

ISD 676 BADGER SCHOOL BOARD WORK SESSION

PRESENTED BY: MATT RANTAPAA

JANUARY 3, 2024

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UPDATES SINCE SCHOOL BOARD WORK SESSION ON 12/20/2023



POTENTIAL ELECTION DATES FOR OPERATING LEVY

Baird reached out to both Roseau County and the district's legal counsel (Dorsey & Whitney) inquiring as to the viability of holding an operating levy referendum on the August 13, 2024 primary election date

Roseau County confirmed there will be both mail ballot precincts and in person voting for taxpayers residing in Badger Schools

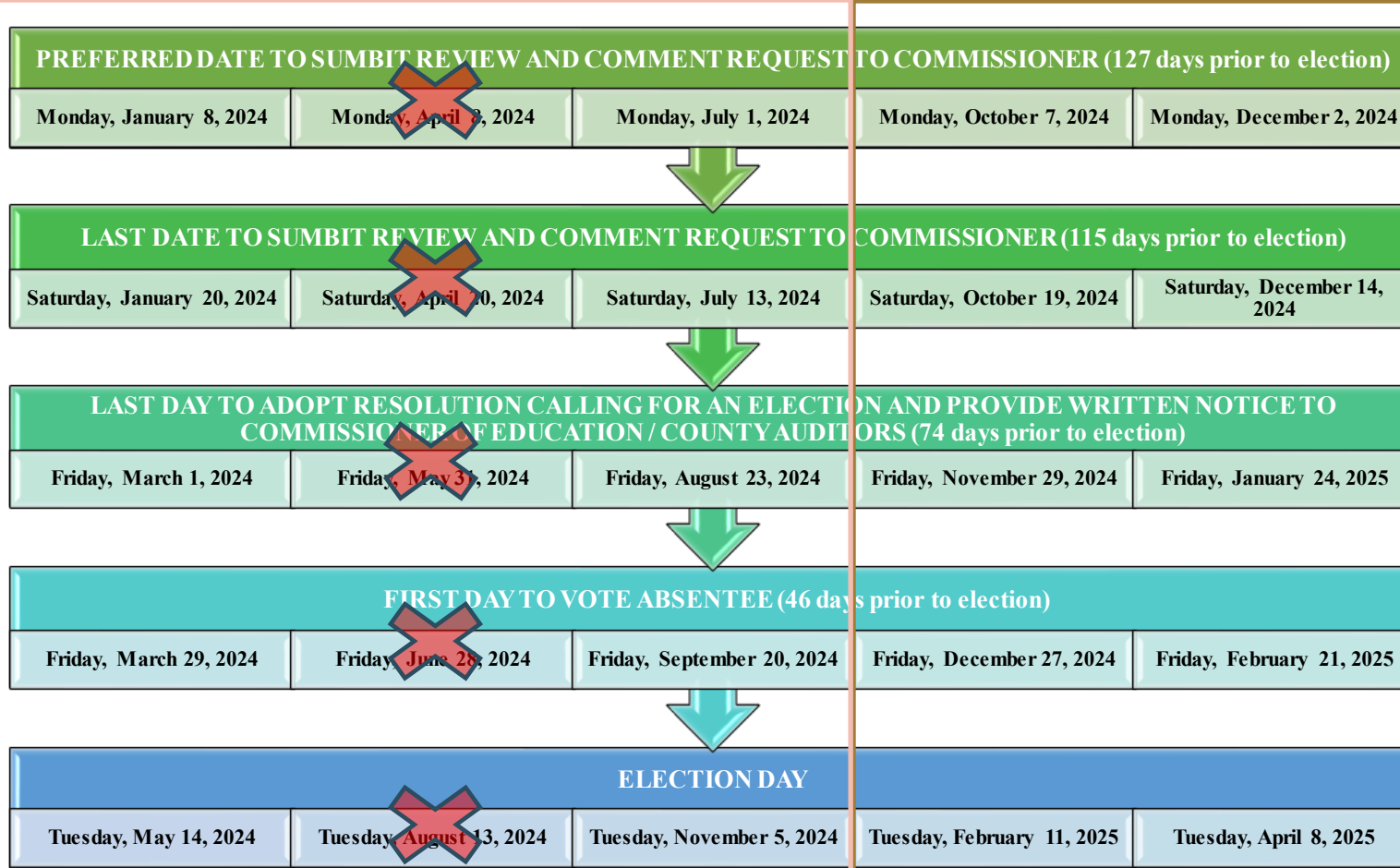
Based on this combination of mail ballot and in person voting, Dorsey & Whitney opined the district is unable to hold a voter-approved operating levy request in conjunction with the primary

Why?

M.S. 126C.17, Subd. 11 states that an operating levy request must be held on the general election date in November unless a mail ballot is utilized, or the district is in statutory operating debt (Badger is not in SOD)

- *The requirement of utilizing a mail ballot would be contradictory with how some district taxpayers would vote via regular ballot in the primary election*

ELECTION DATES OF IMPORTANCE – 2024 W/FEBRUARY & APRIL OF 2025



First year of new revenue for op. levy referendum held in calendar-year 2024 is taxes payable 2025 / FY 2026

First year of new revenue for op. levy referendum held in calendar-year 2025 is taxes payable 2026 / FY 2027

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

FY 2024 BUDGET – UPDATE SINCE LAST SCHOOL BOARD APPROVAL ON 11/13/2023

Revenue	11/13/23 Budget	Revised Budget
Fund 01 – General Fund	\$3,753,448	\$3,753,448
Fund 02 – Food Service	\$168,175	\$168,175
Fund 04 – Comm. Education	\$49,712	\$49,712
TOTAL	\$3,971,335	\$3,971,335
EXPENSE	11/13/23 Budget	Revised Budget
Fund 01 – General Fund	\$4,045,827	\$4,165,077
Fund 02 – Food Service	\$180,582	\$180,582
Fund 04 – Comm. Education	\$48,411	\$48,411
TOTAL	\$4,274,820	\$4,394,070
BUDGET BALANCE	(\$303,486)	(\$422,735)



APPLIED INSIGHTS 2022 DEMOGRAPHIC STUDY

Badger K-12 Enrollment Projection to 2031/32

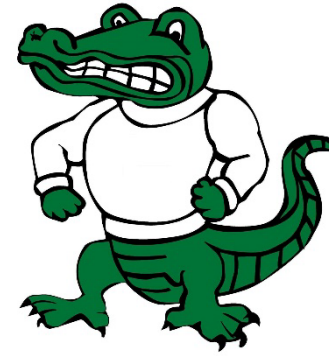
Grade	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
K	14	14	14	13	13	13	14	13	14	13	14
1	17	15	15	15	14	14	14	15	14	15	14
2	18	17	15	15	15	14	14	14	15	14	15
3	18	18	17	15	15	15	14	14	14	15	14
4	12	18	19	17	16	15	15	14	14	14	15
5	12	12	17	18	16	16	14	14	14	14	14
6	15	12	12	17	18	16	16	14	14	14	14
7	16	16	13	13	18	19	17	18	15	15	15
8	21	16	16	13	13	18	19	17	18	15	15
9	20	19	15	15	12	12	17	18	16	17	14
10	20	19	18	15	14	12	12	16	17	15	17
11	15	19	18	17	14	13	12	12	15	16	14
12	20	14	18	17	16	14	13	12	12	14	15
Total	218	209	207	200	194	191	191	191	192	191	190
K – 6	106	106	109	110	107	103	101	98	99	99	100
7 – 12	112	103	98	90	87	88	90	93	93	92	90

Enrollment a/o 12/21/23 for 2023/2024	Grade
17	K
17	1
13	2
18	3
19	4
21	5
13	6
12	7
15	8
20	9
16	10
20	11
18	12
219	Total
118	K-6
101	7-12

Latest 2023/2024 estimate is 219

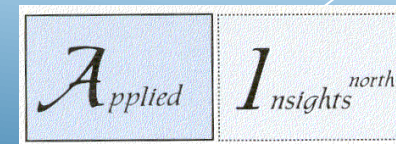


Badger Schools (ISD 676) Student Enrollment Projection to 2031/32



Highlights

- The short summary is that the district's enrollment will decline but remain a solid single-section school.
- K-12 enrollment is expected to decline 12.8% from 218 to 190.
- K-6 enrollment will decline 5.7% from 106 to 100. Grade 7-12 enrollment will drop 19.6% from 112 to 90.
- Average K-6 grade size will start at 15, rise to 16 before falling to 14. Average grade 7-12 grade size will decline from 19 to 15.
- Resident student enrollment will decline 9.1% from 143 to 130 while non-resident student enrollment drops 20.0% from 75 to 60. The portion of total enrollment that is non-resident will be relatively stable going from 34.4% to 31.6%.
- It is important to bear in mind that with such small numbers of students in any given grade unexpected increases or decreases of even a couple of students will show up as substantial percentage changes.




ENROLLMENT CHANGE SIMPLIFICATION

- A change in enrollment by 5- students means a difference in general education revenue of \$65,313
- The district is using a budget of 209 adjusted ADM while having 219 adjusted ADM as of the end of December
- Thus, future revenues could go up approximately **\$130K** per year assuming no change in current student numbers



	Adj. ADM	FY 2024 Gen. Ed. Amount Per ADM	Total General Education Revenue	Revenue Change Compared to Base Adj. ADM of 209	
FY 2024 Est.	209.00	13,062.67	2,730,098.03		
Enrollment Change	219.00	13,062.67	2,860,724.73	130,626.70	Revenue Implications from Enrollment Change
	214.00	13,062.67	2,795,411.38	65,313.35	
	204.00	13,062.67	2,664,784.68	(65,313.35)	
	199.00	13,062.67	2,599,471.33	(130,626.70)	
	194.00	13,062.67	2,534,157.98	(195,940.05)	
189.00	13,062.67	2,468,844.63	(261,253.40)		

REVENUE IMPACT OF CHANGING ENROLLMENT



**VOTER APPROVED
OPERATING LEVY
REFERENDUM
INFORMATION**

ISD 676 - BADGER PUBLIC SCHOOLS

School Year	Student Enrollment (ADM)
2010-2011	218
2011-2012	249
2012-2013	251
2013-2014	247
2014-2015	259
2015-2016	257
2016-2017	241
2017-2018	230
2018-2019	221
2019-2020	233
2020-2021	223
2021-2022	222
2022-2023	215
2023-2024*	219

**Estimate - as of 12/1/2023*

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

REMINDER OF ENROLLMENT AND OPERATING LEVY HISTORY

FISCAL YEAR 2025 INFORMATION (TAXES PAYABLE 2024)

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

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				Yes=1 No=0	Yes Votes	No Votes
1996	1997	793.43	3	1	370	186
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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

**USING FY 2024
BUDGET TO
BEGIN THINKING
ABOUT A
POTENTIAL
OPERATING LEVY
REQUEST**



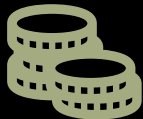
Estimated annual deficit for all funds: (\$422,735)

Based on 209 students



What if students come in at current estimate of 219

Deficit could be reduced to an estimated (\$292,108)



How to balance future budgets?

Additional operating levy revenue?
Expenditure adjustments?
OR a combo of both?

\$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

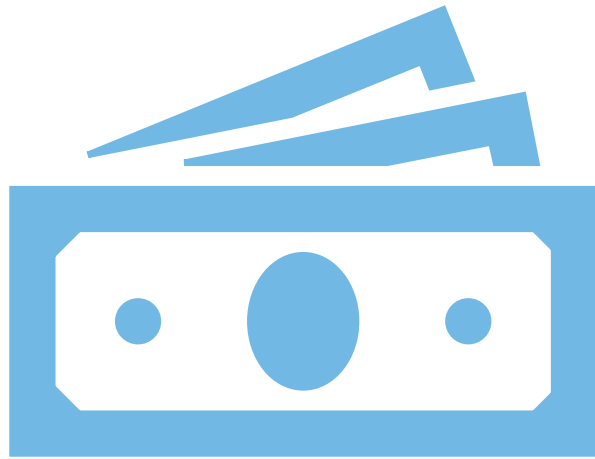
First Tier Aid % *(first \$460 per Adj PU)* 32.396%
 Second Tier Aid % *(next \$000 per Adj PU)* 0.000%

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



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
Final Maturity
Est. Total Principal & Interest
True Interest Cost (TIC%)

	\$20MM 20 Year Term	\$15MM 20 Year Term	\$10MM 20 Year Term	\$5MM 20 Year Term
Preliminary Pay 2024 NTC	1,712,266.00	1,712,266.00	1,712,266.00	1,712,266.00
Debt Levy	941,850.00	752,850.00	556,431.75	373,912.22
NTC Rate	55.006%	43.968%	32.497%	21.837%
Est. Borrowing Amount	20,470,000	15,310,000	10,155,000	5,000,000
Plus: Premium	321,338	250,697	182,931	112,938
Less: Est Costs of Issuance	321,379	253,114	184,884	112,938
Less: Capitalized Interest	469,959	307,583	153,047	0
Available for Project	20,000,000	15,000,000	10,000,000	5,000,000
Final Maturity	2/1/2045	2/1/2045	2/1/2045	2/1/2045
Est. Total Principal & Interest	34,345,180.25	25,711,856.50	17,082,196.38	8,435,842.88
True Interest Cost (TIC%)	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
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
Est. Annual Tax Impact				
50,000	165.02	131.90	97.49	65.51
75,000	247.53	197.86	146.24	98.27
100,000	394.94	315.69	233.33	156.79
150,000	694.73	555.32	410.43	275.80
200,000	994.51	794.94	587.54	394.82
300,000	1,594.08	1,274.19	941.76	632.84
400,000	2,193.64	1,753.45	1,295.97	870.87
100,000	825.09	659.52	487.45	327.56
200,000	1,787.70	1,428.96	1,056.15	709.71
500,000	5,088.06	4,067.04	3,005.95	2,019.95
2,500	2.06	1.65	1.22	0.82
3,500	2.89	2.31	1.71	1.15
4,500	3.71	2.97	2.19	1.47
2,500	4.13	3.30	2.44	1.64
3,500	5.78	4.62	3.41	2.29
4,500	7.43	5.94	4.39	2.95

Ag2School Credit %

70%

70%

70%

70%

Ag2School Eligibility

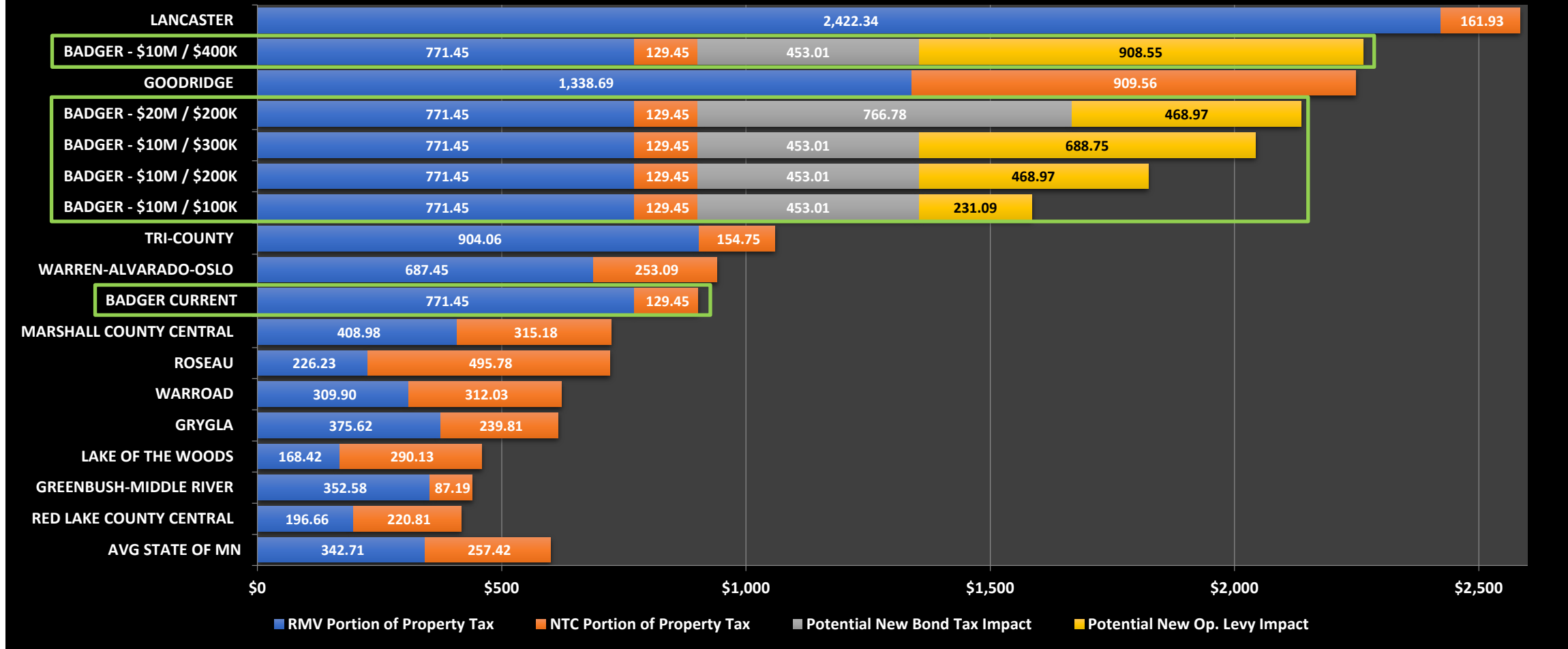
* Ag Homestead examples exclude the house, garage and one acre which has the same tax impact as a residential homestead property

** 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

NEIGHBOR SCHOOL PORTION OF TAX COMPARISON W/POTENTIAL NEW TAX IMPACT

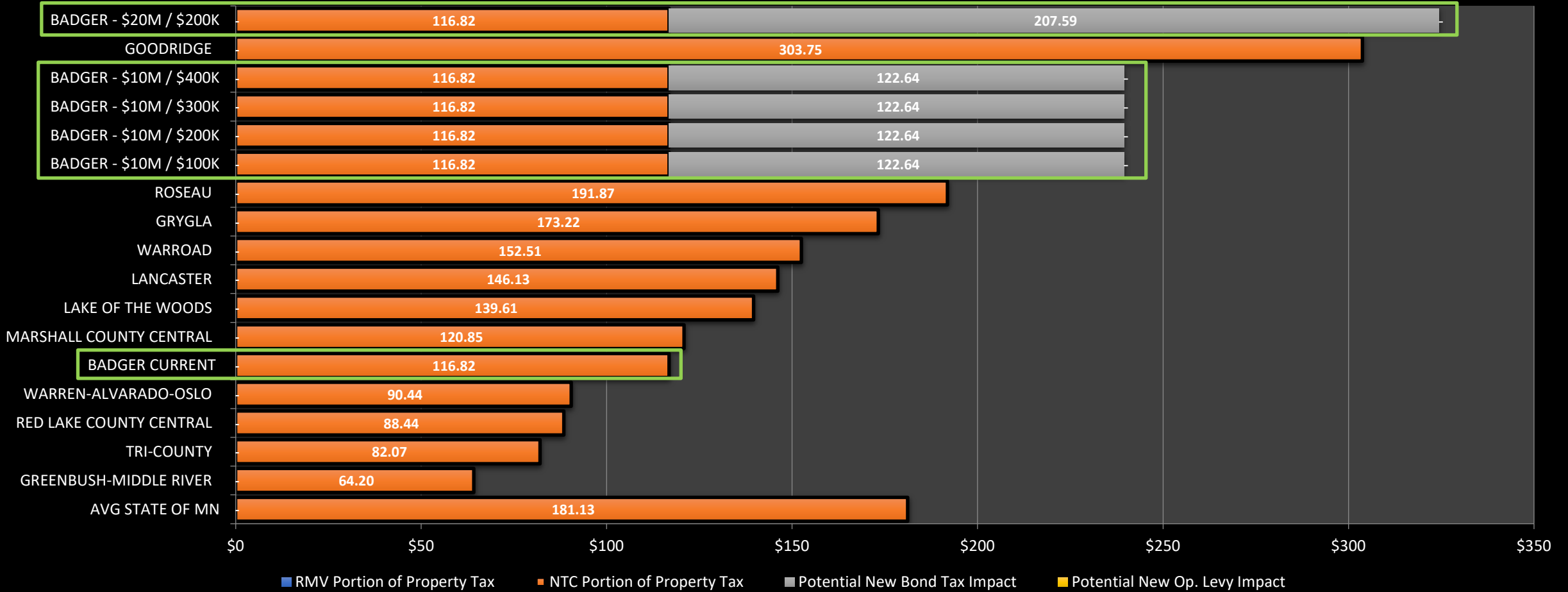
Est. School Portion of Property Taxes Payable in 2024 on a \$162,100 Homestead Residential Property

PID 51.0005801



NEIGHBOR SCHOOL PORTION OF TAX COMPARISON W/POTENTIAL NEW TAX IMPACT CNTD.

Est. School Portion of Property Taxes Payable in 2024 on 160-acre Homestead Agricultural Property valued at \$251,600 or \$1,573 per acre ← PID 01.0023900



**FURTHER DISCUSSION/
THOUGHTS/
QUESTIONS?**

