

## SUMMARY OF CLOSURE PROCESSES AND PROCEDURES NRS 388A.306 AND NAC 388A.355

In the event of a charter school closure, the State Public Charter School Authority asks the charter school to work closely with the SPCSA regarding the requirements related to a charter school closure. For example, the SPCSA will want to review and approve any and all of the required notifications. Additionally, some of the required notifications may be better suited to be sent from the SPCSA as opposed to the charter school (the required notifications related to Nevada's Department of Education, local school districts, and Nevada's Department of Business and Industry). The SPCSA will work with the charter school regarding any deadlines and logistics regarding the closure requirements.

Charter schools contemplating closure should closely review [NRS 388A.306](#) and [NAC 388A.355](#), Nevada's charter school closure statute and regulation.

Below is a summary of the requirements related to charter school closure.

### **Notification of Closure:**

The charter school must provide written notice of closure to:

- The parents or legal guardians of any students currently enrolled at the charter school,
- The employees of the charter school,
- Nevada's Department of Education ("the Department"),
- The Boards of Trustees of any school district where students at the charter school reside,
- The Director of Nevada's Department of Business and Industry, and
- Any creditors of the charter school.

This notice must include the following information:

- The date of closure, which in the case of the charter school will be the last day of the current school year,
- The reason for closure,
- The telephone number, mailing address and physical address of the office required by NRS 388A.306(1)(d),
- The name and contact information for the administrator required by NRS 388A.306(3), and
- **A statement of the charter school's plan to assist current students to identify and transfer to another school.**

**This notice must be provided not less than 30 days prior to the closure of the school.** SPCSA staff is available to meet and work with the charter school regarding these nonfiction and would like to review a draft of the notifications in advance of them being transmitted.

Upon receipt of the above-referenced notification, the SPCSA and the Department will notify the charter school of any outstanding liabilities owed by the charter school to the SPCSA or the Department.

### **Appointment of an Administrator:**

The charter school must appoint an administrator to act as trustee during the process of closure and for one year after the closure of the school, and the administrator is subject to the approval of the SPCSA. Again, once you have identified a potential administrator, you can provide this person's name, contact information, and qualifications to [rherrick@spsca.nv.gov](mailto:rherrick@spsca.nv.gov).

The administrator shall assume the responsibility for the records of the charter school, employees of the charter school, and pupils enrolled in the charter school. The administrator must also cause to be paid and discharged all the liabilities and obligations of the charter school to the extent of the charter school's assets, terminate any lease, service agreement or any other contract of the charter school that is not necessary to complete the closure of the charter school, supply any information or documents required by the SPCSA, and after the financial affairs of the charter school have been wound up and the closure of the charter school has otherwise been completed, cause a financial audit to be prepared and cause a written report of the audit to be prepared for the SPCSA and the Department of Education.

Note that if the charter school does not appoint an administrator, the SPCSA may appoint an administrator or qualified person, and the administrator may be compensated.

**Other Requirements Related to Closure:**

In addition to the foregoing, the charter school is also required to:

- Forward the student records for each student enrolled or previously enrolled at the charter school to the school district in which the student resides. NAC 388A.550
- Maintain an office with regular hours of operation and voice-messaging stating the hours of operation. NRS 388A.306(1)(d)
- Maintain existing insurance coverage for a period specified by the SPCSA. NRS 388A.306(1)(e)
- Not later than 6 months after closure of the charter school, prepare an independent financial audit and an inventory of all the assets of the charter school (including the net assets and net liabilities of the charter school) submit a written report of the audit and inventory to be prepared for the SPCSA and Nevada's Department of Education. NRS 388A.306(1)(f)
- Provide the SPCSA and the Department with the annual report of budget required by NRS 388A.345.
- Prepare a written list of the creditors of the charter school, identifying secured creditors and the assets in which those creditors have a security interest. NRS 388A.306(1)(g)
- Not less than 30 days prior to the closure of the school, submit to the SPCSA all records related to any indebtedness of the charter school, and any property of the charter school that is encumbered.
- Ensure that all information required by NRS 385A.820 for inclusion in the automated system of accountability information for Nevada is current to the date of the closure.
- Return any remaining restricted assets to their source, such as grant money and money contained in restricted categorical funds.
- Create a current and projected payroll and payroll benefits commitment, listing each employee, each employment position and the amount of money required to satisfy existing contracts.
- Submit to the SPCSA a report of the income tax documentation for the employees of the charter school.
- Coordinate to have the SPCSA conduct a physical inspection of the charter school to confirm that all equipment, supplies and textbooks are on the premises of the charter school.
- Pursuant to NAC 388A.515, transfer all property or equipment purchased with State funding to the SPCSA for accounting and disposition.

The charter school must also ensure that the outstanding obligations of the charter school are settled after closure of the charter school, including, without limitation, unemployment compensation, employee benefits, resolution of the lease agreement for the charter school, if applicable, and final balances for utilities and other costs and all money received by the charter school from the State of Nevada that is unencumbered is returned to the Department and placed in an escrow account for the purpose of satisfying any outstanding obligations of the charter school. One year after the

establishment of the escrow account, the Department will transfer the balance remaining in that account to the State Distributive School Account.

Note that in the event the governing body of the charter school ceases to exist or is otherwise unable to perform the foregoing duties and responsibilities, the administrator appointed pursuant to NRS 388A.306(1)(1)(b) shall perform these duties and responsibilities (please see below). See NRS 388A.306(3). Additionally, please note that the charter school is legally obligated to protect all assets from theft, misappropriation, deterioration, or other loss. See NRS 388A.306(1)(i).

### **Additional Information and Documents**

NRS 388A.306(1)(h) also requires that the charter school to supply the SPCSA with any information or documents that the SPCSA may require. In this regard, we ask that *electronic copies* of all student and employee records be provided to the SPCSA in the manner described below:

**Student records** shall be organized by district of residence and labeled with the student's last name, first name and state student identification number.

*Note that student records will be maintained by the SPCSA as a back-up if the local school district is unable to locate a record of a student. In addition, the SPCSA will comply with FERPA regarding the release of any student records.*

**Employee records** shall be labeled with the employee's last name and first name and include information pertaining to the employment dates, job title and professional license.

*Note that employee records will only be used for the purposes of employment verification if a former employee is otherwise unable to verify employment through the charter school.*