



State of Vermont
Vermont Department of Education
 120 State Street
 Montpelier, VT 05620-2501

 * **ACTION REQUIRED** *
 * **BY JUNE 30TH** *

To: Superintendents
 Special Education Administrators
 Business Managers

From: Margaret C. Schelley
 Special Education Finance Manager

Date: June 20, 2011

Subject: Closing FY-2011 Special Education Accounts and Accounting for FY-2011 Special Education Revenue Received after June 30, 2011

Field Memo: 11-07

We are processing the payments on the estimated final Worksheet A's & B's as well as the additional payments of Special Education Expenditures Reimbursement. This will be the last payment of FY-2011 State Special Education funding prior to the close of the fiscal year on June 30th. The final Special Education reimbursements for FY-2011 will be based on your final FY-2011 Special Education Expenditure Reports which must be received here at the Department of Education by August 1st. **There is a \$100/day penalty for late filing of the final reports so you will want to submit them on time.**

I want to remind you of the special procedures you will need to follow to close your books. You will need to show the State funds receivable/payable when you close your books for FY-2011 on June 30th. The following are the types of State Special Education Funds that school districts may receive after June 30th:

- (1) Special Education Expenditures (Intensive) Reimbursement (Revenue Code 3202);
- (2) Extraordinary Reimbursement (Revenue Code 3203); and
- (3) State-Placed Student Reimbursement (Revenue Code 3205).

If you anticipate a school district being owed any of these revenues based on their final report, you need to make an accounting entry for the anticipated FY-2011 revenue which will be received in FY-2012. Also if the district has been overpaid, the overpayment amount should be recorded as a payable. Transactions need to be made to record your estimated special education receivables/payables for FY-2011.

Estimation of Special Education Revenue Receivables/Payables as of June 30, 2011:

To estimate the amounts to be shown as receivable/payable, you will need to estimate the final Special Education Expenditure Report for FY-2011 for all of your reporting entities. The estimated report is for your use so that you can estimate receivables/payables and is not to be submitted to this office.

For **State-Placed Student Reimbursement**, you will include the total from the most up-to date estimate of Worksheet A's less funds already received as FY-2011 State-Placed Student Reimbursement (Revenue Code 3205). The State-Placed Student revenue receivable/payable needs to be shown by each entity (supervisory union, union school or town school district) that reports the cost.



For example, the estimated Worksheet A's for the year for the Orange Southwest reporting entities are shown below.

Calculation Steps for Receivable – 3205	Orange Southwest	Braintree	Brookfield	Randolph	Randolph UHS
<i>Start with</i> Total Amount from Est. Worksheet A	\$12,500.00	\$0.00	\$11,238.00	\$0.00	\$26,703.00
<i>Subtract</i> Amount Received for FY-11 – 3205	<i>Less</i> \$0.00	<i>Less</i> \$0.00	<i>Less</i> \$15,400.00	<i>Less</i> \$0.00	<i>Less</i> \$13,621.00
<i>Result</i> FY-11 Amount Payable or Receivable – 3205	<i>Equals</i> \$12,500.00	<i>Equals</i> \$0.00	<i>Equals</i> (\$4,162.00)	<i>Equals</i> \$0.00	<i>Equals</i> \$13,082.00

The State-Placed Student revenue receivable for Orange Southwest is \$12,500 and Randolph UHS is \$13,082.00. The payable for Brookfield is \$4,162.00

The **Extraordinary Reimbursement** receivable calculation is similar to State-Placed Student reimbursement except that it is paid only to school districts (not to supervisory unions or joint contract districts) and the reimbursement rate is 90% instead of 100%. The first step is to take the "Total Eligible Extraordinary Cost" from the most up-to-date estimated Worksheet B's for FY-2011. For supervisory union or joint contract districts, you need to distribute the amount to school districts (both town school districts and union school districts) on the bottom of Worksheet B. You would add any amount reported by the school district on each district's own Worksheet B to any amount attributed to it by the supervisory union or joint contract district's Worksheet B. Once you have the total amount eligible for extraordinary reimbursement for the school district, you multiply that amount by 90% (the extraordinary cost reimbursement rate). Finally, you subtract the amount that the school district has already received as FY-2011 Extraordinary Reimbursement (Revenue Code 3203). The receivable/payable needs to be entered on the books of the school district.

For example, the Orange Southwest Supervisory Union estimated final report has Worksheet B's for the town of Randolph and for Randolph High School. Since no Worksheet B's were filed by the supervisory union, there is no cost to apportionment to member districts by the supervisory union. The extraordinary cost is simply the amount on the "Total Eligible Extraordinary Cost" for each school district times 90%. The amount already received as FY-2011 extraordinary reimbursement is deducted to calculate the amount receivable.

Calculation Steps for Receivable – 3203	Braintree	Brookfield	Randolph	Randolph UHS
<i>Start with</i> Extraordinary Eligible Amount from Estimated Worksheet B	\$0.00	\$0.00	\$2,300.00	\$105,120.00
<i>Multiply by 90%</i> Calculate Reimbursement based on Estimated Amount	<i>X 90%</i> \$0.00	<i>X 90%</i> \$0.00	<i>X 90%</i> \$2,070.00	<i>X 90%</i> \$94,608.00
<i>Deduct</i> Amount Received for FY-11 - 3203	<i>Less</i> \$0.00	<i>Less</i> \$0.00	<i>Less</i> \$0.00	<i>Less</i> \$105,164.70
<i>Result</i> FY-11 Amount Receivable or Payable – 3203	<i>Equals</i> \$0.00	<i>Equals</i> \$0.00	<i>Equals</i> \$2,070.00	<i>Equals</i> (\$10,556.70)

The extraordinary receivable for Randolph is \$2,070.00 and the payable for Randolph UHS is \$10,556.70.

The **Special Education Expenditures Reimbursement** receivable is the most complicated to calculate. From the estimated final reports, the amount eligible for reimbursement is shown as the "Total Net Cost" under the "Eligible" Column on Page 1. The breakdown of that amount to school districts is shown on Page 2. To get the estimated amount eligible for special education expenditures reimbursement for a school district, add the amounts for that school district from Page 2 for all reporting entities. Next, calculate the Special Education Expenditures Reimbursement for the year by multiplying the estimated costs by the FY-2011 rate.

Please note that the rate being used during the year was estimated based on the service plans, the cost of the statewide components for the formula and the 60% state share calculation. You may want to use a slightly different Special Education Expenditures Reimbursement rate than the FY-2011 rate which this Department uses, but the rate should not vary significantly from the estimate. I have used 56.1% in the calculation below. Based on the information that we have so far, there are a number of variations between the estimates at Service Plan time and current estimates, but the rate for the year appears to be close to the projection of 56.13% based on the Appropriation Act.

Once you have calculated the total reimbursement for the year, you need to subtract the amount of FY-2011 Special Education Expenditures Reimbursement (Revenue Code 3202) funds received.

For example, the estimated final reports for the reporting entities of Orange Southwest Supervisory Union show the following costs by adding up the "eligible" amounts on Page 2 by school districts.

Calculation Steps for Receivable – 3202	Braintree	Brookfield	Randolph	Randolph UHS
<i>Start with</i> Orange Southwest SU's Est. "Eligible" Net Cost distributed to school district based on assessment (page 2)	\$15,063.48	\$13,676.05	\$41,566.13	\$71,268.35
<i>Add</i> Each School District's "Eligible" Net Cost from their own reports	<i>Plus</i> \$229,846.10	<i>Plus</i> \$80,579.66	<i>Plus</i> \$401,675.70	<i>Plus</i> \$793,649.83
<i>Total Eligible</i> Total Eligible Cost for Each School District	<i>Equals</i> \$244,909.58	<i>Equals</i> \$94,255.71	<i>Equals</i> \$443,241.83	<i>Equals</i> \$864,918.18
<i>Multiply by 56.1%</i> Calculate Reimbursement based on Estimated Amount	<i>X 0.561</i> \$137,394	<i>X 0.561</i> \$52,877	<i>X 0.561</i> \$248,659	<i>X 0.561</i> \$485,219
<i>Deduct</i> Amount Received for FY-11 – 3202	<i>Less</i> \$102,142	<i>Less</i> \$63,756	<i>Less</i> \$192,617	<i>Less</i> \$436,754
<i>Result</i> FY-11 Amount Payable or Receivable – 3202	<i>Equals</i> \$35,252	<i>Equals</i> (\$10,879.00)	<i>Equals</i> \$56,042	<i>Equals</i> \$48,465

Each school district makes a Special Education Expenditures Reimbursement receivable/payable as follows:

<u>Town</u>	<u>Type</u>	<u>Amount</u>
Braintree	Receivable	\$35,252.00
Brookfield	Payable	(\$10,879.00)
Randolph	Receivable	\$56,042.00
Randolph UHS	Receivable	\$48,465.00

Clearing Receivables/Payables

When you receive your final check that includes the final adjustment to the above reimbursements, you will need to clear the receivables/payables recorded on the FY-2011 accounts. This final transaction may change your end of fiscal year balance.

If you have questions about the calculation, please feel free to call me at 828-5119 or Dana Austin at 828-0769.

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