**Colorado Charter School Closure Procedures**

**Pueblo School District Number 60**

**Overview of Charter School Closure Procedures**

The following pages provide detailed steps for the appropriate closure of Chavez-Huerta K-12 Preparatory School (the “School”), keeping in mind the best interests of students and families. Pueblo District 60 and its Board recognize the extreme difficulty of this process for the students, families and staff at the School. The purpose of this Closure Procedures document is to provide guidance for the proper implementation of school closure procedures with transparency, clarity and sensitivity to those affected. Our goal remains to work collaboratively with the School’s Board and staff to support the closure process and to ensure the best interests of students are being met.

The work detailed herein is significant and will require devotion of significant time on the part of the School. D60 stands ready to clarify any required actions and provide support where feasible. That said, these procedures are meant to serve as a guide for the School and its Board of Directors and should not be considered exhaustive or tailored specifically to the School. We recommend that the School consult with legal counsel during this process to ensure compliance with state and federal law.

**Relevant Law and Policy**

C.R.S. § 22-11-307(5)

(5) (a) If a local school board or the institute decides or is directed by the state board to close a public school because of low performance, the school district and the institute must develop and update as necessary a school closure plan that implements evidence-based best practices during the school closure process to ensure that students who are enrolled in the public school that is closed are fully supported in enrolling in the successor public school, if any, or in another public school. The local school board or the institute shall make the school closure plan and any updates available in writing to the staff of the public school, the local teachers association, if any, the parents of students enrolled in the public school, and the community surrounding the public school. At a minimum, the school closure plan must include:

(I) A plan for communicating in writing with parents, school staff, the local teachers association, if any, and the community surrounding the public school as early as possible after the local school board or the institute decides to close the public school and at regular intervals throughout the closure process;

(II) The procedures or mechanisms by which the local school board and the institute will solicit and consider input on the school closure process from the staff of the public school, the local teachers association, if any, the parents of the students enrolled in the public school, and the community surrounding the public school;

(III) A timeline for closing the public school that includes or is updated to include all major steps and decision points in completing the school closure and starts no later than the decision to close and continues at least through the reassignment of students and the opening of a new public school, if applicable; and

(IV) A plan for reassigning students to other public schools, which must, to the fullest extent practicable, take into account parents' choice concerning the public schools to which students are reassigned.

(b) Notwithstanding any provision of paragraph (a) of this subsection (5) to the contrary, a school closure plan that applies to the closure of an institute charter school must specify that:

(I) The institute charter school will communicate directly with parents, school staff, and the surrounding community; and

(II) The institute and the institute charter school will work with the school district in which the institute charter school is located to ensure that students and their parents have information concerning the school district's processes for reassigning students to public schools and the school choice options that are available to the students and their parents.

C.R.S. § 22-50.5-511(7)

(7) The institute shall adopt procedures for closing an institute charter school following revocation or nonrenewal of the institute charter school's charter contract. At a minimum, the procedures shall ensure that:

1. When practicable and in the best interest of the students of the institute charter school, the institute charter school continues to operate through the end of the school year. If the institute determines it is necessary to close the institute charter school prior to the end of the school year, the institute shall work with the institute charter school to determine an earlier closure date.
2. The institute works with the parents of the students who are enrolled in the institute charter school when the charter contract is revoked or not renewed to ensure that the students are enrolled in schools that meet their educational needs; and
3. The institute charter school meets its financial, legal, and reporting obligations during the period that the institute charter school is concluding operations.”

*See also,* 1 C.C.R. 302-1, Rule 12(8)

D60 Policy

Applicable D60 Policy LDB-R states the following with regard to charter school closure:

**E.  Closure of a district charter school**

Following nonrenewal or revocation of a district charter school's charter, the school district shall, when practicable, allow the district charter school to continue to operate through the end of the school year. However, if the Board determines it is necessary to close the district charter school prior to the end of the school year, the school district shall work with the district charter school to determine an earlier closure date.

The school district shall work with the parents of students enrolled in the district charter school to ensure that students are enrolled in schools that meet their educational needs, whether such enrollment need happen mid-year or at the end of a school year.

The school district shall also work with the district charter school to ensure the district charter school meets its financial, legal, and reporting obligations during the period of time that the district charter school is concluding its operations.

Relevant Contract Provisions

Excerpts from Charter School Contract

11.6 Dissolution. In the event the School should cease operations for whatever reason, including the non-renewal or revocation of this Contract, the School agrees to continue to operate its educational program until the end of the school year or another mutually agreed upon date. The District shall supervise and have authority to conduct the winding up of the business and affairs of the School; provided, however, that in doing so, the District does not assume any liability incurred by the School beyond the funds allocated to it by the District under this contract. Should the School cease operations for whatever reason, the District maintains the right to continue the School's operations as a district facility until the end of the school year. The District's authority hereunder shall include, but not be limited to:

A Disposition of Assets. The return and/or disposition of any assets acquired by purchase or donation by the School during the time of its existence, subject to the limitations of Section 11.7 below, and

B. Reassignment. Reassignment of students to different schools.

School personnel and its charter school governing board shall cooperate fully with the winding up of the affairs of the School, including convening meetings with parents at the District's request and counseling with students to facilitate appropriate reassignment.

11.7 Return of Property. In the event of termination or dissolution, all property owned by the School that was purchased in whole or in part with funding provided by the District, including, but not limited to, real property, shall be returned to and shall remain the property of the District. Notwithstanding the above, the District shall not have the right to retain property leased by the School from third parties, unless the District chooses to comply with the terms of that lease. All non consumable grants, gifts, and donations or assets purchased from these revenue sources shall be considered the property of the School unless otherwise identified by the donor in writing. At the present time, the School does not operate a preschool program. Should the School later operate a pre-school, assets purchased exclusively with tuition paid by parents for the pre-school program operated by or in conjunction with the School shall not be subject to this paragraph. Assets not purchased with public funding provided by the District may be donated to another mutually agreeable not-for-profit organization.

**D60 Closure Task List**

The following is a task list to be used by both parties to ensure collaboration and transparency in the school closure process. This task list should be shared and updated at regularly scheduled meetings between the parties. Failure to appropriately complete the tasks may lead to noncompliance in the closure process.

This document is not exhaustive, and your school is urged to obtain legal guidance in order to successfully navigate the closure process and wind down of your school organization.

”School Contact” is used several times herein as a general term for the appropriate school level contact, whether it be the school leader, a school board member, other school administrator, or other school contact. During the initial closure meeting, the parties should clearly indicate the individuals responsible for each task.

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| **Required Actions** | **Responsible for Action:** | **DueDate** | **Verification docs rec’d?** | **Status update / Complete?** |
| **Implementation Plan for Closure Process** |  |  |  |  |
| 1. **Convene initial Closure project meeting**

Persons to include:1. D60 Superintendent
2. D60 Assistant Superintendent – Teaching & Learning
3. D60 Superintendent – Human Resources
4. D60 Chief Financial Officer
5. CHPA Executive Director
6. CHPA lead financial officer
7. CHPA lead human resources officer

Meeting purpose:Initial meeting should be held for the purpose of reviewing the Closure Procedures document, establishing roles and confirming the distribution of a parent notice letter. A copy of the Closure procedure is provided to ensure the responsibilities of each party and timelines are clear. Schedule of communication is established beyond the procedures. |  |  |  |  |
| 1. **Post Closure Procedures on CSI Website**

CRS 22-11-307 requires that the closure plan and any updates be made available in writing to the staff of the school, parents of students, and the community.  |  |  |  |  |
| 1. **Establish a Schedule for Meetings and Interim Status Reports**

Agree on a meeting schedule to review progress and interim, written status reports to include: 1. Student choice/enrollment status updates;
2. Return or distribution of assets;
3. Transfer of student records and storage/retrieval plan;
4. Notification to entities doing business with the school;
5. The status of the school’s finances;
6. Submission of all required reports and data to D60 and/or state; and
7. Other information/reports as needed.
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| **Notification and Communication** |  |  |  |  |
| 1. **Parents / Guardians Notice of Closure Decision – Initial letter**

In collaboration with D60, CHPA staff develop an initial letter, disseminated through all usual means the school uses, notifying parents of the imminent closure of the school. The letter must be approved by D60 to ensure dissemination of accurate and timely information. Such notification includes:1. The reasons for the closure – fiscal mismanagement.
2. Assurance that parents/students will receive guidance in the school choice process for the subsequent school year from the School and D60 (D60 has already completed our portion of this step).
3. Contact information for D60’s student support services office.
4. FAQ about the charter closure process;
5. Contact person and phone number at the school for closure specific questions;
6. Provide link to Closure Procedure document, if posted, or information about where to find closure procedures.

D60 will provide a sample letter to CHPA. |  |  |  |  |
| 1. **Meet with Charter School Faculty and Staff**

School Leader and School Board Chair meet with the faculty and staff to:1. Discuss reasons for closure;
2. Emphasize importance of maintaining continuity of instruction through the end of the school year;
3. Discuss plans for helping students find new schools;
4. Identify date when last salary check will be issued, when benefits terminate, and last day of work;
5. Describe assistance, if any, that School will provide to faculty and staff to find new positions;
6. Inform faculty and staff where the Closure Plan can be found.
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| 1. **Notify Commercial Lenders / Bond Holders**

After all appeals have been exhausted, notify banks, bond holders, etc., of the school’s closure and a likely date as to when an event of default will occur as well as the projected date of the last payment by the school toward its debt. |  |  |  |  |
| **Student Transitions and Enrollment Support** |  |  |  |  |
| 1. **Parent / Guardian Enrollment Choice meeting**

Convene parents/guardians to describe the school enrollment process for D60. Representatives from the School and D60 should be present to answer questions primarily about the school choice/enrollment process for the next year. Coordination with D60 is essential. |  |  |  |  |
| 1. **Parent/Guardian Enrollment/Choice support services**

D60 will provide contract staff to assist individual families in making school choice/enrollment decisions for the subsequent school year. |  |  |  |  |
| 1. **Student Enrollment Confirmations**

Survey parents to confirm that each student has registered to attend a new school and confirm that parents have received all necessary supports to make transfers happen. Provide parents with copies of student cumulative files, if necessary and requested. Ensure that parents of students with IEPs understand the new school’s obligation to meet the needs of their student.  |  |  |  |  |
| 1. **Transfer Student Records and Testing Material**

Transfer student records, including final grades and evaluations, including: 1. Individual Education Programs (IEPs) and all records regarding special education and supplemental services;
2. Student health / immunization records;
3. Attendance record;
4. Any testing materials required to be maintained by the school;
5. Student transcripts and report cards;
6. Auditing documentation: attendance, schedules and enrollment for each outstanding audit year;
7. Advanced Learning Plans and all records and testing results;
8. 504 Plans and identifying information including all related records;
9. Health care plans; and
10. All other student records.
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| **Finalize Affairs: Human Resources** |  |  |  |  |
| 1. **Staff/Faculty Closure Transition and Closure Process Letter**

Outline transition plans and timelines for staff. Consult with School’s legal counsel for appropriate content. Content may include the following items:1. Commitment of school’s board to transitioning staff;
2. Commitment to positive transition for children into new educational settings;
3. Discuss reasons for closure – financial management.
4. Any transition to new employment assistance board anticipates providing (such as job fairs);
5. Timelines for compensation and benefits;
6. Timelines for outstanding professional development issues;
7. COBRA information;
8. Pertinent licensure information;
9. Faculty lead contact information; and
10. Transition team member contact information.
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| 1. **Termination Notice to Employees and Benefit Providers**

Formally notify all employees of termination of employment to include date of termination of all benefits in accordance with applicable law and regulations (i.e. COBRA) and eligibility for Colorado Unemployment Insurance pursuant to any regulations of the Colorado Department of Labor. Notify benefit providers of pending termination of all employees, to include:1. Medical, dental, vision plans;
2. Life insurance;
3. Cafeteria plans;
4. 403(b), retirement plans; and
5. PERA.

Consult legal counsel as specific rules and regulations may apply to such programs. |  |  |  |  |
| 1. **Notify Contractors and Terminate Contracts**

The school must formulate a list of all contractors with contracts in effect and:1. Notify all contractors of school closure and cessation of operations;
2. Retain records of past contracts and payments with proof that they were paid in full;
3. Terminate contracts for goods and services as of the last date such goods or services will be needed;
4. Instruct contractors to make arrangements to remove any contractor property from the school by a date certain (eg: copying machines, water coolers, other rented property); and
5. Maintain telephone, gas, electric, water, insurance, and Directors and Officers liability insurance long enough to cover the time period required for all necessary closure procedures to be complete.
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| **Finalize Affairs: Finance and Operations** |  |  |  |  |
| 1. **Review Budget**
2. Review budget and current year expenditures to date to ensure that funds are sufficient to operate the school through the end of the school year, if applicable;
3. Emphasize the legal requirement to limit expenditures to only those in the approved budget, while delaying approved expenditures that might no longer be necessary until a revised budget is approved;
4. Acknowledge that there are unique expenditures associated with closure and that the parties will meet to identify these expenditures and funding sources;
5. Ensure that the school continues to collect revenues included in the school’s budget, if applicable;
6. Make revisions that take into account closure and associated expenses while prioritizing continuity of instruction; and
7. Identify acceptable use of TABOR 3% fund.
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| 1. **Ensure funding availability for final closure costs**

School funds must be verified to cover the following costs as well as other unanticipated costs:* 1. Final financial audit;
	2. Year-end financial close out activities;
	3. Any final year pupil count funding negative adjustments; and
	4. Student records processing, storage and future access costs.

TABOR funds may be eligible for use in covering these activities. Please consult with D60 staff to explore this possibility and reach a determination with the Attorney General’s office. D60 will consult with our legal counsel for determination from the AG’s office. |  |  |  |  |
| 1. **Determine all Colorado Public Employees Retirement Association (PERA) Obligations**

Contact PERA to determine remaining liabilities for employee retirement program. |  |  |  |   |
| 1. **Notify Funding Sources / Charitable Partners**

Notify all funding sources, including charitable partners of school closure. See grant close out section below |  |  |  |  |
| 1. **List all Creditors and Debtors**

Formulate a list of creditors and debtors and any amounts accrued and unpaid with respect to such creditor or debtor.1. This list is not the same as the contractor list, above, but may include contractors;
2. Creditors include lenders, mortgage holders, bond holders, equipment suppliers, service providers and secured and unsecured creditors;
3. A UCC (Uniform Commercial Code) search should be performed to identify secured creditors;
4. Debtors include persons who owe the school fees or credits, any lessees or sub-lessees of the school, and any person holding property of the school.
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| 1. **Notify Creditors**
2. Compile a listing of all creditors. That list may include, but not be limited to, the following categories:
	1. contractors to whom the school owes payment;
	2. lenders;
	3. mortgage holders;
	4. bond holders;
	5. equipment suppliers;
	6. secured and unsecured creditors;
	7. persons or organizations who owe the school fees or credits;
	8. lessees or sub-lessees of the school; or
	9. any person or organization holding property of the school;
3. Solicit from each creditor a final accounting of the school’s accrued and unpaid debt;
4. Compare the figures provided with the school’s calculation of the debt and reconcile; and
5. Where possible, negotiate a settlement of debts consummated by a settlement agreement reflecting satisfaction and release of the existing obligations.
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| 1. **Notify Debtors**
2. Compile a listing of all debtors. That list may include, but not be limited to, the categories listed above under Creditors;
3. Contact all debtors and request payment;
4. If collection efforts are unsuccessful, consider turning the debt over to a commercial debt collection agency; and
5. All records regarding such collection or disputes by debtors regarding amounts owed must be retained.
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| 1. **Close Out All State and Federal Grants**

Notify all state, federal, and other grant providers of the school’s closure. 1. This includes filing any required expenditure reports or receipts and any required program reports, including disposition of grant assets;
2. Contact the state department of education regarding procedures for the disposition of property purchased with federal grants (CDE School of Choice Unit should be consulted initially); and
3. Check the terms of all grants to ensure that the school is compliant with all requirements as the school closes.
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| 1. **Inventory assets**

Inventory school assets, and identify items:1. Loaned from other entities;
2. Encumbered by the terms of a contingent gift, grant or donation, or a security interest;
3. Belonging other contractors;
4. Purchased with federal grants (see grant close out item elsewhere in this document);
5. Purchased using SPED or GT funds;
6. Purchased with Public Charter School Program startup funds (transfer assets to another charter school within the district or state);
7. Return assets not belonging to school where appropriate documentation exists; and
8. Keep records of all assets returned.
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| 1. **Information Technology**
2. Maintain use of and access to all student information systems until rolled over into D60’s Infinite Campus.
3. Work with D60’s staff at year’s end to ensure that appropriate electronic records are available going forward.
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| 1. **Notify Food and Transportation Services and Cancel Contracts**

Cancel school district or private food and/or transportation services for summer school and the next school year. |  |  |  |  |
| 1. **Reconcile with D60**

Reconcile D60 billings and payments, including special education payments or other “lagged” payments. If the school owes D60 money, it should list CSI as a creditor and treat it accordingly. |  |  |  |  |
| 1. **Itemize Financials**

Review, prepare and make available the following:1. Fiscal year-end financial statements;
2. Cash analysis;
3. Bank statements for the year, investments, payables (and determinations of when a check used to pay the liability will clear bank), unused checks, petty cash, bank accounts, and payroll reports including taxes , retirement or adjustments on employee contracts;
4. A statement on the status of all contracts and other obligations of the school, and all funds owed to the school with supporting evidence; and
5. Collect and void all unused checks and destroy all credit and debit cards. Close accounts after transactions have cleared.
6. School will provide monthly financials from the month of closing announcement through final close out. Due on the 15th after the closed month.
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| 1. **Prepare Final Report Cards and Student Records Notice**

Provide parents / guardians with copies of final report cards and notice of where student records will be sent along with contact information.  |  |  |  |  |
| 1. **US Department of Education filings**

File Federal form 269 or 269a if the School was receiving funds directly from the United States Department of Education. See 34 CFR 80.41. |  |  |  |  |
| 1. **Prepare End-of-Year Reports**
2. Identify the contact(s) for D60 to communicate with in the completion of each of the following end of year reports:
3. Prepare and submit all required end-of-year reports to D60 and CDE, including End of Year (beyond July 1), Safety and Discipline and READ Act;
4. Compile all October count related documentation for current year (or beyond if needed) to prepare for any future audits. Contact D60 CFO for more information;
5. Gifted/Talented EOY report due September 30 for previous year. Contact DSSS director for more information;
6. SPED EOY: Due in August for previous year. Contact ESS executive director for more information;
7. SPED Discipline: Due in August for previous year. Contact ESS executive director for more information; and
8. Civil Rights Data Collection (CRDC) due in September for the previous year. Contact DSSS for more information.
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| 1. **Submit Final Report**

Submit a final report to D60 detailing completion of the closure plan tasks. |  |  |  |  |
| 1. **Prepare Final Financial Statement**

Retain an independent accountant to prepare a final statement of the status of all contracts and other obligations of the school, and all funds owed to the school, showing:1. All assets and the value and location thereof;
2. Each remaining creditor and amounts owed;
3. Statement that all debts have been collected or that good faith efforts have been made to collect same; AND
4. Each remaining debtor and the amounts owed.

**Abide by the Financial Transparency Act Reporting Requirements [C.R.S. 22-44-304] when compiling financial report for the final year.** |  |  |  |  |
| 1. **Complete Final Financial Audit**
2. Complete and submit a financial audit of the school in accordance with the Charter Schools Act. A draft audit is due by Sept 30th with a final audit due by October 14th.
3. **Submit all files needed for the data pipeline by Sept 30th**
4. Ensure funding and payment procedure is in place to provide for the audit procedures, records access, etc. Much of the work will be conducted after termination of the charter contract.
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| **Dissolution** |  |  |  |  |
| 1. **Dissolve the Charter School**
2. The charter board adopts a resolution to dissolve that indicates to whom the school assets purchased with non-public funds will be distributed after all creditors have been paid;
3. Unless otherwise provided in the bylaws, the members (if any) or board votes on the resolution to dissolve. A non-profit corporation is dissolved upon the effective date of its articles of dissolution. (C.R.S. 7-134-103);
4. Consult with School’s attorney for further details.
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| 1. **Notify the Colorado Secretary of State’s office**

After the resolution to dissolve is authorized, dissolve the corporation by delivering to the Secretary of State for filing articles of dissolution setting forth:1. The name of the non-profit corporation;
2. The address of the non-profit corporation’s principal office;
3. The date dissolution was authorized;
4. If dissolution was authorized by the directors, a statement to that effect;
5. If dissolution was approved by the members, a statement of the number of votes cast for the proposal to dissolve; and
6. Such additional information as the Secretary of State determines is necessary or appropriate.
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| 1. **Notify Known Claimants**

Give written notice of the dissolution to known claimants. |  |  |  |  |
| 1. **End Corporate Existence**

A dissolved non-profit corporation continues its corporate existence, but may not carry on any activities except as is appropriate to wind up and liquidate its affairs, including: 1. Collecting its assets;
2. Transferring, subject to any contractual or legal requirements, its assets as provided in or authorized by its articles of incorporation or bylaws;
3. Discharging or making provision for discharging its liabilities; and
4. Doing every other act necessary to wind up and liquidate its assets and affairs. (C.R.S. 7-134-105).
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| 1. **Notify IRS**

Notify the IRS of dissolution of the education corporation and its 501(c)(3) status and furnish a copy to D60. Determine with the School’s counsel which tax returns and reports are required to be filed. |  |  |  |  |
| **ONGOING TASKS** |
| 1. **Monthly Financial Submission**

Submit monthly income and cash flow statements beginning the month following the closure decision to D60 CFO. Due on the 15th of the month. |  |  |  |  |
| 1. **Maintain Identifiable Location**

For the duration of closing out the school’s business, regulatory and legal obligations, establish if the school will maintain the current facility as its locus of operation. If so, access to the facility should be maintained. In the event the facility is sold or otherwise vacated before concluding the school’s affairs, the school must relocate its business records and remaining assets to a location where a responsive and knowledgeable party is available to assist with closure operations. The school must maintain operational telephone service with voice message capability, and maintain custody of business records until all business and transactions are completed and legal obligations are satisfied. The school must immediately inform the authorizer if any change in location or contact information occurs. |  |  |  |  |
| 1. **Maintain Corporate Records**

Maintain all corporate records related to:1. Loans, bonds, mortgages and other financing;
2. Contracts;
3. Leases;
4. Assets and asset distribution;
5. Grants -- records relating to federal grants must be kept in accordance with 34 CFR 80.42;
6. Governance (minutes, bylaws, policies);
7. Employees (background checks, personnel files);
8. Accounting/audit, taxes and tax status, etc.;
9. Personnel records (In consultation with the School’s attorney, create a plan for maintaining, transferring, and archiving personnel records in accordance with state law. As a proactive step, D60 recommends that the school provide an employment verification letter for all employees prior to the closing of the school;
10. Employee benefit programs and benefits;
11. Any other items listed in the closure plan; and
12. Determine where records will be stored after dissolution. Consult with School attorney and D60.
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| 1. **Protect School Assets**

Protect the school’s assets and any assets in the school that belong to others against theft, misappropriation and deterioration.1. Maintain existing insurance coverage on assets, including facility and vehicles, until the disposal of such assets in accordance with the closure plan;
2. Negotiate school facility insurance with entities that may take possession of school facility – lenders, mortgagors, bond holders, etc.;
3. Obtain or maintain appropriate security services. Action may include moving assets to secure storage after closure or loss of facility;
4. Plan to move assets to secure storage as needed after the closure of the school facility;
5. Create an asset/property disposition plan, not in conflict with applicable laws, to address any remaining assets at year’s end. School’s counsel should advise on relevant statute’s covering disposition of assets; and
6. If applicable under state statute, the school should maintain existing directors and officers liability (D&O) insurance, if any, until final dissolution of the school.
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