

COOKE CITY SCHOOL DIST. #9----- School Board Meeting, May 16, 2024

The Board of Trustees met in regular session on May 16, 2024. Present were Trustees Joelle Passerello, Marie Carpenter and Alix House, Teacher Lara Belice and Superintendent Lisa Rosberg. Clerk Laura Carroccia was present via speakerphone.

Trustee Joelle Passerello called the meeting to order at 5:04 p.m.

BUSINESS:

The minutes were reviewed and changes were requested as follows:

- 1) Lara requested that the discussion regarding salaries be given more detail, to include specifically that a bonus would be given if funds allow because large contracted salary increases are not possible due to the variable nature of a small school's budget.
- 2) Alix mentioned that she had received the invoice from Blake, not Joelle.

A motion was made and carried to approve the claims presented. JP/MC

A motion was made (MC) and seconded (JP) to approve the resolution requesting that the county conduct elections in the 2024-2025 school year.

A motion was made (JP) and seconded (MC) to approve the updated 2024-2025 school calendar presented by Lara.

A discussion was held about funding in non-operational status. Laura reviewed the information provided in the report (appendix A). Lara stressed that keeping the school open requires a community effort, for example, businesses hiring families and housing being available to families. Lara provided information about a levy through the Building Fund for maintenance or upgrades to the school building or teacherage, and would reduce a potential levy from the non-operating fund in the event the school does go non-operational. The Building Levy has a state match, the state would provide over half of the total allowable funding. It was discussed that the Board should be upfront with the community about any levies and the reasoning behind them. Marie and Laura will follow up later in the year on applying for Resort Tax Funds.

Laura went over the remaining funds and expenditures for this year. The Board would like to use the \$3,000 budgeted for propane towards paying next year's insurance premium and save on ordering more propane until next year.

Teacher Comments, Concerns:

Lara thanked Laura and Lisa for their work figuring out funding for a non-operational school.

Lara stated that things are going well with nine days left of school. The Dark Sky Film will premier next week and is very good. Checks will need to be sent out as previously approved by the Board.

Aspen is not going to work out this year.

The four-day field trip will take place next week, Lara is hoping for clear skies. Some of the students were able to watch the Northern Lights, which was a great end to a year studying dark nights.

Clerk comments, Concerns:

None

Superintendent comments, Concerns:

None

Board comments, Concerns:

The meeting adjourned at 4:55 p.m.

The next meeting is scheduled on **Wednesday June 12, 2024 at 5 p.m.**

Submitted by Laura Carroccia, Clerk

Appendix A

Cooke City School

Funding 2024-2025 and 2025-2026 if Non-Operational

Updated 5/14/2024

101 General Fund

If the school opens with students enrolled in September, it will receive its General Fund and Retirement Fund for the whole year (this has been confirmed by Paul Taylor at OPI, who conferred with Lance Melton at MTSBA). The school will not declare non-operating status until July 1st 2025 if non students are enrolled at that point. Once non-operating status has been declared by the Board, all funds, apart from Fund 115, will be transferred to the non-operating fund. See table below for fund balances (as of May 2023) which would be transferred to the non-operating fund.

| | | |
|----------------------------|-----------------|---|
| 101 Operating Reserve | \$5,824 | <i>Operating reserve as of June 2023</i> |
| 101 2024 operating reserve | | <i>If left over general funds from FY24</i> |
| 114 Operating Reserve | \$1,435 | <i>Operating reserve as of June 2023</i> |
| 114 2024 operating reserve | \$2,000 | <i>Estimated left over from FY24</i> |
| 126 Impact Aid Fund | \$4,061 | |
| 128 Technology Fund | \$179 | |
| 129 Flexibility Fund | \$4,167 | |
| 161 Building Reserve Fund | \$295 | <i>Possibility for additional \$7,465 and \$8,305 if levied</i> |
| Total | \$17,961 | |

Fund 115

Fund 115 can be spent according to the requirements of each grant during the non-operating year. (OPI)

My understanding is that the insurance money can be spent however the Board wishes, but if this is incorrect then that should be removed from the available funds. The table below shows our *current* estimate of what Fund 115 will look like at the end of next year. If we spend any of these funds down, or receive more money, this will change.

| | | |
|----------------------|----------|------------------|
| Fund 115 | | |
| REAP 24 | \$19,000 | <i>Estimated</i> |
| Supp Base Aid | \$462 | |
| Misc Fund | \$2,618 | |
| Roof Insurance Claim | \$10,870 | |
| Bison Lens | \$1,234 | |
| School Fundraiser | \$401 | |
| Library | \$155 | |
| Activities | \$95 | |

| | | |
|------------------|----------|--|
| Friends of Cooke | \$909 | |
| Impact Aid | \$3,618 | |
| Total | \$39,362 | |

2025-2026 School Year if non-operating

If the school is non-operational in 2025-2026, the school will have to levy the district through the non-operating fund if the remaining funds at the end of the 2024-2025 school year will not cover expenses. The levy amount must be approved by the county commissioners. Looking at the current figures, the school may have around \$17,000 to transfer to the non-operating fund, and \$39,000 in Fund 115.

Insurance

If the school goes non-operating, it will still need to maintain our insurance coverage at a minimum premium basis. This would provide property coverage for the building and E&O and GL coverage for the district during the runout period. The minimum premium amount would be approximately \$2,500. At the end of the runout period, we would cancel the policy. If enrollment changes and there is no enrollment during the school year, then the premium would be prorated and we would be refunded the difference. (Montana Schools Property & Liability Insurance).

Options

Building Fund

The Board can levy the Building Fund up to \$15,770 per year. The state has a match, so the district tax payers would pay \$7,465 and the state would contribute \$8,305. This funding can be used to pay building maintenance and upgrades and would shore up the funds available to the school. I believe the school should have some money set aside for building maintenance and upgrades. This would benefit the school if it continued to operate as normal. If the school does go non-operational, the building fund balance would be transferred to the non-operating fund.

| Fund Supported | Estimated Change in Revenues | Estimated Change in Mills | Estimated Impact, Home of \$100,000* | Estimated Impact, Home of \$200,000* |
|-----------------------|-------------------------------------|----------------------------------|---|---|
| Building Reserve | \$15,770 | 2.15 | \$2.90 | \$5.80 |

* Impacts above are based on the current certified taxable valuations from the current school fiscal year

Cooke City Resort Tax

If the school received funds from the resort tax, it would reduce a district tax levy in the 2025-2026 school year. I think the school should apply for some funding even if we end up getting more students for next year. It would be a great benefit to have some funds set aside for unforeseen situations.

Remote Learners

From MTSBA:

As to maintaining enrollment through virtual means – The district is limited to serving only resident pupils (with minor exceptions). So you would have to have the cooperation of the family considering leaving that they intend to return and are only moving “for labor or other special or temporary purpose” under 1-1-215 to qualify to attend Cooke City through remote means only.

Assuming you get over the hurdle of residency, a student can be enrolled part time in 2 or even more districts, provided that no more than 1 fulltime ANB can be claimed for any individual student no matter how many districts are serving the student.

20-7-118. Remote instruction. (1) A school district may provide remote instruction, including the provision of services through electronic means. A district shall comply with any rules adopted by the board of public education that specify standards for remote instruction. The provision of remote instruction by a district is **limited to pupils:**

(a) meeting the residency requirements for that district as provided in [1-1-215](#);

(b) living in the district and eligible for educational services under the Individuals With Disabilities Education Act or under 29 U.S.C. 794; or

(c) seeking remote instruction in the nearest district when the pupil's district of residence does not provide remote or in-person instruction in an equivalent course. A course is not equivalent if the course does not provide the same level of advantage on successful completion, including but not limited to dual credit, advanced placement, and career certification.

(2) A school of a district providing remote instruction shall provide remote instruction to an out-of-district pupil under subsection (1)(c) unless, because of class size restrictions, the accreditation of the school would be adversely impacted by providing remote instruction to the pupil.

(3) The superintendent of public instruction shall adopt rules for the administration and enforcement of this section.

School Closure

If the school closes, the district would be annexed into an adjacent district, most likely Gardiner. Paul Taylor at OPI did a comparison of property taxes if the district became part of Gardiner. Cooke City residents would end up paying more in property taxes than they currently pay. Approximately \$33 vs \$20 per \$100,000 home. If the school does get annexed into another district, the school would need to appeal to the school district, superintendent, county commissioners and state superintendent to reopen. However, it would remain part of Gardiner School District.

Copied below are details from the OPI fact sheet regarding non-operating schools:

Non-Operating Districts

Q: What is a Nonoperating District

A “Nonoperating district” is a school district that does not run classes or have students. Students attend neighboring school districts as nonresidents.

Q: What Causes Districts to Become Nonoperating?

Districts become nonoperating when there are either no students or the board chooses to become nonoperating. MCA 20-6-509 states that the board of trustees may close a school.

Q: What is the Process for Becoming a Nonoperating District?

- A. Pass a resolution at a board meeting stating the name of the school, the reason for going nonoperational and when the school will go into nonoperational status.
- B. Send a letter of intent on letterhead with the resolution and the board minutes to the Office of Public Instruction.
- C. On the first day of the first school year in nonoperating status, the trustees must establish a nonoperating fund. Transfer all fund balances from all other funds of the district into the nonoperating fund, except debt service and miscellaneous programs fund. (MCA 20-9-505)

Q: What is a Nonoperating Fund?

The nonoperating fund is a budgeted school district fund. The trustees must set an official budget for the fund. The revenue sources are taxes, non-levy revenues (such as interest), and county and state transportation aid. The fund may hold an amount equal to the prior year general fund operating reserve as operating reserve at the beginning of the first year. At the end of the first year, all remaining funds must be “reappropriated” to fund the budget of the 2nd year. The trustess of a nonoperating district shall adopt a nonoperating school district budget. MCA 20-9-506.

Q: Do Nonoperating Schools Receive State Per-Pupil Funding?

Nonoperating schools are not funded by the state, except that transportation aid is still available.

Q: How Does a Nonoperating School Provide Education for Resident Students?

The resident students attend neighboring schools. The nonoperating district should initiate attendance agreements with the neighboring school for each student. The nonoperating school is responsible for tuition, if charged, and may transport the student to the other school.

To pay tuition, the district signs an attendance agreement, and adds the cost to the budget for the nonoperating fund. Usually, tuition is paid the year after the student attends. A nonoperating district may choose to budget and pay for the tuition in the year of attendance to avoid having tuition obligations continue the year after abandonment. The taxes levied to support the nonoperating fund are then used to pay tuition to the school the student attends.

To transport students, the nonoperating district may either make an agreement with the district of attendance that the transportation will be handled by the school of attendance, or the nonoperating district may continue to run a bus and/or offer individual contracts to reimburse parents for mileage. The allowable state and county reimbursement and any additional costs to be paid by district taxes are budgeted, collected, and spent through the nonoperating fund.

Q: How Long Can a School District Remain Nonoperating?

Elementary Districts (MCA 20-6-209)

An elementary district must close permanently if:

- a) the district does not operate at least 180 days for 3 consecutive years

b) there are not sufficient residents to act as trustees and clerk so a legal board can be organized.

If a district has not operated for 2 years, the county superintendent must notify the district before the first day of the 3rd year that if they do not operate 180 days in the 3rd year, the school will be abandoned and annexed. The annexation is effective on July 1 at the end of the 3rd year. If the county superintendent fails to make notification, the annexation must still become effective.

If there are not enough residents to form a legal board, the district must be abandoned and annexed immediately.

The district must have 2 students to reopen (MCA 20-6-502). When the school district reopens, the trustees must reestablish a general fund and transfer the balance of the nonoperating fund into it and use it as the general fund operating reserve.

If trustees want to reopen a nonoperating school during the 1st or 2nd year of nonoperating status instead of at the opening of the next school year, they can do so if the school qualifies as an isolated school by applying as provided under MCA 20-6- 502(4)(b).

High School (MCA 20-6-307)

A high school district must be abandoned if the district fails to conduct a high school for 1 year. Within 6 months of the high school failing to operate, the county superintendent must order the high school abandoned. The county superintendent will notify the district at least 20 days before issuing the abandonment order.

The county superintendent's order will also order the attachment of the elementary school(s) in the abandoned district to another high school district of the county. (MCA 20-9-505)

Q: What happens to the Cash when a Nonoperating School District Attaches to Another School District (MCA 20-6-413)?

Cash must first be used to pay any debts of the nonoperating district, including bonded indebtedness, tuition, transportation costs, payments due on contracts, payroll and benefits owed, etc. Any debt service fund cash must first be used to pay bonded indebtedness.

If cash remains after settling all debts, the cash must be transferred to the trustees of the district or districts assuming the territory of the closed district. When 2 or more districts are assuming the territory, the cash is prorated based on the taxable value of the attaching properties of the closed districts.

Any tuition still owed by the closing district must remain the obligation of the taxable property of the closing district (i.e., require a special levy for tuition on ONLY the taxable valuation in the closed district territory), unless the district of attachment assumes the debt.

Q: What are the Nonoperating District's Options for Disposing of the School Property?

Before closing, the regular laws on district purchase, use and disposal of property would be effective. MCA 20-6-603 and 604 list requirements for all district trustees' disposal and sale of property, including publishing and hearing requirements. The laws do not state different requirements for a closing district while in nonoperating status.

Most closing districts contribute all remaining property to the district to which they attached. The trustees of that district then determine how it is subsequently used.

Once the district is closed, the law is specific. MCA 20-6-417 requires that “whenever district boundaries are changed,” title to real and personal property of the district involved in the boundary change become the property of the district that acquired the new territory.

For more information and guidance please call Andrea Mohammadi (406) 444-1960 or Laci Novark (406) 444-4401

Montana Code Annotated 2023

TITLE 20. EDUCATION

CHAPTER 6. SCHOOL DISTRICTS

Part 5. Opening and Closing of Schools

Opening Or Reopening Of Elementary School

20-6-502. Opening or reopening of elementary school. The trustees of any elementary district may open or reopen an elementary school of the district when the opening or reopening has been approved in accordance with the following procedure:

(1) The parents of at least two pupils who would attend the opened or reopened school petition the trustees of the district to open or reopen a school. The petition must identify the school, state the reasons for requesting the opening or reopening, and give the names of the children who would attend the school.

(2) If the trustees approve the opening or reopening of a school, they shall send the petition with a copy of their approval resolution to the county superintendent. The county superintendent shall review the petition to determine if the average number belonging (ANB) of the school would be two or more. If the trustees plan to open or reopen the school during the current school fiscal year, the trustees shall include the proposed opening date in the approval resolution and shall request that the process outlined in this section be expedited.

(3) The county superintendent shall present the petition, the trustees' approval, and the county superintendent's findings on the probable ANB to the board of county commissioners for their consideration. The board shall deny the opening or reopening of any school if the county superintendent's enrollment estimate for the school is less than two ANB. In all other cases, the board may approve or disapprove the requested opening or reopening of the elementary school.

(4) (a) If the board approves a school opening or reopening, the county superintendent shall send a copy of the approval, along with the petition, the trustees' approval, and the county superintendent's estimate of the probable ANB, to the superintendent of public instruction. Except under the circumstances described in subsection (4)(b), the trustees shall apply to the superintendent of public instruction for approval to open or reopen the school by June 1 prior to the beginning of the school year in which they intend to open or reopen the elementary school. The superintendent of public instruction shall approve or disapprove the requested opening or reopening of the elementary school by the fourth Monday of June. If the opening or reopening is approved, the superintendent of public instruction shall approve or adjust the ANB estimate of the county superintendent for the school and the ANB amount

must be used for budgeting and BASE funding program purposes during the ensuing school fiscal year. An ANB amount may not be approved for the ensuing school fiscal year for an opening or reopening school when the request for the school has not been received by the superintendent of public instruction by June 1.

(b) (i) If the opening or reopening is approved and the trustees want to open or reopen the school during the current school fiscal year, the trustees shall submit a budget request to the superintendent of public instruction for that portion of the fiscal year in which the school will be in operation prior to the ensuing school fiscal year. The superintendent of public instruction shall approve or adjust the budget request and shall fund the budget for the portion of the school year in which the school will be in operation.

(ii) Before a school may open or reopen during the current school fiscal year, the school must be classified as an isolated school in accordance with the provisions of **20-9-302**, except that the dates in that section for the submission and approval of the application for classification do not apply and the application must be made at the same time that the application for opening or reopening the school is made.