

Community Schools Guidance Letter #2010-4
Effective Date: July 1, 2010
Updated: July, 2015

Community School Suspension and Closing Procedures

Objective

To provide procedures for use by a community school's governing authority, as overseen by its sponsor/authorizer, to ensure the orderly and complete wind-up of a community school's operations when the school suspends operations and/or closes.

Statutory Requirement for Closure

Ohio Revised Code Section [3314.015](#) Oversight of authorizers.

Division (E) The department shall adopt procedures for use by a community school governing authority or authorizer 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 Ohio Revised Code (ORC), and other matters related to ceasing operation of the school. A suspended school has ceased operations. To facilitate an orderly close-out, should a suspended school fail to remedy the conditions that caused its suspension, the guidance and checklist have been expanded to include suspended schools.

Statutory Requirement for Suspension

Ohio Revised Code Section [3314.072](#) Suspending operation of noncomplying school. Suspension procedures are in place to protect the health, safety and welfare of students when a school is non-compliant with their contract terms and state and federal law. The conditions under which a school may be suspended, as well as the school's procedural rights are described in ORC Section 3314.072. As soon as the sponsor notifies the school that it is suspended, the school's governing authority is required to immediately notify school employees and students' parents of the suspension and reasons for the suspension. The suspension becomes fully effective if the school's governing authority fails to provide the sponsor with an approvable remedy within 5 days of the suspension notice. To prevent a school from remaining in suspended status indefinitely, without any realistic expectation of reopening, in 2013, the law was amended to impose a date by which the contract becomes void if no approvable remedy has been found. A school that is suspended must provide a remedy for the conditions leading to the suspension by 9/30 of the following school year. At that point, the contract becomes void.

Unless otherwise indicated, all steps apply during a suspension.

Policy

Authorizers must provide and execute a plan for an orderly winding-up of a community school's affairs when a community school is closing its doors, including when a school suspends its operations. A school is suspended when the authorizer notifies the department that the school is ceasing operations for the time being. A suspended school has until September 30th of the school year immediately following the school year in which the operation of school was suspended to provide the authorizer with an acceptable remedy to resume operations. Otherwise, the school's contract becomes void on that date and it is considered closed. A school is officially closed when instruction is no longer taking place and the governing authority or authorizer issues an official notice which states the reason for and date of the school's closure. The authorizer and a representative of the governing board are required to complete and sign the *Suspension & Closing Assurance Form* attached to this guidance letter. The role of the authorizer in this process is to assure that the community school's governing authority has taken all reasonable and required actions to fully address suspension or 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 authorizer, final preparations as part of that plan should be in place prior to the last day students are in attendance.

Guidance

This guidance provides a *Suspension & Closing Assurance Form* required to be submitted by the authorizer of each closed community school. By completing this assurance, authorizers 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 as indicated, a final student enrollment (FTE) review has been conducted, and the state audit will be scheduled within 30 days of the closure. Preferably, the FTE review will be completed within 7 business days of the school's ceasing operations, if possible, or within 7 business days of the Area Coordinator's notification of the school's suspension or closing by the department. Completing the FTE review before the original student records have been sent to the district(s) of residence is desirable. The authorizer should be aware of the school's actions to accomplish both the FTE review and scheduling of the audit, so that if the school has not made these arrangements in a timely fashion, the authorizer make these contacts so that this timeline can be met.

There are five sections that comprise the community school authorizer *Suspension & Closing Assurance Form*. Four sections, *Initial Notifications*, *Student Records and School Records*; *Disposition of Assets*; *Payments to Creditors*; 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 Authorizer shall follow the instructions in the *Preparation of Itemized Financials* section and complete the fifth section, *Final Payments and Adjustments*.

If conditions delay timely submission of a completed *Suspension & Closing Assurance Form*, the authorizer shall submit the Closing Assurance, noting any item which is incomplete, and make arrangements with the Office of Quality School Choice to send in an updated Closing Assurances at a later, expected date.

Records

Authorizers are required to see that all school records that are needed by the Ohio Department of Education, Ohio Auditor of State, U. S. Department of Education, and other interested entities are secured and available for completing the school's closing. Records generally describe an account in permanent form, preserving knowledge or information about facts, transactions, or events 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 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 can be found [here](#). The federal records retention schedules can be found [here](#).

All such records are to be secured by the authorizer 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 Closing Assurance Form.

Additional Resource

The National Association of Charter School Authorizers has a helpful document describing closure assurances which can be found [here](#).

Add something about uploading the guidance if the school is suspended

Submit the Closing Assurance Form by uploading it into your named authorizer folder in the document exchange, accessed through your SAFE account, Collaboration Center

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

Suspension & Closing Assurance Form

School Name: _____

Authorizer Name: _____

Suspension or Closing: _____

To the extent that the school governing authority and/or the school’s fiscal officer is unable or unwilling to execute its responsibilities in effecting an orderly suspension or closure of the school, the authorizer shall assume part or all of such tasks to the full extent possible.

I. Initial Notifications, Student Records and School Records	
Completion Date	Action
	<p>1. Notify the Office of Quality School Choice that the school is suspending or closing; within 24 hours of the action, send in the community school’s board resolution or official authorizer notice, including the date of closing. A school is suspended or closed for instruction when instruction is no longer taking place. A school may have a later official closing date if closing actions such as filing final expenditure reports or submitting EMIS data necessitate the school maintaining a status of Inactive in OEDSR so that it can complete these or similar actions. If a school’s closing occurs as a result of continued poor academic performance (ORC Section 3314.35 or 3314.351) often referred to as “closed by operation of law”, there is no expectation that the authorizer will send in a notice, unless the school is closing prior to the end of the school year. In that instance, it is expected that the authorizer will notify the Office of Quality School Choice within 24 hours of the decision to close sooner than the end of the academic year.</p>
	<p>2. Provide a clear written timeline of the suspension/closing process.</p>
	<p>3. Notify parents that the school is suspending/closing through a formal letter from the school Governing Authority and the authorizer superintendent or CEO within 24 hours of the action. The letter to include but not limited to: the reason for the suspension/closing of the school, options for enrolling in another community school, traditional schools or nonpublic schools and contact information.</p>

	4. Provide each parent with the location that their child's records are being delivered.
	5. Provide authorizer contact information to all parents.
	6. Provide each parent with the location that their child's records are being delivered.
	7. Notify the teachers and staff that the school is closing.
	8. Ensure that STRS and SERS contributions are current.
	9. Clarify COBRA benefits and when medical benefits ends. In the case in which the staff and faculty are employees of a management company, ensure that all employees have a contact person at the management company who will assist them through the transition.
	10. 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 day of closing.
	11. Ensure that each faculty member's LPDC information is current and available to the teachers.
	12. Provide authorizer contact information to all staff.
	13. Notify the Ohio State Teachers Retirement System and School Employees Retirement System.
	14. Notify the Area Coordinator's office to schedule the student enrollment/FTE review. Preferably, the FTE review should be completed within 7 business days of the closing, if possible, or within 7 business days of the Area Coordinator's notification of the school's closing by the department.
	15. Take control of and secure all school records, property and assets immediately when the school suspends or closes, to the extent possible. In the case in which the building's landlord seizes the facility and its contents, or when a governing authority reneges on its obligations or other unforeseen circumstances, legal action

	<p>may be necessary. The authorizer should share any such circumstances with the Office of Quality School Choice as quickly as possible.</p> <p>Note: The DAS site for records retention schedules can be found here. The federal records retention schedules can be found here.</p>
	<p>16. Put student records in order and produce transcript materials immediately. The expectation is that records would be organized by grade level and district of residence, with the student's name and SSID clearly displayed.</p>
	<p>17. If the school has graduated students, compile a list of the names and dates of all graduates and retain that list.</p>
	<p>18. Have copies of each list ready for the resident district receiving the records and the authorizer.</p>
	<p>19. Have all available IEP, enrollment and attendance records available for the completion of the FTE closure review.</p>
	<p>20. Prepare a list of all students (name and SSID), and the resident district to which the student's records are to be delivered.</p>
	<p>21. Have copies of each list ready for the resident district receiving the records and the authorizer.</p>
	<p>22. Make copies of all students' records and retain the copies for use by the Auditor of State.</p>
	<p>23. Deliver the original student records to each student's district of residence within seven business days of the school's closure. [ORC Section 3314.44]</p>
	<p>24. Upon delivery, provide a list of the records given to the district representative, and obtain the name and signature of the individual receiving the records and the date.</p> <p>Note: Special education records shall be provided directly to each receiving school or school district's special education administrators for all students with disabilities.</p>

	25. Provide the authorizer with an updated list indicating delivery information.
	26. Notify the Auditor of State of the school's closing/suspension and schedule a final audit.

Please note: The numbering does not indicate a specific sequence of steps; it is intended for ease of reference.

II. Disposition of Assets
<p>If the governing authority does not retain a treasurer to oversee the remaining financial activity, the authorizer may act as or appoint a receiver to oversee the closing of the financial records in the absence of a fiscal officer.</p>
<p>Keep assets separated by source of funding, state or federal, for purposes of disposition.</p> <p>Federal dollars cannot be used to pay state liabilities. Account for all school property throughout the closing process by distinguishing state from federal dollars.</p> <p>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.</p> <p>For assets purchased with Federal funds that have a value of less than \$5,000 and all assets purchased with state funds, follow the school's disposition plan and track the disposition for each asset.</p>
<p>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 here.</p>
<p>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.</p>

Completion Date	Action for assets purchased with either state or federal funds
Closure only	<p>27. Review the financial records of the school.</p> <p>28. Establish check off list of assets including all inventory with proper USAS codes, state codes, and the price of each item and identify the source of funds; in the case of donated items follow the accounting guidance.</p> <p>29. Establish the fair market (initial and amortized) value following generally accepted business rules and in a transparent manner. The Uniform Commercial Code offers guidelines for liquidating assets in a commercially reasonable manner for all state purchased assets and federally purchased assets that have a value of less than \$5,000 (ORC 1309.627).</p> <p>Note: Essentially, the price should be at the current price in any recognized market at the time of disposition or otherwise consistent with reasonable practices among dealers in the type of property subject to disposition. The school's governing authority's capital assets policy should also be followed.</p> <p>If an asset has \$0 market value and the school is planning to dispose of the asset at a public auction, the school should still place a minimal value on the item.</p>
	30. Identify staff that will have legal authority for payment processes (e.g. checks, cash, credit cards, etc.).
Closure only	31. Establish disposition plan for any remaining items.
Closure only	32. Notify Office of Quality School Choice, then public media (print media, radio) of the date, time and location of any property disposition auction.
Closure only	33. Provide board resolutions and minutes of any assets transferred at no cost to another school.
Closure only	34. Identify any State Facilities Commission guarantees, if applicable.

Closure only	35. Prepare documentation for disposition of the school's fixed assets.
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Completion Date	In Addition, for Assets purchased with Federal funds
Closure only	<p>36. For all federal program purchases that have a value of \$5,000 or greater, follow steps number 26 through 30 and 32 and EDGAR liquidation procedures in 34 CFR 80.32.</p> <p>Note: Unless otherwise <i>described</i> below for the Public Charter School Program and the National School Lunch Program, all items purchased with federal funds may be sold at auction. However, for any item with a value of \$5,000 or higher, the item must be labelled on the disposition of assets record as having been purchased with federal dollars along with the purchaser information (name of school or organization and contact).</p>
Closure only	<p>37. <u>Public Charter School Program, if applicable.</u></p> <ol style="list-style-type: none"> a. PCSP assets must first be offered to other community schools with requisite board resolutions consistent with the purpose of the PCSP. b. If there are no takers, then an auction sale must be held to dispose of the assets along with the state funded assets. c. 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. d. Provide OCS with a written report of the property, and if available, a bill of sale.
Closure only	<p>38. <u>National School Lunch Program.</u></p> <p>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.</p>
In Addition, for Assets purchased with State funds	

Closure only	39. In addition to establishing a fair market value, track sale of items and have supporting board resolutions for donation of items to another community or other public school or non-profit entity.
Closure only	40. Consistent with ORC 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.

III. Payments to Creditors	
<p>For suspended schools, ensure that employees' salaries, STRS/SERS and IRS obligations are current. For closing schools, the authorizer should consult with its legal counsel prior to 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 federal and state taxes, Medicare, Workers Compensation, and city wage taxes. If applicable, provide documentation of any Workers Compensation claims.</p> <p>Note: The authorizer is obligated to retain the school's financial records and should follow the relevant state and federal records retention schedules. The DAS site for records retention schedules can be found here. The federal records retention schedules can be found here.</p>	
<p>With two exceptions, noted below, utilize only state dollars, auction proceeds, foundation dollars and any other non-federal dollars to pay creditors in the following order:</p>	
Completion Date	Action
	41. Retirement funds of employees of the school, such as 401 (K)'s.
	<p>42. STRS/SERS/retirement systems and other adjustments - see ORC 3314.074.</p> <p>NOTE: Teachers, administrators and other staff working for a conversion community school through a contract with the sponsoring district should be treated as employees under ORC Section 3314.074.</p>
	43. Teachers and staff

	Exception: 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.
	<p>44. Private creditors or those entities that have secured a judgment against the school, including audit preparation and audit costs (prepared financials);</p> <p>Exception: 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. Please refer to Auditor of State Bulletin 2009-011.</p>
	<p>45. 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 ORC section 3313.64 or 3313.65. The amount distributed to each school district shall be proportional to the district's share of the total enrollment in the community school.</p>
	<p>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 ORC.</p>

IV. Preparation of Itemized Financials & Documents for FTE Review	
Completion Date	Action
	Review and prepare the following itemized financials:
	46. Year-end financial statements, notes to the financial statements and if applicable schedule of federal awards.
	47. 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).

	48. List of investments in paper hard copy format.
	49. List of all payables and indicate when a check to pay the liability clears the bank.
	50. List of all unused checks (collect and void all unused checks).
	51. List of any petty cash.
	52. List of bank accounts, closing the accounts once all transactions are cleared.
	53. List of all payroll reports including taxes, retirement or adjustments on employee contract.
	54. List of all accounts receivable.
	55. List of assets and their disposition.
	56. FTE review complete.

V. Final Payments and Adjustments	
Completion Date	Action
	<p>The authorizer 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 authorizer is obliged to serve as the recipient of such funds and adjustments.</p> <p>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 with Section 3313.074 and Chapter 1702 of the ORC.</p>
	57. Receive any funds or adjustments credited to the account of the closed school.

	58. Determine if any portion of any funds or adjustments can be applied to satisfy any remaining debt; payables (any money owed to another).
	59. Send all or the remaining portion to the Ohio Department of Education, Office of Budget and School Funding, for final disposition.

The authorizer and school governing authority representative identified below certify that all steps listed above were completed, unless otherwise noted.

School: _____

Governing Authority Representative _____ Date: _____

Authorizer: _____

Authorizer Representative: _____ Date: _____

The School's governing authority and the authorizer execute the Suspension or Closing Assurance Form and maintain it with copies sent to the Office of Quality School Choice. Submit the *Suspension & Closing Assurance Form* by uploading it into your named authorizer folder in the document exchange, accessed through your SAFE account, Collaboration Center.