



## Ohio Revised Code Section 3314.50 Community school; bond.

Effective: February 1, 2016

Legislation: House Bill 2

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No community school shall initiate operation, on or after the effective date of this amendment, unless the governing authority of the school has posted a bond in the amount of fifty thousand dollars with the auditor of state. The bond shall be used, in the event the school closes, to pay the auditor of state any moneys owed or that become owed by the school for the costs of audits conducted by the auditor of state or a public accountant under Chapter 117. of the Revised Code.

The department of education shall notify the auditor of state of the proposed initiation of operations of any community school and shall provide the auditor of state with the certification of the sponsor of the community school of the compliance by the community school with all legal preconditions to the initiation of its operations, including compliance with this section.

In lieu of the bond, the governing authority of the school, the school's sponsor, or an operator that has a contract with the school may deposit with the auditor of state cash in the amount of fifty thousand dollars as guarantee of payment under the provisions of this section. In lieu of a bond or a cash deposit, the school's sponsor or an operator that has a contract with the school may provide a written guarantee of payment, which shall obligate the school's sponsor or the operator that provides the written guarantee to pay the cost of audits of the school under this section up to the amount of fifty thousand dollars. Any such written guarantee shall be binding upon any successor entity that enters into a contract to sponsor or to operate the school, and any such entity, as a condition of its undertaking shall acknowledge and accept such obligation.

In the event that a sponsor or operator has provided a written guarantee under this section, and, subsequent to the provision of the guarantee, the governing authority of the school posts a bond under this section, or the governing authority of the school, a sponsor, or an operator provides a cash deposit of fifty thousand dollars as required, the written guarantee shall cease to be of further effect.

As soon as it is practicable to do so after the filing of a bond or the deposit of cash, the auditor of state shall deliver the bond or cash to the treasurer of state, who shall hold it in trust for the purposes



prescribed in this section. The treasurer of state shall be responsible for the safekeeping of all bonds filed or cash deposited under this section. The auditor of state shall notify the department of education when the school's governing authority has filed the bond, deposited the cash guarantee, or submitted a written guarantee of payment.

When the auditor of state conducts an audit of a community school that has closed and is subject to the requirements of this section, the auditor of state shall certify the amount of forfeiture to the treasurer of state, who shall assess the bond for the costs of the audit or shall pay money from the named insurer or from the school's cash deposit for the costs of the audit to reimburse the auditor of state or public accountant for costs incurred in conducting audits of the school.

To the extent that the amount of the bond or the cash deposit is not needed to cover audit costs, the bond shall be of no further effect, and any cash balance shall be refunded by the treasurer of state to the entity which provided the bond. When the auditor of state conducts an audit of a community school that has closed and is subject to the requirements of this section, and, as to which, a written guarantee has been given under this section, the entity that provided the guarantee shall be solely and fully liable for any such audit costs, and shall promptly pay the costs of the audit up to fifty thousand dollars.

No community school that is subject to the provisions of this section shall maintain or continue its operations absent the ongoing provision of a bond, a cash deposit, or a written guarantee as required by this section.