\$ Change
Voter Approved	\$22,673,541	\$23,764,348	+ \$1,090,807
Other Local Levies	<u>20,812,933</u>	<u>21,122,079</u>	<u>+ 309,145</u>
Total	\$43,486,474	\$44,886,427	+ \$1,399,953

Impact on Taxpayers

- Following are a table and graphs showing examples of changes in the school district portion of property taxes from 2015 to 2018
 - Examples include school district taxes only
 - All examples are based on a 8.8% increase in property value over this period
 - ✓ Actual changes in value may be more or less than this for any parcel of property
 - ✓ These figures are intended to provide a fair representation of what has happened to school district property taxes over this period for typical properties
- Figures for 2018 are preliminary estimates, based on the best data available now – final figures could change slightly
- Estimates were prepared by Ehlers, (District's municipal financial advisors)

Eden Prairie Schools Independent School District No. 272

Estimated Changes in School Property Taxes, 2015 to 2018

Based on 8.8% Cumulative Changes in Property Value from 2015 to 2018 Taxes

Type of Property	Estimated Market Value for 2015 Taxes	Actual Taxes Payable in 2015	Estimated Market Value for 2016 Taxes	Actual Taxes Payable in 2016	Estimated Market Value for 2017 Taxes	Actual Taxes Payable in 2017	Estimated Market Value for 2018 Taxes	Estimated Taxes Payable in 2018	Change in Taxes 2015 to 2018	Change in Taxes 2017 to 2018
29 Residential Homestead	\$183,778	\$808	\$191,864	\$803	\$194,742	\$811	\$200,000	\$832	\$24	\$21
	229,722	1,031	239,830	1,023	243,427	1,035	250,000	1,060	29	25
	275,667	1,253	287,796	1,243	292,113	1,258	300,000	1,287	34	29
	321,611	1,476	335,762	1,464	340,798	1,481	350,000	1,515	39	34
	367,556	1,698	383,728	1,684	389,484	1,704	400,000	1,742	44	38
	413,500	1,921	431,694	1,901	438,169	1,923	450,000	1,962	41	39
	459,444	2,134	479,660	2,112	486,855	2,136	500,000	2,181	47	45
	551,333	2,589	575,592	2,574	584,226	2,610	600,000	2,668	79	58
	643,222	3,067	671,524	3,047	681,597	3,090	700,000	3,156	89	66
689,167	3,305	719,490	3,283	730,282	3,330	750,000	3,400	95	70	

General Notes

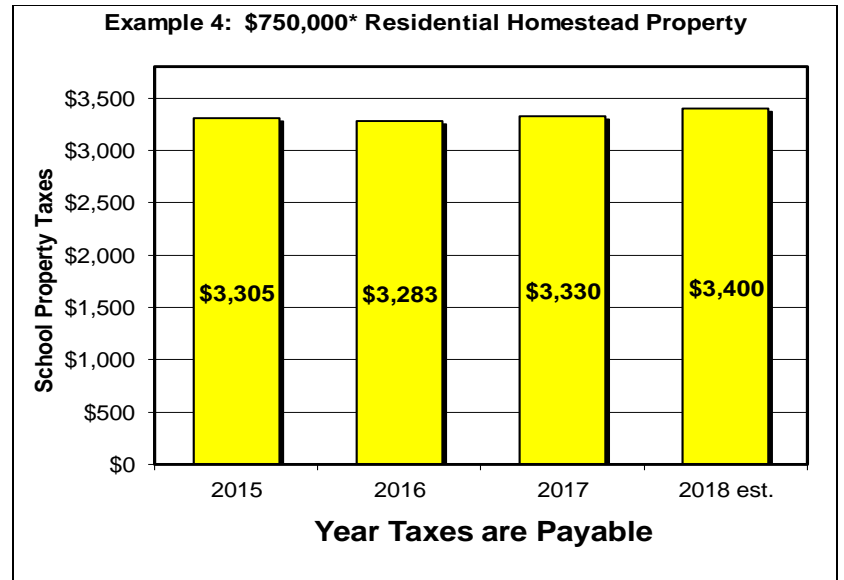
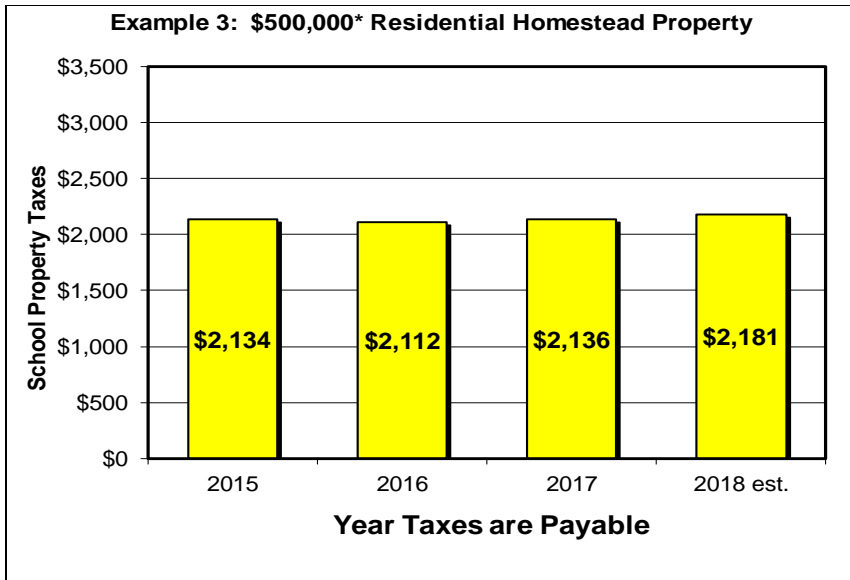
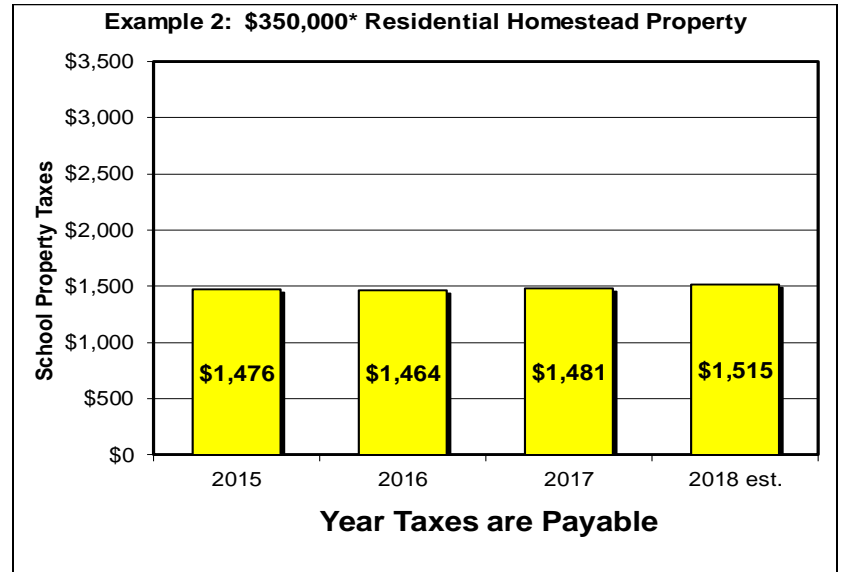
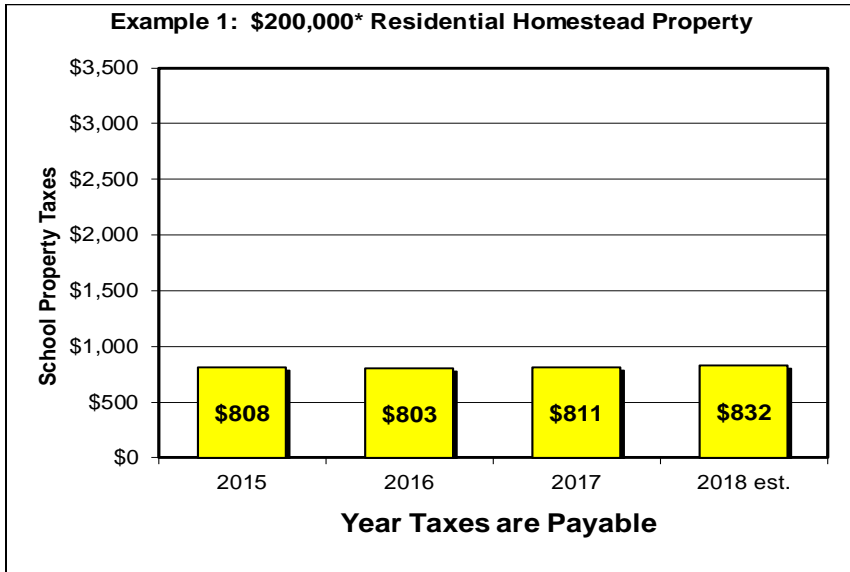
1. Amounts in the table are based on school district taxes only, and do not include taxes for the city or township, county, state, or other taxing jurisdictions.
2. Estimates of taxes payable in 2018 are preliminary, based on the best data available.
3. For all examples of properties, taxes are based on changes in estimated market value of 4.4% from 2015 to 2016 taxes, 1.5% from 2016 to 2017, and 2.7% from 2017 to 2018.

Eden Prairie Schools Independent School District No. 272

Estimated Changes in School Property Taxes, 2015 to 2018

Based on 8.8% Cumulative Changes in Property Value from 2015 to 2018 Taxes

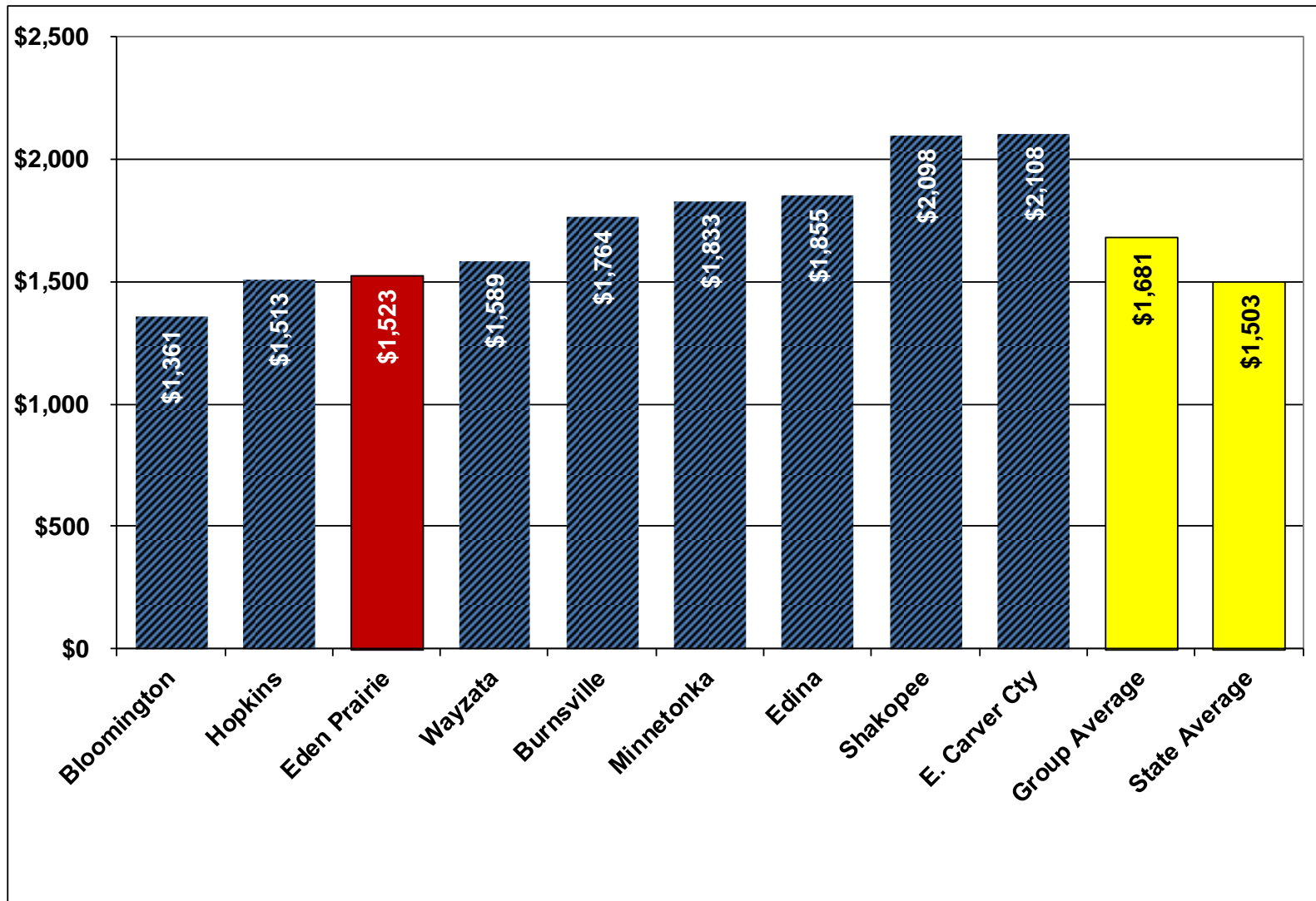
30



* For all four examples of properties, the value shown in the title of the chart is the estimated market value for taxes payable in 2018. Taxes are calculated based on changes in market value of 4.4% from 2015 to 2016 taxes, 1.5% from 2016 to 2017, and 2.7% from 2017 to 2018.

Eden Prairie School District No 272

Total School Property Taxes, Payable 2017, on a Home with an Estimated Market Value of \$350,000



31

THANK
YOU

