

# **School District Dissolution**

**By: Jodi Johnson**

Prepared by

Cyndy Laber

ND Dept of Public Instruction

October 22, 2018

# Definitions

## NDCC 15.1-12-01

- Dissolution – district ceases to function and property is attached to other districts
- Annexation – alteration of district boundaries through the removal of land from one district and attachment to another
- Contiguous – tracts of real property which share a common point or would share a common point but for a road or right of way
- State Board – State Board of Public School Education
- Reorganization – formation of a new district through combination of two or more existing districts

# Grounds for Dissolution

## NDCC 15.1-12-26

- County Committee Initiate Proceedings to Dissolve when . . .
  - District financially unable to educate students
  - Has not operated a school as required by NDCC15.1-12-24 Non-operating School District
  - School Board has determined dissolution in best interest of students
- Attach Property to another Operating High School District

# Grounds for Dissolution

## NDCC 15.1-12-26

- Initiation of proceedings by a County Committee to dissolve a school district
  - Voids pending annexation petition (unless already approved by State Board)
  - Prohibits acceptance of any new annexation petition (until dissolution proceedings completed)
- Annexation may not be used to attach all property in a district to surrounding school districts

# Dissolving Districts-Job Service Notification

## NDCC 15.1-12-26.1

- Job Service must be notified prior to the County Committee hearing
  - Estimate of district's possible potential obligation to Job Service for unemployment compensation payments

# Notice, Hearing, and Attachment NDCC 15.1-12-27

- County Superintendent – provides public notice of hearing to dissolve
  - Notice given in each county that encompasses property within the district, and in each county that encompasses property in adjacent high school districts
  - 14 days prior to hearing
  - Notice given to business managers of adjacent high school districts

# Williams County Reorganization Committee 15.1-10

- Appointed by County Commissioners

# Notice, Hearing, and Attachment NDCC 15.1-12-27

- At the hearing . . .
  - Board of dissolving district may (**strongly encouraged**) propose a manner of dissolution
  - It is suggested, (**strongly encouraged**) to facilitate work of the County Committee, that the Board of the dissolving district
    - meet with patrons/parents before the hearing to determine where they want their children to attend and
    - make a recommendation as to attachment of the land



# Notice, Hearing, and Attachment

## NDCC 15.1-12-27

- County Committee shall consider testimony and evidence regarding . . .
  - Value and amount of property held by district
  - Outstanding bonded or other indebtedness
  - Distribution of assets and property to high school districts to which property is attached
  - Taxable valuation of dissolving district and adjacent high school districts
  - Number of students in dissolving district and adjacent high school districts

# Notice, Hearing, and Attachment

## NDCC 15.1-12-27

- County Committee shall consider testimony and evidence regarding . . .
  - Population of dissolving district and adjacent high school districts
  - Name, location, condition, accessibility, and grade levels offered in each school in dissolving district and adjacent high school districts
  - Location & condition of roads, highways, natural barriers in dissolving district and adjacent high school districts
  - Conditions affecting welfare of students in dissolving district and adjacent high school districts

# Notice, Hearing, and Attachment NDCC 15.1-12-27

- County Committee shall consider testimony and evidence regarding . . .
  - Boundaries of other governmental entities
  - Educational needs of communities in dissolving and adjacent high school districts
  - Potential savings in transportation and administrative services
  - Future use of dissolving district's buildings, facilities, and playfields
  - Potential for reduction of per student valuation disparities between high school districts to which property is attached

# Notice, Hearing, and Attachment NDCC 15.1-12-27

- County Committee shall consider testimony and evidence regarding . . .
  - Potential to equalize or increase opportunities for students
  - All other relevant factors

# Notice, Hearing, and Attachment NDCC 15.1-12-27

- County Committee makes Findings of Fact
- County Committee orders district dissolved and attaches real property to one or more contiguous high school districts
  - Subject to State Board approval

# Notice, Hearing, and Attachment

## NDCC 15.1-12-27

- County Superintendent
  - Forwards minutes, evidence, documents to State Board of Public School Education
- State Board of Public School Education
  - Publishes notice of dissolution hearing in all counties, at least 14 days prior to hearing
  - Order of dissolution becomes effective July 1 following State Board approval, unless county committee provides for a different effective date

# Notice, Hearing, and Attachment NDCC 15.1-12-27

- County Committees - Hearing to Dissolve
  - If dissolving district's boundaries cross county lines
    - Proceedings must be conducted jointly by county committees representing counties containing 25% or more of the dissolving district's taxable valuation
    - If committees fail to reach agreement to order dissolution, the State Board is notified
    - State Board shall . . .
      - Publish notice of hearing, 14 days prior to hearing date
      - Order the attachment in a manner it deems appropriate

# Notice, Hearing, and Attachment NDCC 15.1-12-27

- State Board provides notification of dissolution and attachment to Job Service ND
  - Provides information on the valuation of property from the dissolving district to receiving districts



# Unobligated Cash Balance

## NDCC 15.1-12-28

- Distribution
  - Unobligated cash balance, not exceeding \$10,000, kept in separate fund by County Auditor of county having greatest share of dissolved district land
    - Hold for one year after effective date of dissolution
    - Accept assets and pay unresolved debts

# Unobligated Cash Balance

## NDCC 15.1-12-28

- County Auditor, after one year . . .
  - If not enough funds in Job Service reimbursement account, then as much of balance as necessary is deposited to reimbursement account
  - Unless otherwise directed by the order of dissolution remaining balance is distributed to receiving districts based on percentage of taxable valuation received

# Job Service Reimbursement Account

## NDCC 15.1-12-28.1

- Reimbursement Account
  - After dissolution is approved, dissolving district must set aside sufficient funds in Job Service reimbursement account for potential payments for unemployment compensation
  - Account established with North Dakota School Boards Association or County Auditor
  - Job Service must be notified of location of the account
  - Funds held for 2.5 years from date of dissolution

# Job Service Reimbursement Account

## NDCC 15.1-12-28.1

- Reimbursement Account
  - After 2.5 years funds remaining are distributed to school districts receiving property in the same proportion as taxable valuation of property received

# Job Service Reimbursement Account

## NDCC 15.1-12-28.1

- Reimbursement Account
  - If funds are insufficient to reimburse Job Service, school districts that received property must pay balance owed to Job Service in the same proportion as taxable valuation of property received

# Unobligated Cash Balance – Tax Credits or Refunds

## NDCC 15.1-12-29

- Remaining Unobligated Cash Balance
  - After \$10,000 plus amount necessary for potential Job Service Reimbursement are set aside
- Up to amount equaling dissolved district's general fund expenditure for the last school year becomes a credit against real estate taxes levied by the district to which their property is now attached

# Unobligated Cash Balance – Tax Credits or Refunds

## NDCC 15.1-12-29

- If property is attached to more than one district
  - The percentage of the total credit must equal the percentage that the taxable valuation of the individual's real property bears to the total taxable valuation of dissolved district's property at the time of the attachment order

# Unobligated Cash Balance – Tax Credits or Refunds

## NDCC 15.1-12-29

- District May Provide a Cash Refund in Lieu of Tax Credit
  - Must be approved by county commissioners
  - District pays to the county treasurer the amount to be paid to those who own real property
  - Refund paid by treasurer to property owner (less any liens)



# Unobligated Cash Balance – Tax Credits or Refunds

## NDCC 15.1-12-29

- Any remaining balance is distributed to districts receiving property
- Percentage of the balance to which each district is entitled equals percentage of taxable valuation attached to the receiving district

# Other Resources

- **Go to [Williamsnd.com](http://Williamsnd.com)**
- **Click on Departments**
- **Click on School District Information**

# For Additional Information

- Caryn Woodstead,
- Administrative Assistant III, ND Dept of Public Instruction, 701-328-2283,  
**cwoodstead@nd.gov**