Ohio Department of Education ..... Policy and Guidance

Community Schools Guidance Letter #2010-4
Effective Date: July 1, 2010
Updated: February, 2014

Community School Closing Procedures

Objective

To assure that procedures are in place and are used by a community school governing authority and sponsor when the school's contract expires, the sponsor nonrenews a contract or the sponsor terminates a contract and permanently closes a community school and it ceases operation. The procedures shall include, at a minimum, processes for reporting data to the department, handling student records, distributing assets, and other matters related to ceasing operation of the school.

Statutory Requirement

Ohio Revised Code Section 3314.015 Oversight of sponsors.
(E) The department shall adopt procedures for use by a community school governing authority or sponsor when the school permanently closes and ceases operation, which shall include at least procedures for data reporting to the department, handling of student records, distribution of assets in accordance with section 3314.074 of the Revised Code, and other matters related to ceasing operation of the school.

Policy

Sponsors must provide and execute a plan for an orderly wrap-up of a community school's affairs upon a permanent closure of a community school, preferably prior to the school closing its doors. A school is officially closed when instruction is no longer taking place and the governing authority or sponsor issues an official notice which states the date of the school's closure. The sponsor and a representative of the governing board are required to complete and sign the *Assurance to ODE Form* attached to this guidance letter. The role of the sponsor in this process is to assure that the governing authority of the community school has taken required actions to properly address closing issues and/or to take those actions itself if the governing authority is no longer able or functioning. Inasmuch as a plan for school closure is a required part of the school's contract with the sponsor, final preparations as part of that plan should be in place prior to the last day students are in attendance.

Guidance

This guidance letter provides an easy-to-use Closing *Assurance to ODE Form*. By completing this assurance, sponsors attest that proper notifications have occurred, required data have been submitted (or a plan is in place if data must be submitted after the close of the school), records have been properly distributed, assets have been properly disposed with dates recorded in the cells indicated, and a final FTE review will be scheduled within 7 **business** days and the final state audit will be scheduled within 30 days of the closure while student original records are on site for the final FTE review and final state audit. The sponsor shall be in touch with the Auditor of State to request that the final audit is scheduled so that this timeline can be met.

There are four sections that comprise the community school sponsor Assurance to ODE Form. These sections, *Initial Notifications*, *Student Records and School Records*; *Disposition of Assets;* and *Preparation of Itemized Financials,* are to be completed as soon as practicable after the closure of the school. In the event that refunds are generated at a later date, the Sponsor shall follow the instructions in Part IV and complete the section *Final Payments and Adjustments*.

Sponsors collaborate with ODE in assuring that a final FTE review will be scheduled within 7 **business** days and the final state audit will be scheduled within 30 days of the closure while student original records are on site. Sponsors must also sign the assurance form and submit it to the Office of Community Schools. In those circumstances where certain parts of the assurances cannot be completed due to conditions that impede the submission of complete assurances, the sponsor shall notify the Office of Community Schools and arrange for a supplement of the assurances to be turned in at a later date.

Records

As more fully described in this guidance, sponsors are required to secure all school records that are needed by the Ohio Department of Education, U. S. Department of Education, Ohio Auditor of State and other interested entities in order to close the school as well as generate a final FTE review and final audit. Records generally describe particular information that is maintained and kept for the proper administration of the school, and include student, staff, and administrative/financial information. Please note the following categories and types of records should not be considered as the entire list of documents which might be examined during a closing procedure. Other records may be requested during an FTE review or final audit.

Student records include but are not limited to: documents normally found in permanent record folders that are necessary for these reviews and audits, include attendance records that detail enrollment and attendance history; grades and grade levels achieved; transcripts, particularly for students enrolled in grades 9-12 and for graduates of the school; proof of residency documents that identify a student's home district; two (2) SOES reports, one with names and SSID numbers, and one with SSID numbers only; special education folders; and other such information that may be maintained and kept in a student permanent record folder.

Staff records include but are not limited to: employment agreement or contract; salary and benefits information; attendance and leave information; employee licenses; LPDC status and record of continuing education; and other such information that may be maintained in an employee record folder.

Administrative/financial records include but are not limited to: lease or rental agreement; deed if property is owned; inventories of furniture and equipment, including purchase price, source of funds for payment, date purchased, and property tag number; bank and financial reports, including all financial statements created by the fiscal officer; bank statements and checks; schedule of unpaid debt detailing amount, vendor and date of obligation; invoices, receipts, vouchers, and purchase orders that detail expenditures, grant records, including detail of federal and state grant awards and final expenditure reports, contracts; and other such information that may be maintained to serve as the administrative/financial records for the school.

Record Retention for all school records (student, personnel, fiscal, etc.) shall be secured by the authorizer/sponsor prior to closing and shall be maintained until such time as detailed under records retention requirements. In the case of student records, see in particular the procedures detailed in Initial Notifications, Student Records and School Records on the Assurance Form. All records should be retained based on the following federal and state requirements:
Record retention is governed by the record retention requirements of the governing entity's record retention requirements. The DAS site for records retention schedules is:
http://apps.das.ohio.gov/rims/General/General.asp)
The federal records retention schedules can be found in 34 CFR 74.53 - RETENTION AND ACCESS REQUIREMENTS FOR RECORDS at FR-2010-title34-vol1/CFR-2010-title34-vol1-sec74-53/content-detail.html

All such records are to be secured by the sponsor prior to closing and shall be maintained until such time as detailed under records retention requirements. In the case of student records, see in particular the procedures detailed in Initial Notifications, Student Records and School Records on the Assurance Form.

References

Ohio Revised Code (ORC) 3314.015 "(E): The department shall adopt procedures for use by a community school governing authority and sponsor when the school permanently closes and ceases operation, which shall include at least procedures for data reporting to the department, handling of student records, distribution of assets in accordance with section 3314.074 of the Revised Code, and other matters related to ceasing operation of the school."

Attachments

Assurance to ODE Form
NACSA Closing Guidance resources:
http://www.qualitycharters.org/assets/files/images/stories/publications/2010_NACSA_Closure_Guide.pdf?q=images/stories/publications/2010_NACSA_Closure_Guide.pdf

Assurances Documents – Submit To

Office of Community Schools
Ohio Department of Education
25 South Front St., Mail Stop 307
Columbus, Ohio 43215-4183
(614) 466-7058 (Fax) (614) 466-8506

Assurance to ODE Form

School Name: _____Sponsor Name_____

I. Initial Notifications, Student Records and School Records	
Completion Date	**Mandatory Task**
	To the extent that the school governing authority is unable or unwilling to execute its responsibilities in effecting an orderly closure of the school, the sponsor shall assume part or all of such tasks as are hereinafter described.
	Notify ODE that the school is closing and send the board resolution or an official sponsor notice from the superintendent or CEO within 24 hours of the action which includes the date of closing of the school. A school is officially closed when instruction is no longer taking place and the governing authority or sponsor issues an official notice which states the date of the school's closure.
	Notify parents that the school is closing through a formal letter from the school GA and the sponsor superintendent or CEO within 24 hours of the action. The letter to include but not limited to: the reason for the closing of the school, options for enrolling in another community school, traditional schools or nonpublic schools and contact information.
	Notify the Ohio State Teachers Retirement System and School Employees Retirement System.
	The sponsor shall take control of and secure all school records, property and assets immediately when the school closes: Reference the following DAS site for records retention schedules: http://apps.das.ohio.gov/rims/General/General.asp
	1. Student records shall be put into order and transcript materials produced immediately;
	2. A final FTE review will be scheduled within 7 **business** days and the final state audit will be scheduled within 30 days of the closure while student original records are on site for the final FTE review and final state audit;
	3. Copies of student records shall be provided by the school's Chief Administrative Officer to all resident districts within seven business days of closure of the school as defined in section 3314.44 of the revised code; original records shall be sent by the sponsor to resident districts upon completion of the final state audit. In the interim, sponsors retain original records until completion of the audit.
	4. Special education records shall be provided directly to receiving school special education administrators for all students with disabilities, particularly for students with physical needs or low incidence disabilities.
	In concert with the governing authority, notify the school's staff of the decision to close the school:
	1. Provide a clear written timeline of the closing process;
	2. Ensure that STRS and SERS contributions are current;

Completion Date	Initial Notifications, Student Records and School Records Mandatory Task Continued
	3. Clarify COBRA benefits and when medical benefits end;
	4. Remind the faculty of their obligation to teach up to the date of closing or otherwise determine that the school is properly staffed up to the time of closing;
	5. Ensure that each faculty's LPDC information is current and available to the teachers;
	6. Provide sponsor contact person information to all staff.

II. Disposition of Assets	
Completion Date	**Mandatory Task**
	To the extent that the school governing authority is unable or unwilling to execute its responsibilities in effecting an orderly closure of the school, the sponsor shall assume part or all of such tasks as are hereinafter described.
	If the governing authority does not retain a treasurer to oversee the remaining financial activity, the sponsor, as may be provided for in the community school contract with the governing authority, shall act as or appoint a receiver to oversee the closing of the financial records in the absence of a fiscal officer.
	Keep State and Federal assets separated for purposes of disposition. Federal dollars cannot be used to pay state liabilities. Account for all school property throughout the closing process by distinguishing state from federal dollars: **For Federal Title and other consolidated and competitive funds, follow EDGAR liquidation procedures in 34 CFR 80.32 including disposition for items valued at $5,000 or greater;** **Note:** Technology equipment received as part of the Erate program is federal property and cannot be sold as part of the school's assets. Specific guidance on donating the equipment can be found at http://www.usac.org/sl/applicants/before-youre-done/equipment-transfer.aspx **Note: If a community school closes and ceases to operate as a community school and the school has received computer hardware or software from the former Ohio SchoolNet commission or the former eTech Ohio commission, such hardware or software shall be turned over to the department of education, which shall redistribute the hardware and software, to the extent such redistribution is possible, to school districts in conformance with the provisions of the programs as they were operated and administered by the former eTech Ohio commission.**
	1. Review the financial records of the school;
	a. Establish the fair market (initial and amortized) value via fixed assets policy, for all fixed assets;
	b. Establish check off list of purchasers with proper USAS codes, state codes, the price of each item and identify the source of funds;
	c. Identify staff who will have legal authority for payment

	processes (e.g. checks, cash, credit cards, etc.);
	d. Establish disposition plan for any remaining items;
	e. Identify any State Facilities Commission guarantees.
	Prepare documentation for disposition of the school's fixed assets:

Completion Date	II. Disposition of Assets, Mandatory Task *continued*
	1. Consistent with section 3314.051, offer **real property** acquired from a public school district to that school district's board first at fair market value. If the district board does not accept the offer within 60 days, dispose of the property in another lawful manner below.
	2. For Federal Title and other consolidated and competitive funds, follow EDGAR liquidation procedures in 34 CFR 80.32 including disposition for items valued at $5,000 or greater;
	3. Public Charter School Program. PCSP assets must first be offered to other community schools with requisite board resolutions consistent with the purpose of the PCSP. If there are no takers, then an auction sale must be held to dispose of the assets along with the state funded assets:
	a. Notify Office of Community Schools, then public media (print media, radio) of the date and location of any property disposition auction;
	b. Follow EDGAR liquidation procedures in 34 CFR 80.32 for items valued at $5,000 or greater;
	c. Provide board resolutions and minutes of any assets transfered at no cost to another school;
	e. Provide OCS with a written report of the property, and if available, a bill of sale;
	f. After the above steps have been taken, any remaining assets may be offered to any public school district with documented board resolutions by the community school and the accepting district.
	4. National School Lunch Program. Cafeteria equipment purchased with funds from the National School Lunch Program can only be liquidated through written guidance issued by the Office for Child Nutrition (OCN). Contact OCN prior to proceeding with any liquidation of Equipment.
	5. Technology. See the eTech (formerly Ohio SchoolNet) note above (pg. 2) regarding the disposition of hardware and software acquired with eTech grants.
	Utilize only state dollars, auction proceeds, foundation dollars and any other **non-federal** dollars to pay the following in order: ~~***[See Note Below]***~~ **assets of that school shall be distributed first to the retirement funds of employees of the school, employees of the school, and private creditors who are owed compensation, and then any remaining funds shall be paid to the**

	department of education for redistribution to the school districts in which the students who were enrolled in the school at the time it ceased operation were entitled to attend school under section 3313.64 or 3313.65 of the Revised Code. The amount distributed to each school district shall be proportional to the district's share of the total enrollment in the community school.
	1. The sponsor should consult with its legal counsel prior implementing this section to determine if there are any outstanding federal or state claims that may need to be paid first including but not limited to including federal and state taxes, Medicare, Workers Compensation, and city wage taxes. If applicable, provide documentation of any Workers Compensation claims.
	1. STRS/SERS/retirement systems and other adjustments **3314.074 *[Effective 9/29/2013]* Distributing assets of school permanently closed.**
Completion Date	**II. Disposition of Assets, Mandatory Task *continued***
	2. Teachers and staff;
	3. Private creditors or those entities that have secured a judgment against the school, including audit preparation and audit costs (prepared financials); [*See Note 2 Below]*.
	4. Any remaining funds shall be forwarded to ODE for redistribution to resident school districts consistent with ORC 3314.074 (A)
	5. If the assets of the school are insufficient to pay all persons or entities to which compensation is owed, the prioritization of the distribution of the assets to individual persons or entities within each class of payees may be determined by decree of a court in accordance section 3314.074 and Chapter 1702 of the Ohio Revised Code.
	NOTE 1: Federal dollars can be used to pay the teacher costs and STRS/SERS/retirement costs for any employees who were paid from federal funds when the school was open. NOTE 2: Audit preparation costs can be paid from federal funds under certain conditions. Contact the Office of Grants Management for specific guidance before applying any costs against federal funds to support audit costs.

III. Preparation of Itemized Financials	
Completion Date	**Mandatory Task**

	To the extent that the school fiscal officer is unable or unwilling to perform his/her responsibilities in effecting an orderly closure of the school, the sponsor shall assume part or all of such tasks as are hereinafter described.
	Review and prepare the following itemized financials:
	1. Year-end financial statements, notes to the financial statements and if applicable schedule of federal awards;
	2. A cash analysis (taking the previous month's recap and reconciliation of bank accounts to books) for determination of the cash balance as of the closing date);
	3. Compile bank statements for the year;
	4. List of investments in paper hard copy format
	5. List of all payables and indicate when a check to pay the liability clears the bank;
	6. List all unused checks (collect and void all unused checks);
	7. List of any petty cash;
Completion Date	**III. Preparation of Itemized Financials *continued***
	8. List of bank accounts, closing the accounts once all transactions are cleared;
	9. List of all payroll reports including taxes, retirement or adjustments on employee contract.
	10 List of all accounts receivable.
	11. List of assets and their disposition.
	12. FTE review complete and submit a copy of the Certification Form signed at the FTE review.
	13. Arrange for and establish a date for the Auditor of State to perform a financial closeout audit.

IV. Final Payments and Adjustments	
Completion Date	**Mandatory Task**
	To the extent that the school fiscal officer is unable or unwilling to perform his/her responsibilities in effecting an orderly closure of the school, the sponsor shall assume part or all of such tasks as are hereinafter described.
	The sponsor shall continually monitor the condition of the closed school and be prepared to receive or transmit funds on behalf of the school as directed by an appropriate agency. Receipt of funds can happen more than a year after a school's closure, and the sponsor must be agile in serving as the recipient of such funds and adjustments.
	1. Receive any funds or adjustments credited to the account of the closed

	school.
	2. Determine if any portion of any funds or adjustments can be applied to satisfy any remaining debt;
	3. Send all or the remaining portion to the Ohio Department of Education, Office of Policy and Payments, for final disposition.
	4. If the assets of the school are insufficient to pay all persons or entities to whom compensation is owed, the prioritization of the distribution of the assets to individual persons or entities within each class of payees may be determined by decree of a court in accordance with this section and Chapter 1702. of the Revised Code.

The sponsor and school governing authority representative identified below certify that all available IEP, enrollment and attendance records were made available for the completion for this **FTE closure** review.

School: _____GA Representative _____ Date:_____

Sponsor: _____Sponsor Representative: _____ Date:_____

Area Coordinator identified below certifies all available IEP, enrollment and attendance records were made available and utilized in the completion for this **FTE closing** review.

Area Coordinator: _____ Date:_____

The School's governing authority and the sponsor execute the Closing Assurance Form and maintain it with copies sent to the Office of Community Schools via email to the consultant for the sponsor. The consultant can be found on the Community School Directory.