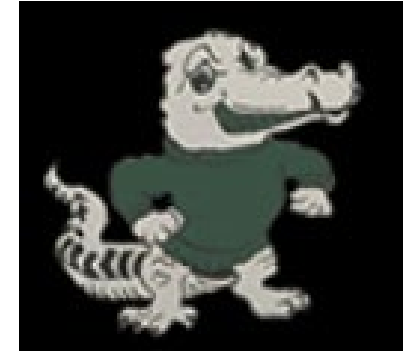


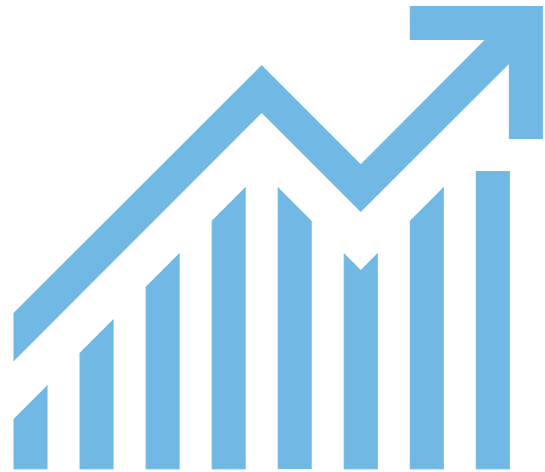
# ISD 676 BADGER SCHOOL BOARD WORK SESSION

PRESENTED BY: MATT RANTAPAA

DECEMBER 20, 2023

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# **ISD 676 – DISTRICT SPECIFIC INFORMATION**

# ENROLLMENT HISTORY

Estimated ADM for 2022-2023 is 215.40 and for 2023-2024 is 219

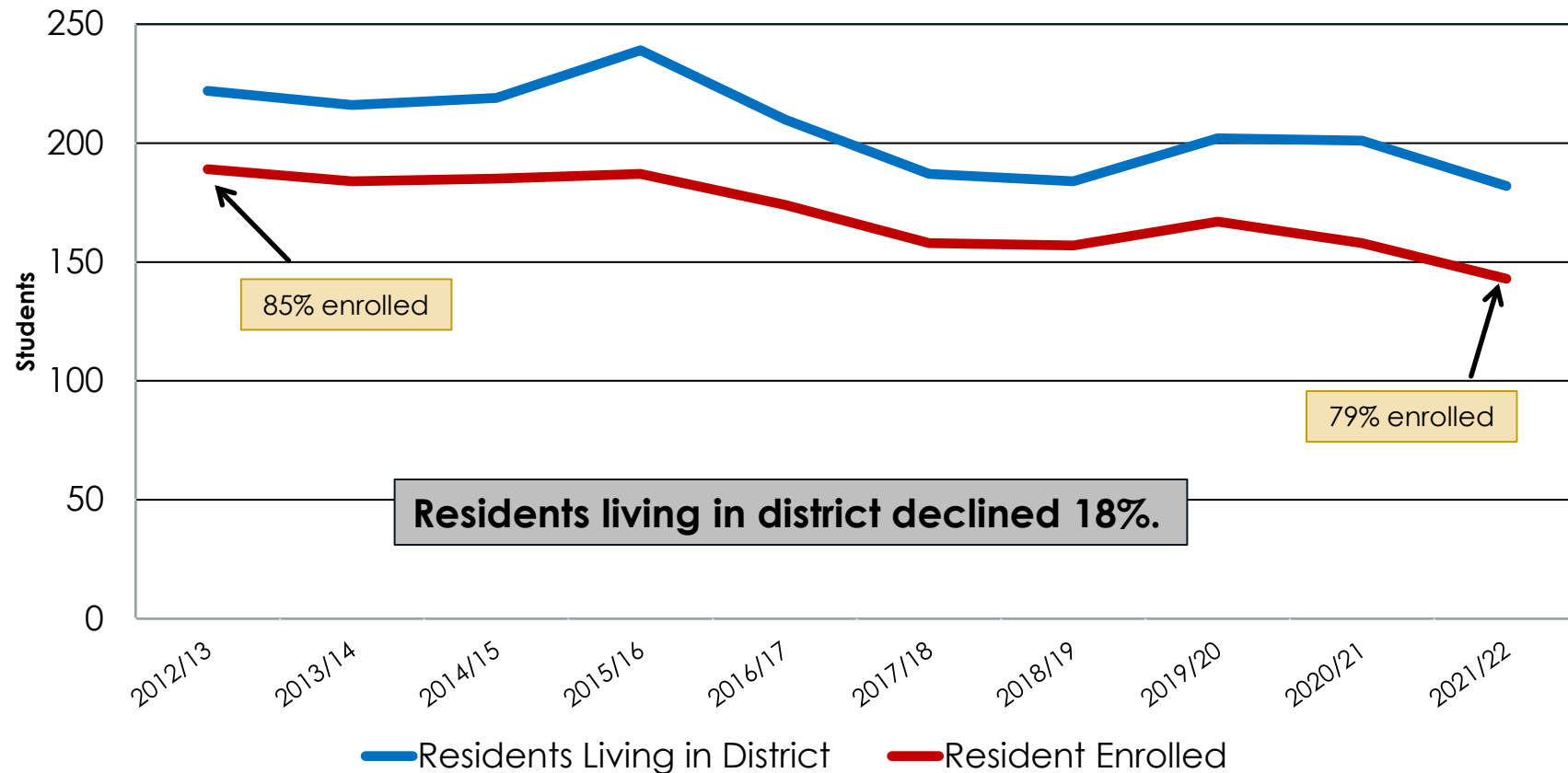


## AVERAGE DAILY MEMBERSHIP (ADM)

Grade	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
K (total) + EC*	13.55	17.93	18.70	15.62	15.02	18.53	18.16	17.68	18.66
1	21.28	14.60	17.00	14.00	14.68	11.00	15.66	16.73	15.91
2	15.13	18.00	17.00	16.00	12.13	15.70	13.44	16.00	18.00
3	18.86	18.00	21.00	18.00	16.20	13.00	15.88	10.75	17.43
4	21.01	18.56	20.20	20.57	17.36	16.25	13.74	14.18	12.25
5	22.00	19.00	21.00	19.57	20.60	15.96	18.96	11.99	12.25
6	15.00	24.00	19.70	19.99	19.12	19.00	16.00	18.17	15.39
7	16.28	16.97	26.00	23.00	19.63	19.00	20.56	16.55	16.57
8	19.00	19.64	14.39	24.00	22.00	18.40	21.00	21.64	20.37
9	14.62	22.06	21.50	15.34	24.15	21.00	20.24	17.47	20.20
10	30.77	15.82	18.26	22.63	14.31	24.27	20.99	16.61	20.17
11	24.45	28.45	14.32	18.15	18.55	13.00	24.92	20.68	15.14
12	15.14	25.79	28.11	14.02	16.72	16.00	13.00	24.27	19.58
<b>Total ADM</b>	<b>247.09</b>	<b>258.82</b>	<b>257.18</b>	<b>240.89</b>	<b>230.47</b>	<b>221.11</b>	<b>232.55</b>	<b>222.72</b>	<b>221.92</b>
Elementary ADM 1-6	113.28	112.16	115.90	108.13	100.09	90.91	93.68	87.82	91.23
Secondary ADM 7-12	120.26	128.73	122.58	117.14	115.36	111.67	120.71	117.22	112.03
Total Adjusted Pupil Units	271.14	284.57	281.70	264.32	253.54	243.44	256.69	246.16	244.33

\* K (total) + EC reflects the following students: Early childhood special education, preschool/head start, kindergarten and handicap kindergarten

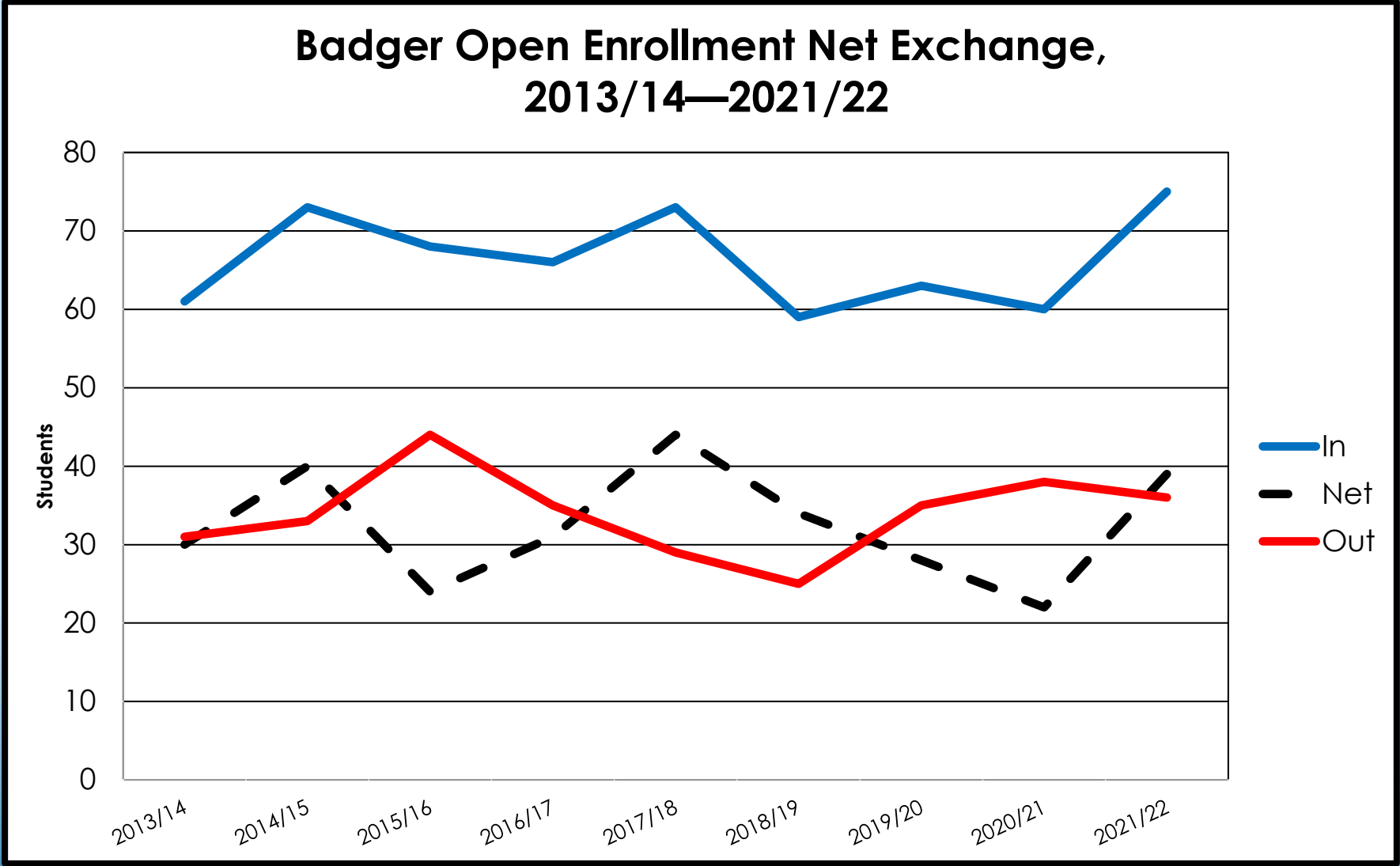
## Badger K-12 Resident Students Enrolled Compared to Resident Students Living in District, 2012/13—2021/22



Residents	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
In District	222	216	219	239	210	187	184	202	201	182
Enrolled	189	184	185	187	174	158	157	167	158	143

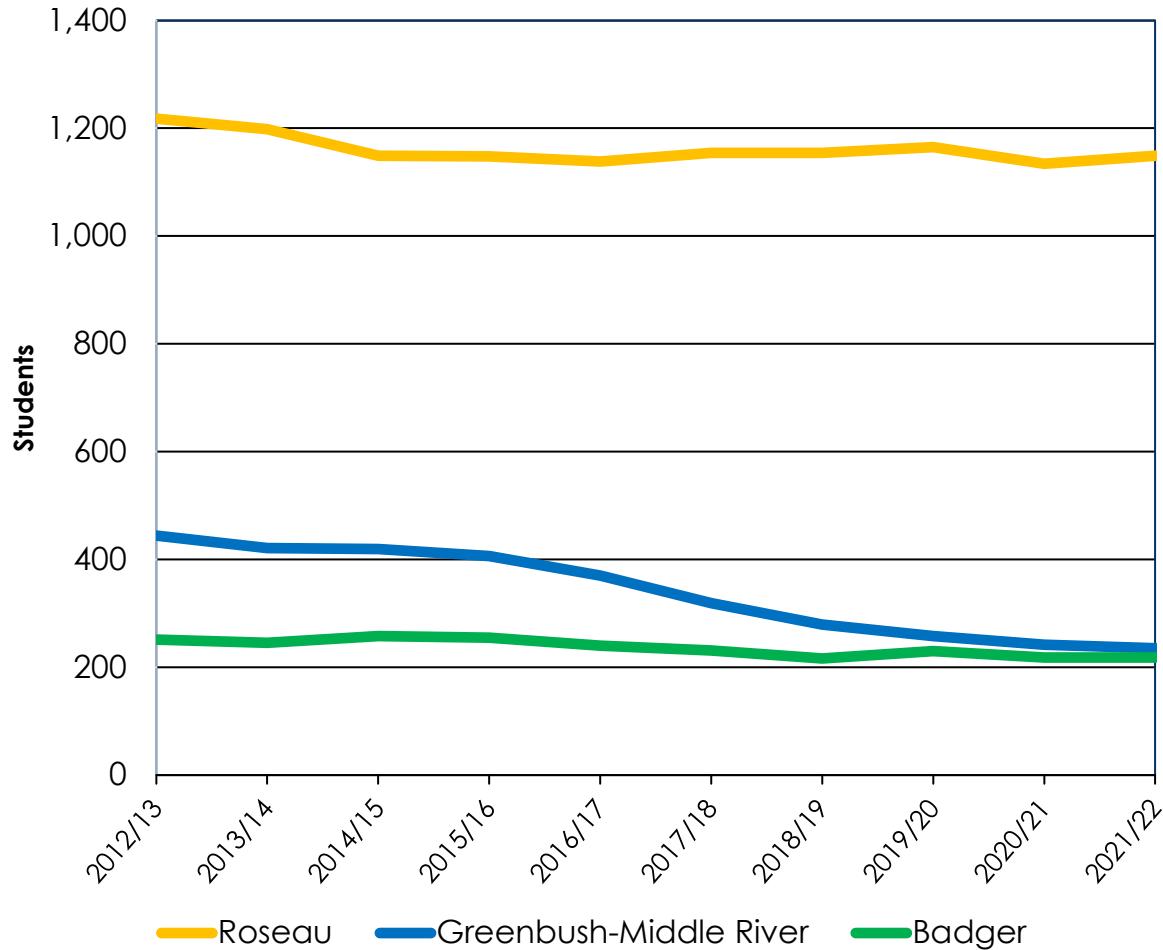
Source: MDE, district, Applied Insights North.

# Open Enrollment



Source: MDE, district.

## K-12 Enrollment for Badger, Roseau, Greenbush-Middle River Districts, 2012/13—2021/22



## Context: Area Schools

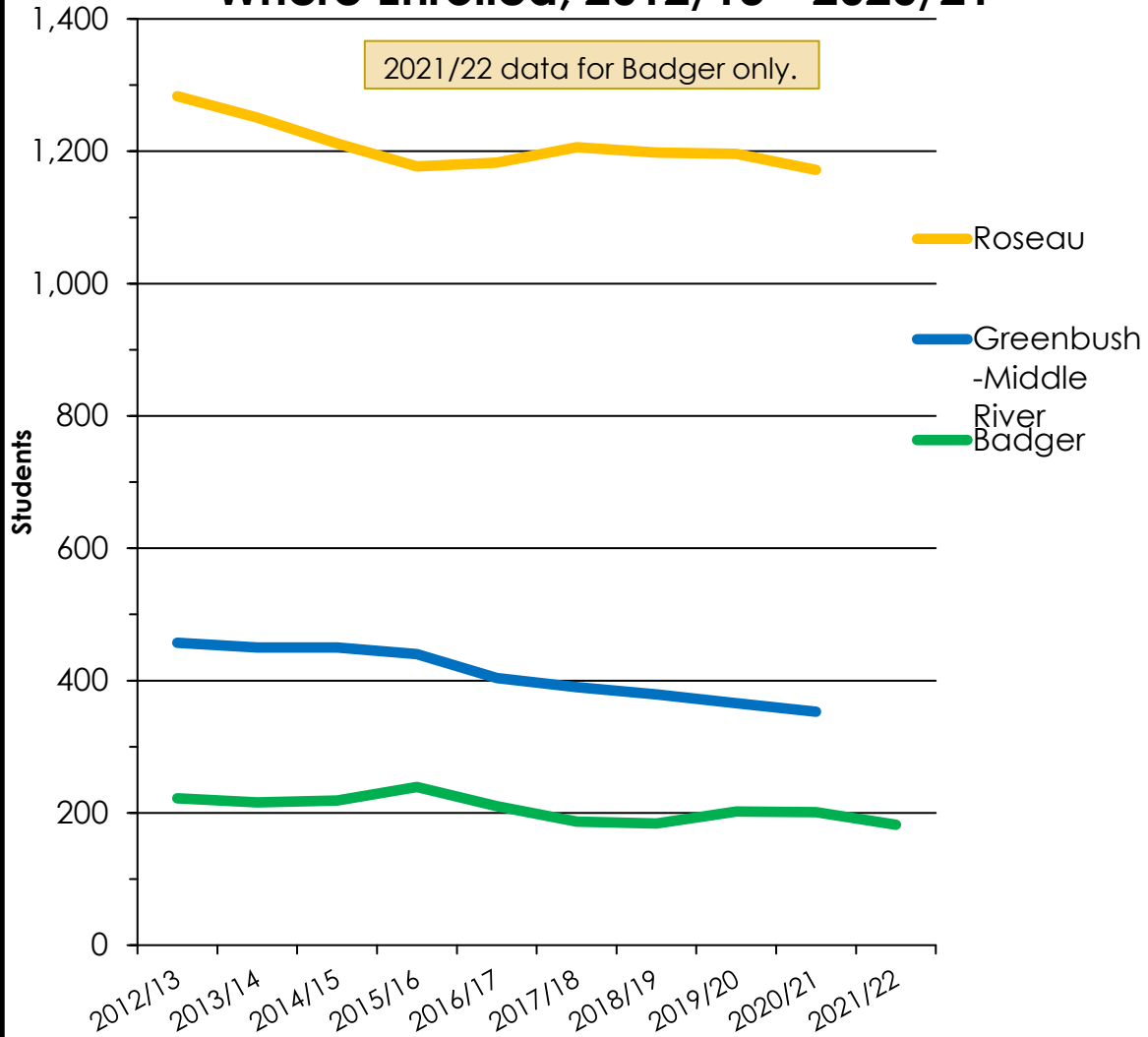
All three districts declined over the time period.

Greenbush-Middle River dropped 47.1% (444 to 235) due to fewer students living in district and open enrollment losses (boosted by issues related to a school closure).

Roseau declined 5.7% (1,218 to 1,149) but has been stable since 2014/15.

Badger decreased 13.1% (251 to 218).

## Resident K-12 Students Regardless of Where Enrolled, 2012/13—2020/21



Source: MDE, district.

### Resident Student Base

This chart shows the number of resident students living within each district regardless of where they actually were enrolled. This removes the distortion caused by open enrollment and shows each district's "pool" of students

Every district lost students over the time period.

Greenbush-Middle River declined 22.8% (104 students from 457 to 353).

Roseau declined 8.7% (111 students from 1,283 to 1,172).

Badger dropped 9.5% through 2020/21 but by 18.0% measured through 2021/22 (21 students from 222 to 201).

	Adj. ADM	FY 2024 Gen. Ed. Amount Per ADM	Total General Education Revenue	Revenue Change Compared to Base Adj. ADM of 219	
<b>FY 2024 Est.</b>	<b>219.00</b>	<b>13,062.67</b>	<b>2,860,724.73</b>		
<b>Hypothetical Enrollment Decrease in Increments of 5 APU</b>	214.00	13,062.67	2,795,411.38	(65,313.35)	<b>What are the Revenue Implications from Hypothetical Declining Enrollment?</b>
	209.00	13,062.67	2,730,098.03	(130,626.70)	
	204.00	13,062.67	2,664,784.68	(195,940.05)	
	199.00	13,062.67	2,599,471.33	(261,253.40)	
	194.00	13,062.67	2,534,157.98	(326,566.75)	
	189.00	13,062.67	2,468,844.63	(391,880.10)	

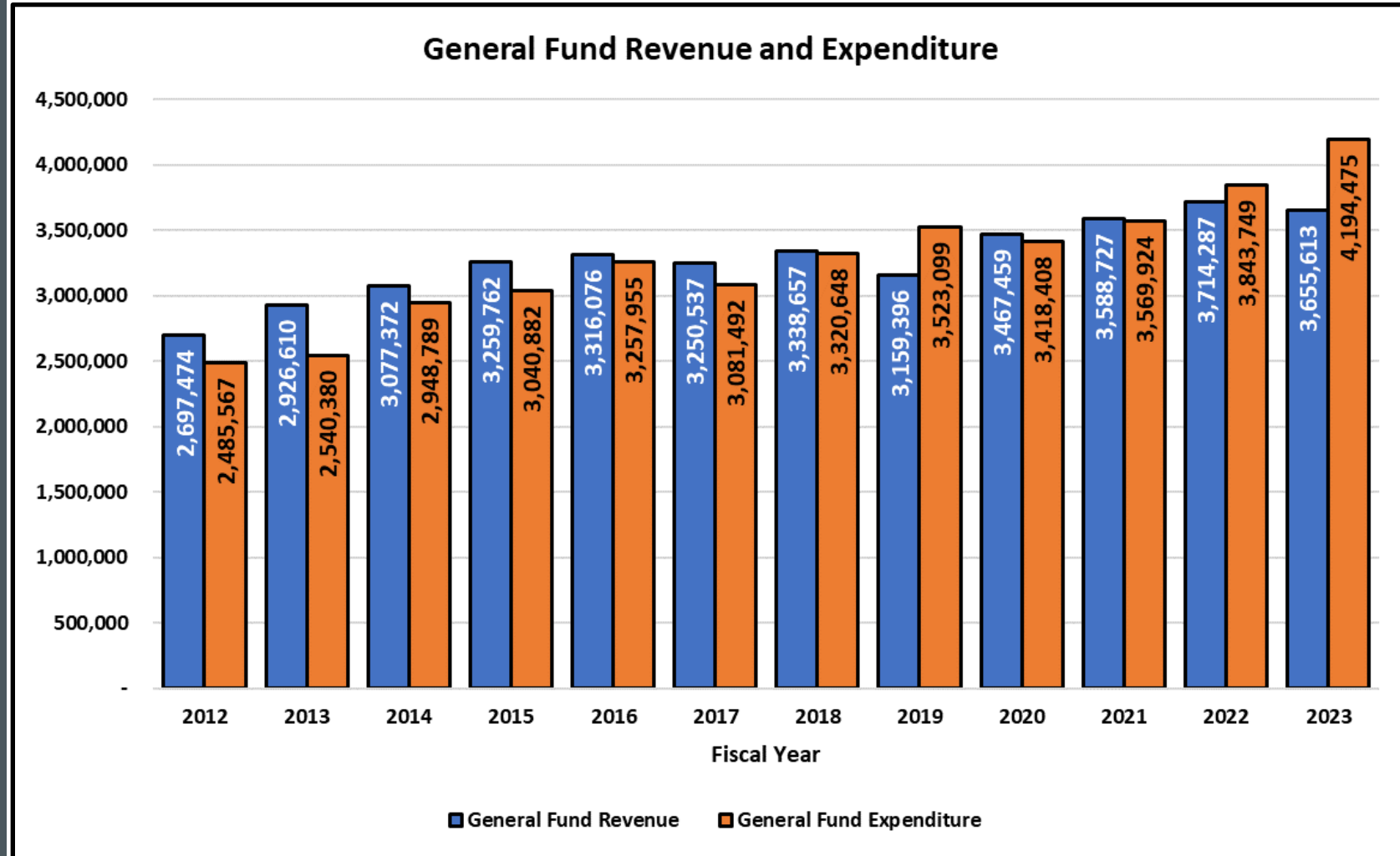
## HYPOTHETICAL REVENUE IMPACT OF DECLINING ENROLLMENT



# GENERAL FUND HISTORY

9

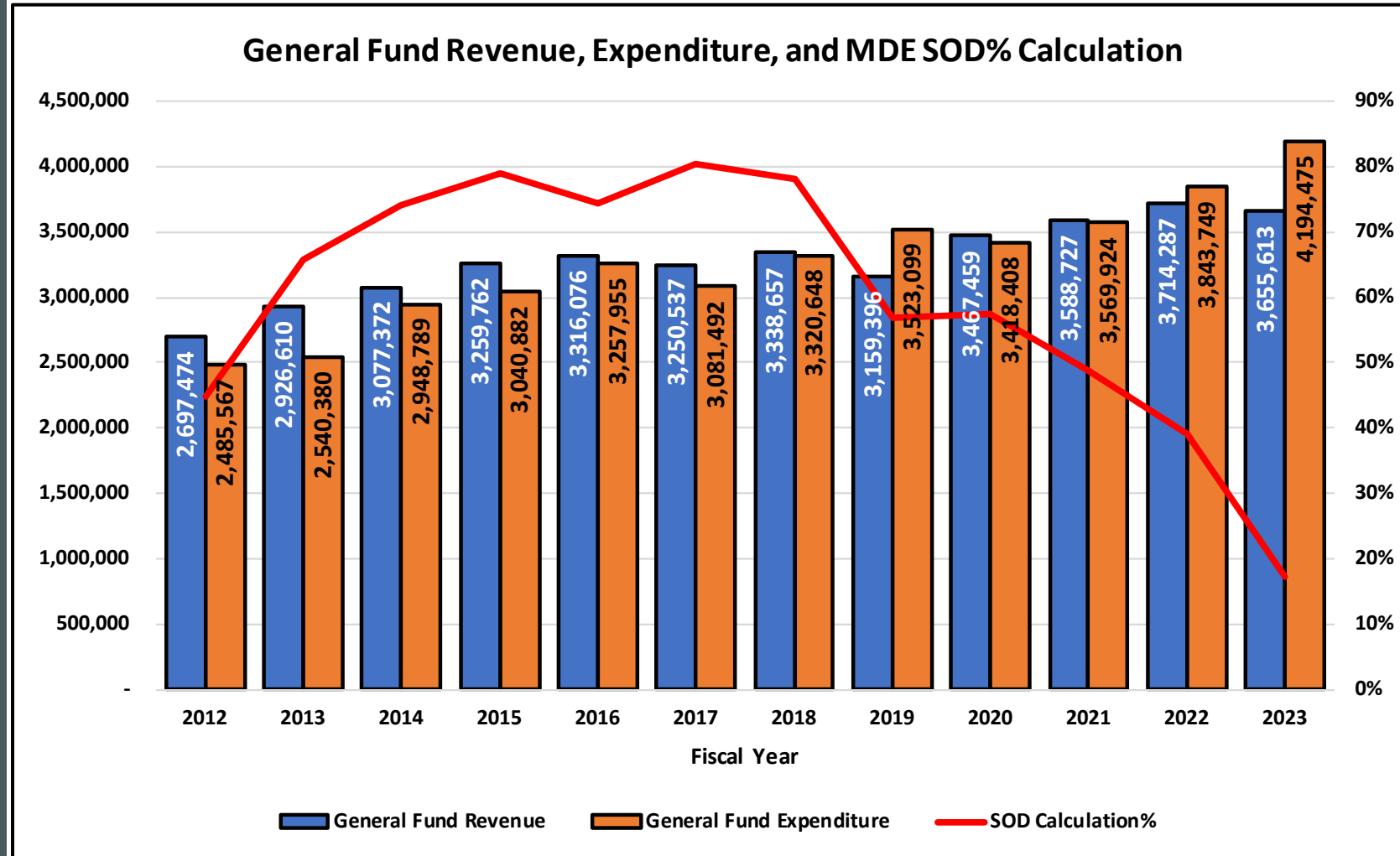
- District is in general fund deficit spending pattern
- Est. FY 2024 General Fund deficit is (\$292,379)



# GENERAL FUND HISTORY W/MDE SOD CALC.

10

- Future cuts and/or additional revenue raise may be necessary to balance budget and rebuild fund balance
- District may explore additional sharing and pairing agreements with neighboring schools, which could provide an option to reduce expenditures



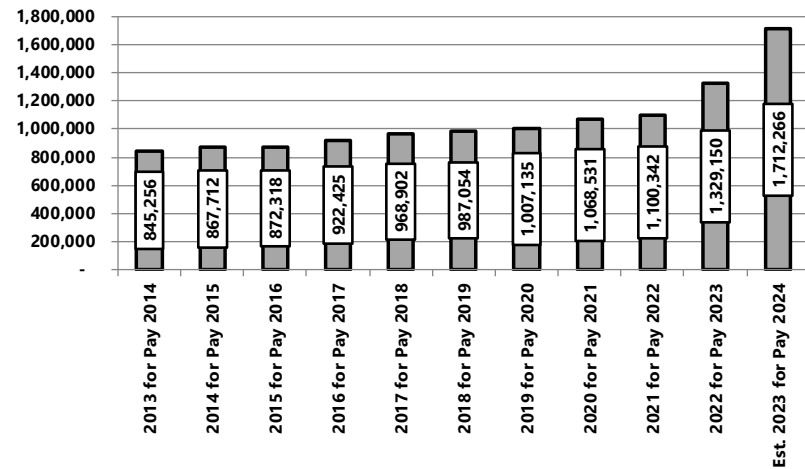
“MDE SOD” Title Definition: Minnesota Department of Education Statutory Operating Debt Calculation

# TAX BASE HISTORY

## ISD 676 - BADGER PUBLIC SCHOOLS TAX BASE HISTORY

	NTC	% Change
2013 for Pay 2014	845,256	-
2014 for Pay 2015	867,712	2.66%
2015 for Pay 2016	872,318	0.53%
2016 for Pay 2017	922,425	5.74%
2017 for Pay 2018	968,902	5.04%
2018 for Pay 2019	987,054	1.87%
2019 for Pay 2020	1,007,135	2.03%
2020 for Pay 2021	1,068,531	6.10%
2021 for Pay 2022	1,100,342	2.98%
2022 for Pay 2023	1,329,150	20.79%
<b>Est. 2023 for Pay 2024</b>	<b>1,712,266</b>	<b>28.82%</b>
10-year Average		7.66%
5-year Average		12.15%

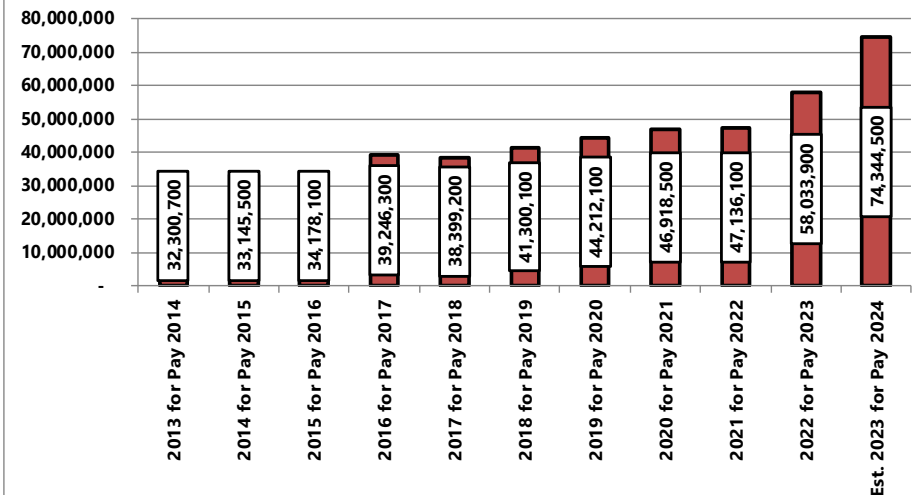
### NTC (Net Tax Capacity)



## ISD 676 - BADGER PUBLIC SCHOOLS TAX BASE HISTORY

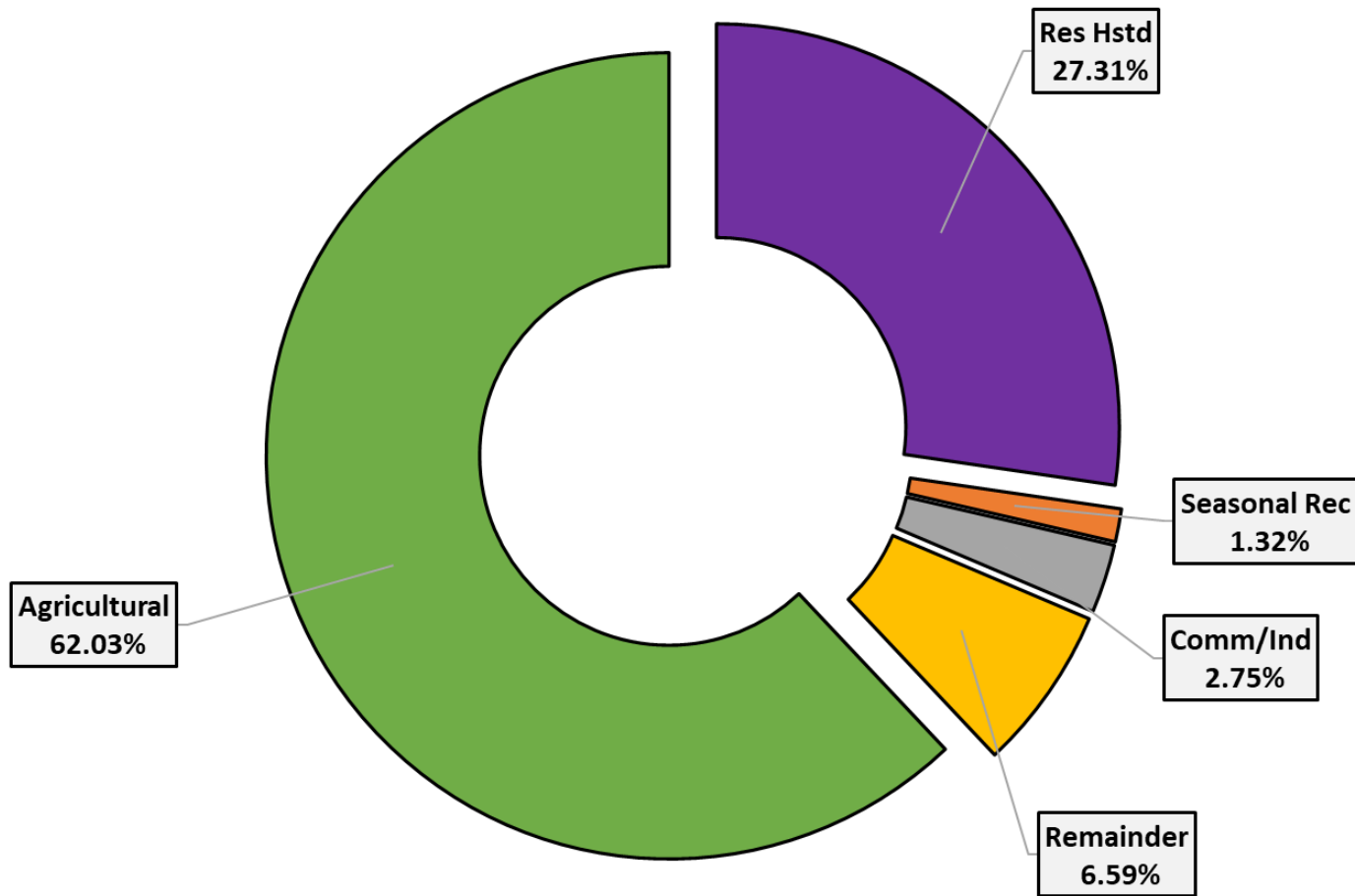
	RMV	% Change
2013 for Pay 2014	32,300,700	-
2014 for Pay 2015	33,145,500	2.62%
2015 for Pay 2016	34,178,100	3.12%
2016 for Pay 2017	39,246,300	14.83%
2017 for Pay 2018	38,399,200	-2.16%
2018 for Pay 2019	41,300,100	7.55%
2019 for Pay 2020	44,212,100	7.05%
2020 for Pay 2021	46,918,500	6.12%
2021 for Pay 2022	47,136,100	0.46%
2022 for Pay 2023	58,033,900	23.12%
<b>Est. 2023 for Pay 2024</b>	<b>74,344,500</b>	<b>28.11%</b>
10-year Average		9.08%
5-year Average		12.97%

### RMV (Referendum Market Value)



**SOURCE: MN  
DEPT. OF  
REVENUE  
PRISM DATA.**

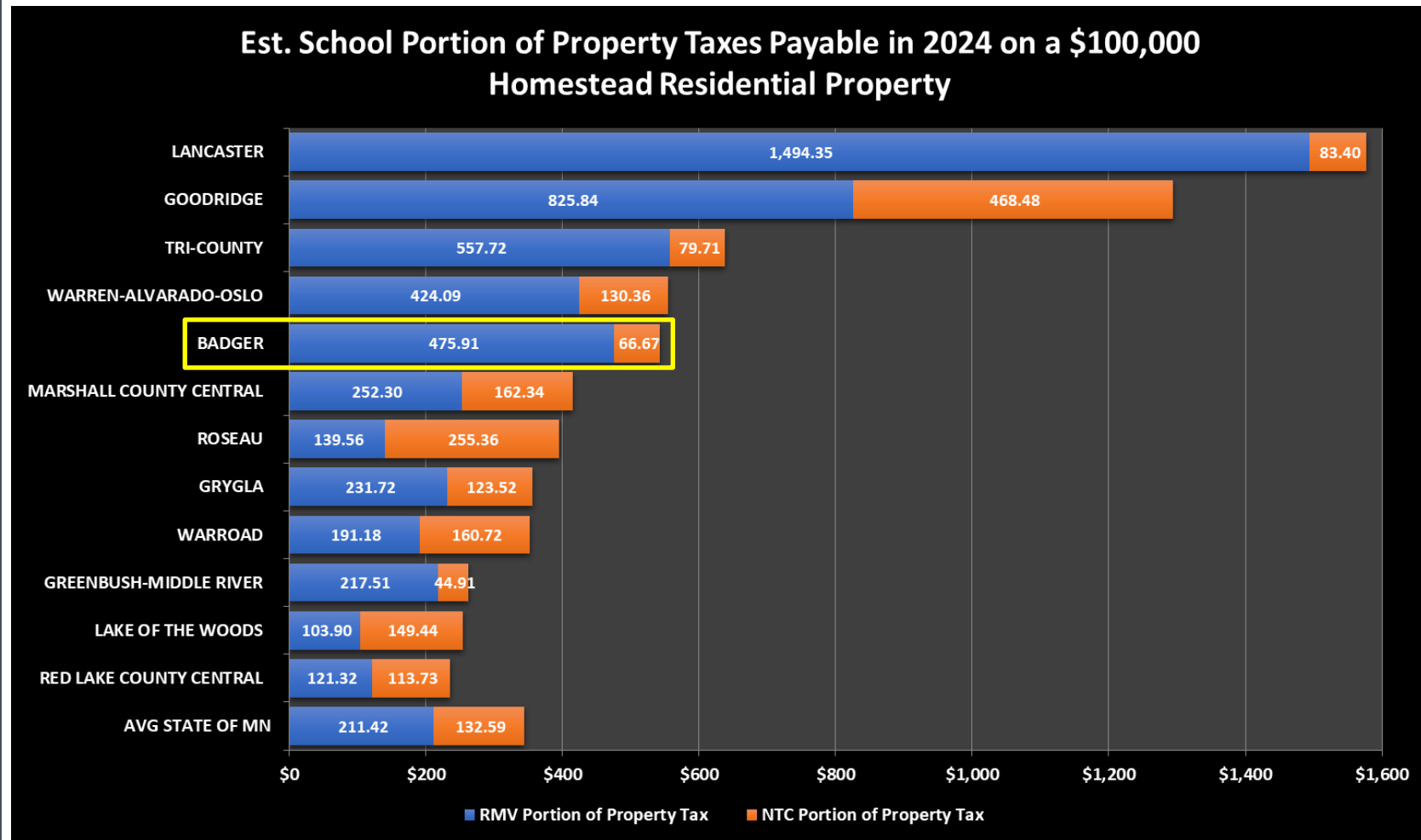
### ISD 676 Tax Base Composition - Preliminary Pay 2024



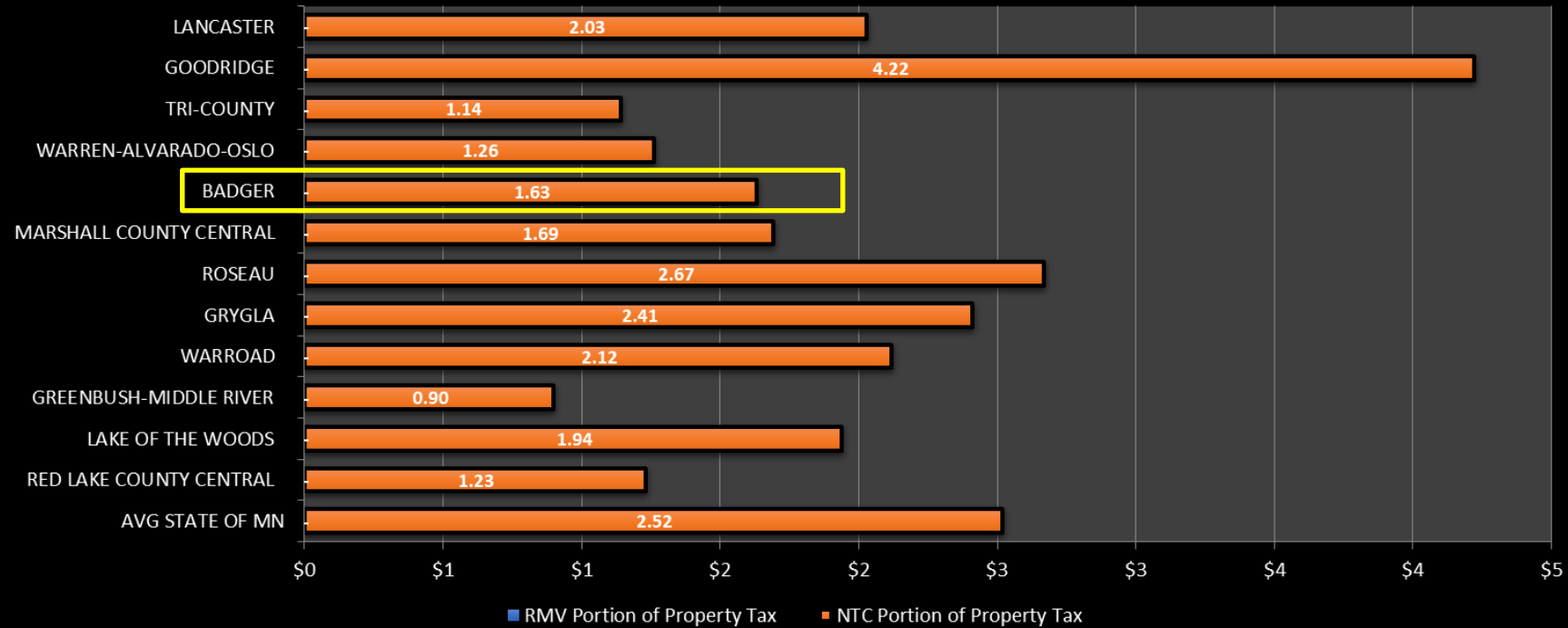
# NEIGHBOR SCHOOL PORTION OF PROPERTY TAX COMPARISON

■ Tax Impact for ISD 561 Goodridge is inclusive of the estimated increase as a result of the district's successful \$21.35 million November 7, 2023 School Building Bond Election

■ Source: MN Department of Education

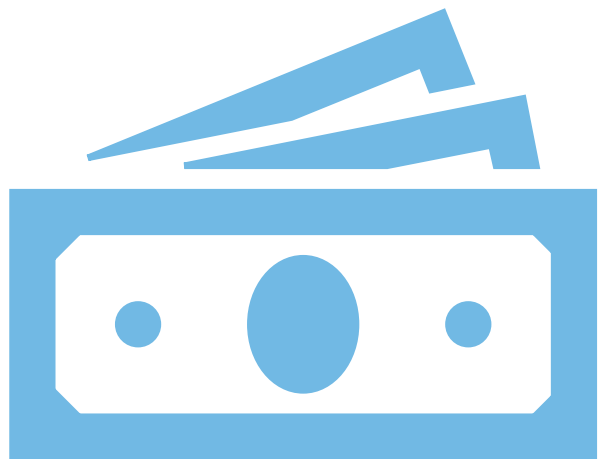


## Est. School Portion of Property Taxes Payable in 2024 on a 1-acre Homestead Agricultural Property valued at \$3,500



## NEIGHBOR SCHOOL PORTION OF PROPERTY TAX COMPARISON



- *Tax Impact for ISD 561 Goodridge is inclusive of the estimated increase as a result of the district's successful \$21.35 million November 7, 2023 School Building Bond Election*
- *Source: MN Department of Education*



# **MN PUBLIC SCHOOL FUNDING OPTIONS**

# MN SCHOOL FUNDING OPTIONS

Desc.	Item Ref. No.	MN Stat. Ref.	Use of Funds	Does this generate new dollars to District budget?	Does this require Voter Approval?	Are funds borrowed?	What kind of borrowing?	Will there be a new tax impact associated with levy?	Who pays for the levy and which tax base is utilized?	Max. Term
<b>Referendum Revenue / Operating Levy Revenue</b>	<b>1</b>	126C.17	Day to day operations	Yes	Yes	Not typically – but potentially	Certificates of Participation (General Fund annual appropriation)	Yes	Taxable property except Ag land beyond dwelling value and seasonal recreational / RMV	10 years
<b>School Building Bonds</b>	<b>2</b>	475 & 123B.02	Capital expenditures	Yes	Yes	Yes	Yes	Yes	All taxable property / NTC	30 years or useful life
<b>Capital Projects Levy</b>	<b>3</b>	123B.63	Capital expenditures defined in 126C.10 subd. 14	Yes	Yes	Not typically – but potentially	Certificates of Participation (General Fund annual appropriation)	Yes	All taxable property / NTC	10 years
<b>Capital Facilities Bonds</b>	<b>4</b>	123B.62	Capital expenditures defined in 123B.62	No	No	Yes	General Obligation	No (new debt levy but corresponding reduction in NTC Other Levy)	All taxable property / NTC	15 years or useful life
<b>Capital Equipment Notes</b>	<b>5</b>	123B.61	Capital expenditures defined in 123B.61	No	No	Yes	General Obligation	No (new debt levy but corresponding reduction in NTC Other Levy)	All taxable property / NTC	10 years or useful life
<b>Health and Safety Levy*</b>	<b>6</b>	123B.57	Capital expenditures defined in 123B.57	Yes	No	No	No	Yes	All taxable property / NTC	Annual levy (could be multiple years)
<b>Alternative Facilities Bonds*</b>	<b>7</b>	123B.59	Single Site Health and Safety items over \$500,000	Yes	No	Yes	General Obligation	Yes	All taxable property / NTC	30 years or useful life
<b>Deferred Maintenance Levy*</b>	<b>8</b>	123B.591	Provides funds for deferred maintenance items	Yes	No	No	No	No	All taxable property / NTC	Annual levy


***District currently has a voter-approved operating levy and voter-approved capital projects levy***




# MN SCHOOL FUNDING OPTIONS

Desc.	Item Ref. No.	MN Stat. Ref.	Use of Funds	Does this generate new dollars to District budget?	Does this require Voter Approval?	Are funds borrowed?	What kind of borrowing?	Will there be a new tax impact associated with levy?	Who pays for the levy and which tax base is utilized?	Max. Term
<b>Long-Term Facilities Maintenance Revenue</b>	<b>9</b>	123B.595	<b>NEW 2015 - replace H&amp;S, Alt. Fac. And Deferred Maint.* commences FY 2017</b>	Potentially	No	Potentially	General Obligation	Yes	All taxable property / NTC	Assumption is 30 Years
<b>Lease Levy / Capital Levies</b>	<b>10</b>	126C.40	Capital expenditures defined in 126C.40	Yes	No	Yes	Certificates of Participation (Lease Levy annual appropriation)	Yes	All taxable property / NTC	30 years or useful life
<b>Lease Levy / Capital Levies</b>	<b>11</b>	126C.40 subd. 6	Capital expenditures defined in 126C.40	Yes	No	Yes	Full Faith and Credit Certificates or Participation	Yes	All taxable property / NTC	30 years or useful life
<b>Lease Purchase / Installment Purchase</b>	<b>12</b>	465.71	Capital Expenditures	No	No	Yes	Certificates of Participation (General Fund annual appropriation)	Yes	All taxable property / NTC	30 years or useful life
<b>Abatement Bond</b>	<b>13</b>	469.1812 to 469.1815	Economic Development Tool for School Parking Lot Improvements Only	Yes	No	Yes	General Obligation	Yes	All taxable property / NTC	15 years or useful life
<b>Cash Flow (Line of Credit)</b>	<b>14</b>	123B.12	Cash Flow Purposes	No	No	Yes	Typically Bank Line of Credit	No	NA	45 days and can be rolled over
<b>Cash Flow (Tax or Aid Anticipation Borrowing)</b>	<b>15</b>	126C.50 to 126C.56	Cash Flow Purposes	No	No	Yes	Tax or Aid Anticipation Certificates	No	NA	13 months
<b>Maximum Effort Capital Loan Borrowing)</b>	<b>16</b>	126C.60 to 126C.72	School Facilities	Yes	Yes	Yes	Bond and State MN Loan	Yes	All taxable property / NTC	30 years or useful life on bond portion



# **ISD 676 BADGER – HIGH LEVEL SUMMARY OF REVENUE SOURCES**

## DISTRICT FACTS - TAXES PAYABLE 2024 / FISCAL YEAR 2025

<p>1,170.29 <b>Referendum Revenue per Pupil</b></p> <p>220.40 <b>Adj. PU</b></p> <p style="border: 1px solid orange; padding: 2px;">257,931.92 <b>Total Revenue</b></p> <p>2032 <b>Authority Expires (Last Fiscal Year)</b></p> <p>159,569.60 <b>Local Optional Revenue</b></p> <p>24,351.45 <b>Equity Revenue</b></p>	<p>92,371.84 <b>Small Schools Revenue</b></p> <p style="border: 1px solid orange; padding: 2px;">51,434.75 <b>Operating Capital Revenue</b></p> <p>7,934.40 <b>Safe Schools Revenue</b></p> <p style="border: 1px solid orange; padding: 2px;">83,752.00 <b>Initial LTFM Revenue</b></p> <p>- <b>Lease Levy (max. (\$46,724.80))</b></p> <p>46,724.80 <b>Lease Levy Available</b></p>
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- *School districts have the option to bond against above revenue sources for facilities improvements*
- *Given trend of General Fund deficit, may be prudent to preserve these existing revenue sources and identify alternate funding sources which provide new revenue to the district (i.e. voter-approval, tax abatement, above the line LTFM, etc.)*


**WHY DO SCHOOL DISTRICTS ASK FOR VOTER APPROVAL?**



**Facility (Capital) Needs**



**Fiscal (Operating) Needs**



**VOTER APPROVED  
OPERATING LEVY  
REFERENDUM  
INFORMATION**

## **OPERATING REFERENDUM LEVY - WHAT IS IT?**

An operating levy (otherwise known as a referendum revenue request or excess operating levy referendum) is a procedure which allows school districts to raise additional funds to supplement regular state education funding.

The State of Minnesota equalizes many educational levies based upon the district's ability to pay (Equalization Aid). This is one of those levies.

# FISCAL YEAR 2025 INFORMATION (TAXES PAYABLE 2024)

**Operating Referendum Results, 1996 to 2023 - ISD 676, Badger**

Year Held	Start Pay	Net \$/PU	# Years	Pass?	#	#
				Yes=1 No=0	Yes Votes	No Votes
1996	1997	793.43	3	1	370	186
1999	2000	1,251.56	5	1	178	50
2003	2004	316.14	10	1	174	53
2011	2012	500.00	10	1	240	65
2020	2022	1,170.29	10	1	441	108

## **IMPORTANT 2023 LEGISLATIVE CHANGE**

- *School board can renew existing voter-approved operating levy authority one time without going to the voters for approval*
- *Renewal must be for the same amount per pupil and for the same duration as originally approved by the voters*

Est. Adj. PU 24-25 School Year are 220.40

- Adj PU bring in the revenue

Res PU 24-25 School Year are 151.40

- Res PU bring in State Aid

This generates the following

- Operating Levy Revenue is \$257,931.92
- Current amount per Adjusted Pupil Unit (Adj PUs) is \$1,170.29
- \$58,191.16 of State Aid
- Last Year of Collection is Taxes Payable 2031 / Fiscal Year 2032

Local Optional Revenue is \$159,569.60

Equity Revenue is \$24,351.45

# \$100K OF NEW OP LEVY REVENUE TAX IMPACT

## BALLOT QUESTION - EXAMPLE

Enter New Request Portion for Operating Levy Referendum **477.00**

**ONLY portion of NEW Operating Referendum Revenue** 105,130.80  
**Loss of Equity Revenue** (4,978.29)

**How much NET NEW revenue will the request bring?** 100,152.51

### Estimated District State Aid Percentages shown below

First Tier Aid % *(first \$460 per Adj PU)* 32.396%  
 Second Tier Aid % *(next \$000 per Adj PU)* 0.000%

**Does this NEW Request Maximize the State's Aid Participation?** YES

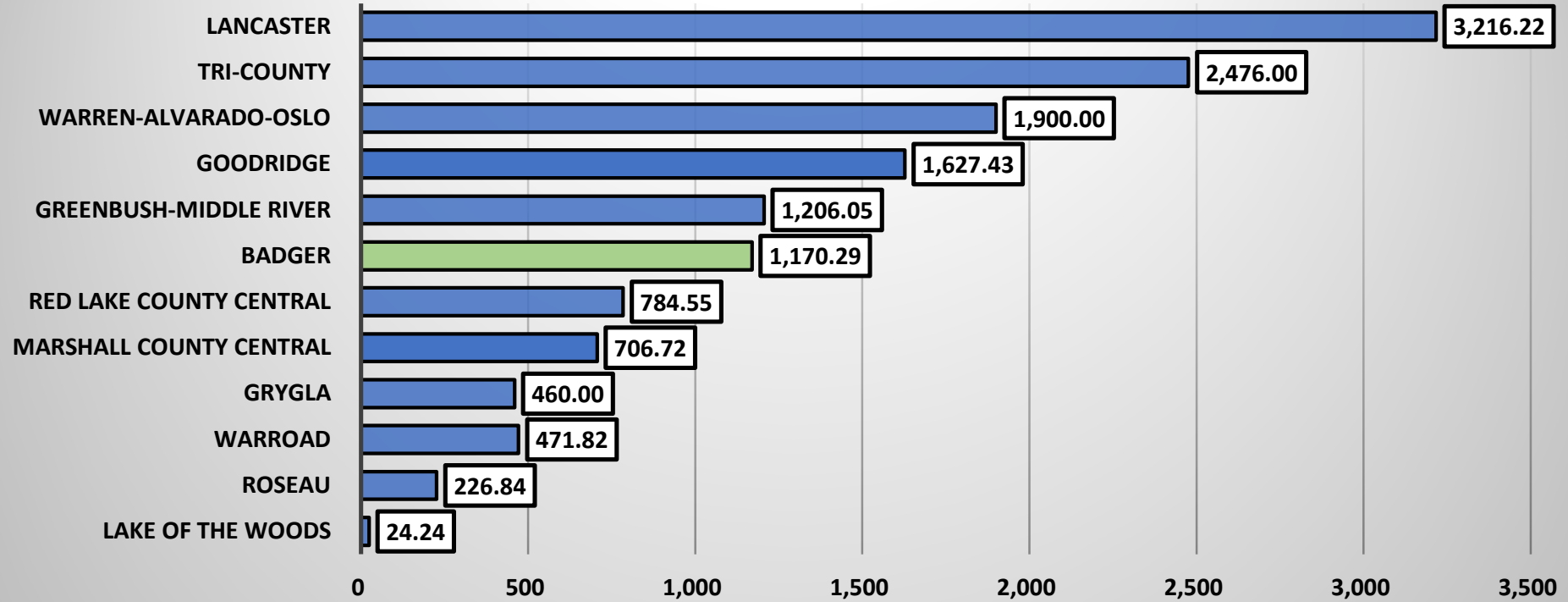
		Effective Taxes Payable 2025	
		RMV Rate:	
		0.142561%	
Property Value	New Authority		
	Annual Impact	Monthly Impact	
50,000	71.28	5.94	
60,000	85.54	7.13	
70,000	99.79	8.32	
80,000	114.05	9.50	
90,000	128.30	10.69	
100,000	142.56	11.88	
110,000	156.82	13.07	
135,000	192.46	16.04	
160,000	228.10	19.01	
300,000	427.68	35.64	
400,000	570.24	47.52	

## SUMMARY OF TOTAL OPERATING REFERENDUM (EXISTING PLUS NEW) AUTHORITY

	Existing / Renewal	New Request	Total	State Aid %	
<b>Op. Ref. Revenue per Adj. PU</b>	<b>1,170.29</b>	<b>477.00</b>	<b>1,647.29</b>		
Operating Ref. Revenue Only	257,931.92	105,130.80	363,062.72	<b>Current Authority</b>	12.734%
Operating Ref. Aid Only	32,844.29	-	32,844.29	<b>New Request Only</b>	0.000%
Operating Ref. Levy Only	225,087.63	105,130.80	330,218.43	<b>New plus Existing</b>	9.046%



## Voter Approved Operating Levy Neighbor Comparison - Pay 2024



# NEIGHBOR OP. LEVY AUTHORITY COMPARISON

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## **POTENTIAL OPERATING LEVY REFERENDUM FACTS**

Statute requires Operating Levy Referenda to be held on the general election date in November unless school district is in statutory operating debt, or a mail ballot is utilized

ONLY ONE ELECTION TO APPROVE AN OPERATING LEVY INCREASE MAY BE HELD PER CALENDAR-YEAR

First year of new revenue collection for an Operating Levy Referendum held in calendar-year 2024 would be taxes payable 2025 / FY 2026 (2025 / 2026 school year)



**VOTER APPROVED  
SCHOOL BUILDING  
BOND INFORMATION**

# SCHOOL BUILDING BOND REFERENDUM

A school building bond referendum provides greater flexibility on the types of facilities which can be financed compared to other school board approved financing methods.

The State of Minnesota equalizes the voter-approved approved bond debt service levies upon the district's ability to pay (Debt Service Equalization Aid).

Voter-approved debt service levies are spread on the District's Net Tax Capacity tax base

All property types taxed with this levy

Voter-approved debt service levy qualifies for **70%** Ag2School Tax Credit for qualifying agricultural and managed forest land

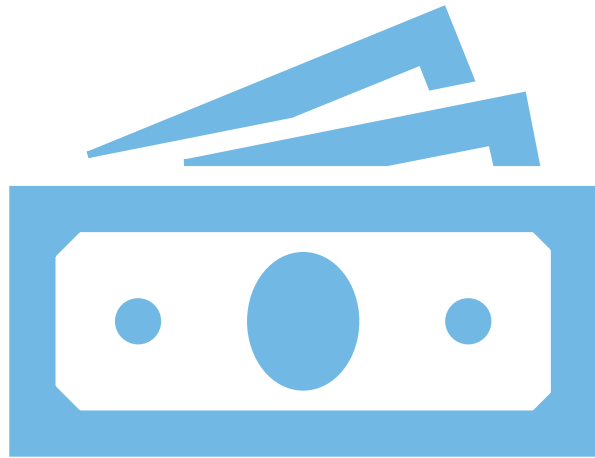
School Building Bond referenda can be held on the second Tuesday of February, April, May, August or the general election date in November

# DOES THE DISTRICT QUALIFY FOR DEBT SERVICE EQUALIZATION AID? YES!!

First 15.74% of ANTC is Local Effort and does not qualify for D/S Equalization Aid (equivalent to \$221,223.18 of debt payment)

Next 10.50% of ANTC or next \$147,575.82 of Payment Qualifies for 1<sup>st</sup> Tier Aid at 19.81%

Beyond 26.24% of ANTC or \$368,799.00 of Payment Qualifies for 2<sup>nd</sup> Tier Aid at 55.63%



# **HYPOTHETICAL FINANCING SCENARIOS**

# \$5-20MM STATIC SCHOOL BUILDING BOND TAX IMPACT – RANGE OF PROPERTY TYPES AND VALUES

Preliminary Pay 2024 NTC	
Debt Levy	
NTC Rate	
Est. Borrowing Amount	
Plus: Premium	
Less: Est Costs of Issuance	
Less: Capitalized Interest	
Available for Project	<b>20,000,000</b>
Final Maturity	2/1/2045
Est. Total Principal & Interest	34,345,180.25
True Interest Cost (TIC%)	5.269%

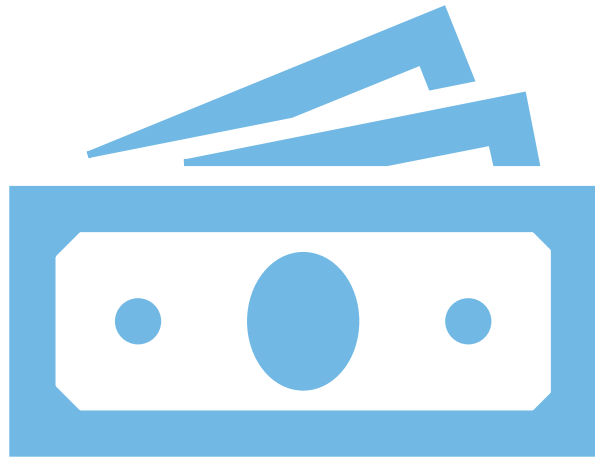
\$20MM 20 Year Term	\$15MM 20 Year Term	\$10MM 20 Year Term	\$5MM 20 Year Term
1,712,266.00	1,712,266.00	1,712,266.00	1,712,266.00
941,850.00	752,850.00	556,431.75	373,912.22
55.006%	43.968%	32.497%	21.837%
20,470,000	15,310,000	10,155,000	5,000,000
321,338	250,697	182,931	112,938
321,379	253,114	184,884	112,938
469,959	307,583	153,047	0
<b>20,000,000</b>	<b>15,000,000</b>	<b>10,000,000</b>	<b>5,000,000</b>
2/1/2045	2/1/2045	2/1/2045	2/1/2045
34,345,180.25	25,711,856.50	17,082,196.38	8,435,842.88
5.269%	5.270%	5.272%	5.279%

Type of Property	Estimated Market Value
Residential Homestead	50,000
	75,000
	100,000
	150,000
	200,000
	300,000
	400,000
Commercial/ Industrial	100,000
	200,000
	500,000
Ag Homestead* (average value per acre)	2,500
	3,500
	4,500
Ag Non-Homestead** (average value per acre)	2,500
	3,500
	4,500

\$20MM 20 Year Term	\$15MM 20 Year Term	\$10MM 20 Year Term	\$5MM 20 Year Term
<b>Est. Annual Tax Impact</b>	<b>Est. Annual Tax Impact</b>	<b>Est. Annual Tax Impact</b>	<b>Est. Annual Tax Impact</b>
165.02	131.90	97.49	65.51
247.53	197.86	146.24	98.27
<b>394.94</b>	<b>315.69</b>	<b>233.33</b>	<b>156.79</b>
694.73	555.32	410.43	275.80
994.51	794.94	587.54	394.82
1,594.08	1,274.19	941.76	632.84
2,193.64	1,753.45	1,295.97	870.87
825.09	659.52	487.45	327.56
1,787.70	1,428.96	1,056.15	709.71
5,088.06	4,067.04	3,005.95	2,019.95
2.06	1.65	1.22	0.82
<b>2.89</b>	<b>2.31</b>	<b>1.71</b>	<b>1.15</b>
3.71	2.97	2.19	1.47
4.13	3.30	2.44	1.64
<b>5.78</b>	<b>4.62</b>	<b>3.41</b>	<b>2.29</b>
7.43	5.94	4.39	2.95

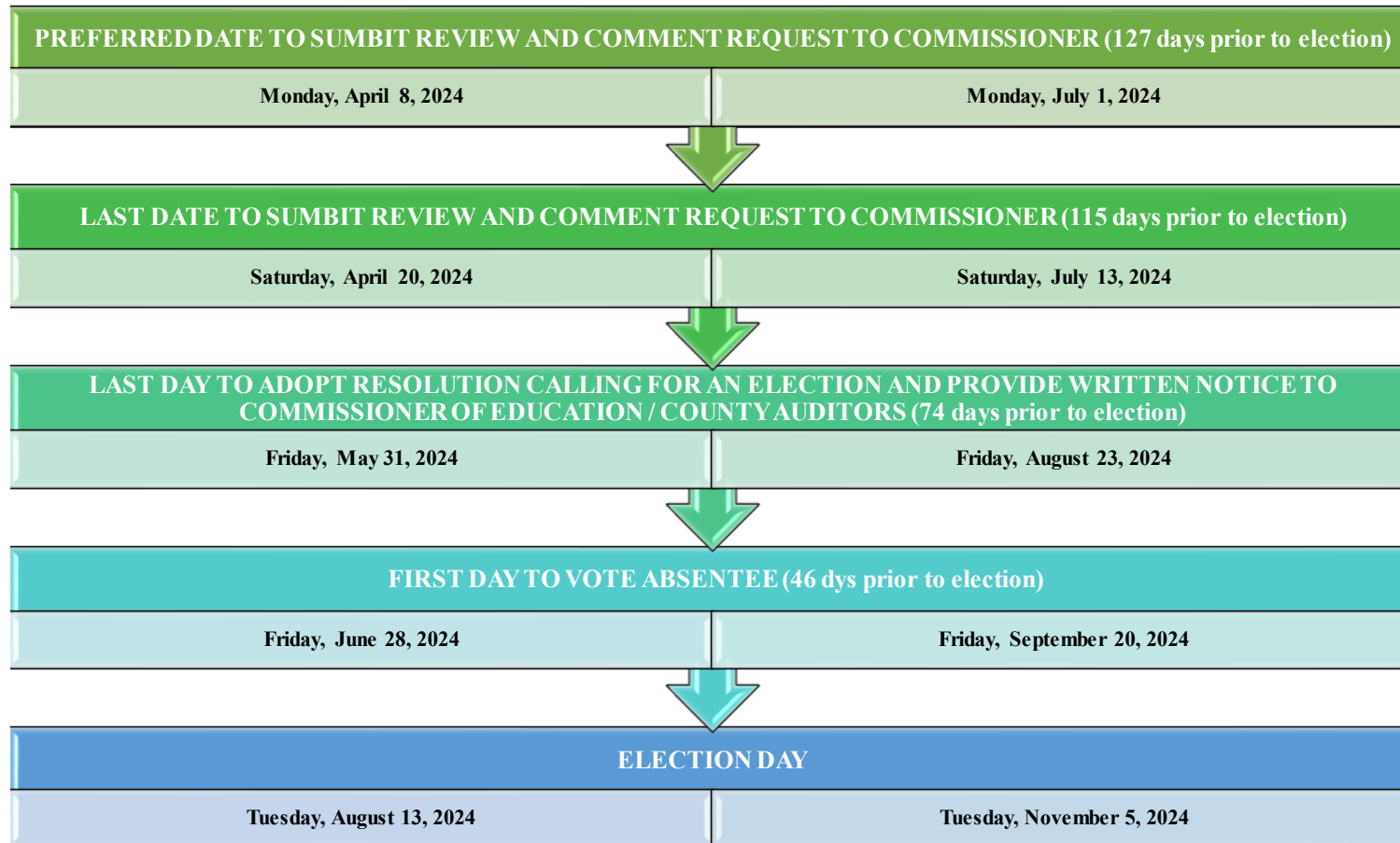
Ag2School Credit %	70%	70%	70%	70%
Ag2School Eligibility				

\* Ag Homestead examples exclude the house, garage and one acre which has the same tax impact as a residential homestead property  
 \*\* The Ag2School Property Tax relief bill passed in May 2019 provides debt service tax relief of levy payments of 55% in 2021, 60% in 2022 and 70% for taxes payable in 2023 and beyond for qualifying agricultural and timber properties



# POTENTIAL ELECTION DATES OF IMPORTANCE





MS 475.58 Subd. 1a. Resubmission limitation. If the electors do not approve the issuing of obligations at an election required by subdivision 1, the question of authorizing the obligations for the same purpose and in the same amount may not be submitted to the electors within a period of 180 days from the date the election was held. If the question of authorizing the obligations for the same purpose and in the same amount is not approved a second time it may not be submitted to the electors within a period of one year after the second election.

\* Except for School Districts in Statutory Operating Debt (SOD), For Operating Levy Referenda, a mail ballot must be used if the election date is not held on the general election date in November

**FURTHER DISCUSSION/  
THOUGHTS/  
QUESTIONS?**



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