

Audited Attendance and Fiscal Reports Instructions for Fiscal Year 2023–24

The following Audited Attendance and Fiscal Reports and Audited Preschool Reserve Account Activity Reports (AUD forms) were prepared by the California Department of Education (CDE), Audits and Investigations Division. The applicable AUD forms must be included in the agency's annual audit report. The AUD forms will facilitate determination of fiscal year-end reimbursable earnings.

<i>Form No.</i>	<i>Form Title</i>
AUD 8501	Audited Enrollment, Attendance, and Fiscal Report for California State Preschool Programs (CSPP)
AUD 9529	Audited Fiscal Report for California State Preschool Program Support Contracts (CPKS)
AUD 9530A	Audited Preschool Reserve Account Activity Report

Reminder

As of July 1, 2021, the Early Childhood Development Act of 2020 transferred administration of the following child development programs to the California Department of Social Services (CDSS):

- General Child Development (CD) Programs (CCTR)
- Migrant CD Programs (CMIG)
- California Alternative Payment Programs (CAPP)
- California Family Child Care Home Education Networks (CFCC)
- Stages 2 and 3 of the California Work Opportunity and Responsibility to Kids (CalWORKs) Child Care Programs (C2AP and C3AP)
- Migrant Alternative Payment Programs (CMAP)
- CD services for children with severe disabilities (CHAN)
- Child Care Resource and Referral Program (CRRP)
- The California Child Care Initiative Project (CCIP)
- Local CD Planning Councils (CLPC)

More information regarding the transition can be viewed at: <https://www.cdss.ca.gov/inforesources/cdss-programs/calworks-child-care/child-care-transition>. AUD forms relating to these programs will be provided by the CDSS. For questions relating to CDSS AUD forms, contact CDSS at AuditsOffice@dss.ca.gov.

AUD General Instructions

The following instructions explain how to complete the AUD forms using an interactive Adobe portable document format (PDF) file.

- A. Identify all early education contracts subject to the current audit period before completing the applicable Adobe PDF forms. A listing of an agency's CDE contracts and payments can be obtained via the California Preschool Provider Accounting Reporting Information System (CPARIS) or by emailing AuditSubmissions@cde.ca.gov. Information on an agency's CDSS contracts and payments can be obtained by emailing AuditsOffice@dss.ca.gov.
- B. Open the appropriate Adobe PDF for the contract(s) identified in Step A.
- C. Enter the general information, such as the contractor's name, contract number, vendor code, and service county in Forms 1 – 4, requested at the top of page one. Pertinent information will be carried forward automatically to subsequent pages of the form.
- D. Perform the following steps for each page of the AUD forms:
 1. Enter the agency's data on the appropriate line items in Column A, titled "Cumulative FY per CPARIS." These numbers must agree with the Cumulative Fiscal Year column from the agency's respective CPARIS report.
 2. Enter any audit adjustments in Column B. The formulas in the PDF files will automatically calculate the numbers for columns C and E, as applicable, and for rows with subtotals and totals. Note that if the certified public accountant disallows (deducts) an expense from claimed reimbursable expenses because the expense may not be claimed under the contract, then the non-reimbursable program-related expense (e.g., entertainment expenses) is to be added to the Supplemental Expenses section.
 3. Enter all applicable data, including any "write-ins" of data on rows designated as "Other." If there are insufficient "Other" rows, data may be aggregated on one line. The source of the revenue should be identified in the space given. If spacing is insufficient to identify the source and purpose of all aggregated funds, provide the details in the Comments box.
 4. Ensure to check any applicable boxes. For example, either the **Yes** or **No** box must be checked for an approved indirect cost rate and independent auditor's assurances on compliance.

5. Provide any information in the Comments box that will assist the reviewer's understanding of any audit adjustments or unusual circumstances. Attach additional sheets if necessary.

See guidance for entering data for specific line items in the AUD 8501 Specific Instructions section on the following page.

AUD 8501 Specific Instructions

If a contractor served children in one county only, then use *AUD 8501 (Single Service County)*. If a contractor served children in more than one county, then use the standard *AUD 8501* plus the relevant *Form(s) 1, 2, 3 and/or 4*.

Days of Enrollment and Attendance

Days of enrollment and attendance are reported in the following categories:

- Certified children (Form 1)
- Certified children who were served in a classroom where Mental Health Consultation Services (MHCS) were provided (Form 2)
- Non-certified children (Form 3)
- Non-certified children who were served in a classroom where MHCS were provided (Form 4)

Certified Children – Children who have been certified as eligible for early education program subsidized services.

Non-Certified Children – Children who were supported by funding sources other than the state preschool contract but were served in the same classroom(s) as the certified children.

Mental Health Consultation Services – Services provided pursuant to California *Education Code*, Section 8243.

Days of Enrollment – A family is enrolled in the program when the application and certification forms have been completed, verified, and signed. Enrollment data is obtained from the agency's enrollment and attendance register for all children in the program for the days the contractor was open to provide services.

Days of Attendance – A child is in attendance when the child is present in the program for any part of a day, or when the child was absent because of illness or quarantine, illness or quarantine of the parent, family emergency, court-ordered visitation, or a reason which was clearly in the best interest of the child. A child's attendance should be reported in the same section as their enrollment. **The Days of Attendance must not exceed the Days of Enrollment.**

Section 1 - Number of Counties Where Services are Provided

Effective January 1, 2022, agencies must report enrollment and attendance by service county. In *AUD 8501*, Section 1, report the number of counties where each category of service was provided. This section will calculate the number of forms (Form 1-4) that need to be included with the *AUD 8501* submission.

Section 2 - Days of Enrollment, Attendance, and Operation

Enrollment and Attendance Form Summary – Agencies operating in only one service county may fill out the AUD 8501 (Single Service County) that is designed to prepopulate Section 2 based on information filled out in Forms 1-4. Agencies operating in multiple services counties must use the standard AUD 8501 form and manually sum the total enrollment and attendance from the attached forms to complete the Enrollment and Attendance Form Summary table in Section 2. The bottom row of Forms 1-4 specifies where in Section 2 to include each form's total enrollment and attendance.

Days of Operation – A day of operation is a day the agency provided services for one or more enrolled certified child. Enter the total days of operation in Section 2's Days of Operation table.

Section 3 - Revenue

(Applies to AUD 8501 and 9529)

Do not report the early education contract payments or funds required to be reported in the Supplemental Revenue section. Report the following program revenues:

Restricted Income – Report income that a donor restricted for the purchase of goods and services that are reimbursable under the contract. Report only when related expenses are reported.

Child Nutrition Programs – Report revenue received through the Child and Adult Care Food Program or other child nutrition programs.

County Maintenance of Effort – Report Maintenance of Effort funds received from the county that were restricted for childcare operating costs in the current fiscal year (*California Education Code*, Section 8260). Report unrestricted Maintenance of Effort funds as "Unrestricted Income: Other."

American Rescue Plan Act (ARPA) – Report ARPA revenue that is paid outside of the preschool contract only when its related expenses are reported as reimbursable expenses. Note that ARPA fund which is included as part of the contract and paid out through apportionments should not be reported as restricted income.

Other – Report income that a donor restricted for the purchase of goods and services that are reimbursable under the contract in the current program year, including any fees collected from fundraising or field trips, sale of state purchased equipment, government fund, such as Paycheck Protection Program or Employee Retention Tax Credit fund. Also, report the source(s) of the funds. *(New)* Report FY 2022-23 service-level exemption credit for set aside amount for exceptional needs and severely disabled children only when its related expenses are reported.

Transfer from Preschool Reserve (does not apply to AUD 9529) – Report funds transferred from the preschool reserve account to pay for reimbursable expenses. Any transfers from the reserve account must agree to AUD 9530A, line 6 - Less Transfers to Contracts from Reserve Account. See AUD 9530A Instructions on how to report reserve account transfers.

Waived Family Fees for Certified Children (July – September) – Report family fees waived for certified children pursuant to AB 110. See [Management Bulletin 23-07 - Child Development \(CA Dept of Education\)](#) for further information.

Family Fees for Certified Children (October – June) – Report family fees assessed for certified children from October to June.

Interest Earned on Apportionment Payments – Report interest earned on payments advanced for the contract. Interest earned on non-contract funds, if used in the program, should be reported as “Unrestricted Income: Other.” Interest earned on reserve funds should only be reported in the *Audited Preschool Reserve Account Activity Report*.

Unrestricted Income – Report income that a donor did not restrict and that was used by the contractor to pay for reimbursable program expenses, including expenses for basic services to non-subsidized children. Also, include family fees supporting non-certified children in a commingled program. Note that for part-day State Preschool Programs, federal Head Start funds used to build capacity are deemed to be unrestricted under California *Education Code*, Section 8207(f).

Section 4 - Reimbursable Expenses

(Applies to AUD 8501 and 9529)

Report all reimbursable expenses related to the program revenue on an accrual basis for both certified and non-certified children rounded to whole numbers. See the California School Accounting Manual, Procedure 330, for category descriptions and definitions.

Direct Payments to Providers (family childcare homes only) – Report the amount of payments made to providers through the CSPP contract for services provided through family childcare homes (FCCH). Payments should include parent fees collected and retained by providers. *(New)* Also report the amount of monthly Per-Child Cost of Care Plus Rate payments and one-time transitional subsidy payments made to providers.

Direct Payments to Subcontractors: Cost of Care Plus & One-Time Allocations Only – Report the amount of monthly Cost of Care Plus Rate payments and one-time transitional subsidy payment(s) made to subcontractor(s) through the CSPP contract for services provided through subcontractor(s).

1000 Certificated Salaries – Salaries paid to employees in positions that require a credential or permit issued by the Commission on Teacher Credentialing, or a related administrative services credential. Refer to the Contract Terms & Conditions (CT&C) for staffing qualifications.

2000 Classified Salaries – Non-certificated salaries, including administrator, clerical, technical, and office staff salaries.

3000 Employee Benefits – Employers' contributions to health and welfare benefits, retirement plans, unemployment, and workers' compensation insurance.

4000 Books and Supplies – Expenditures for books, supplies, materials, food, and non-capitalized equipment, including the sales/use tax, freight, and handling charges.

5000 Services and Other Operating Expenses – Expenditures for services, rentals, leases, repairs, professional/consulting services, communications, maintenance contracts, dues, travel, insurance, utilities, legal, non-capitalized improvements, and other operating expenditures.

6100/6200 Other Approved Capital Outlay – Capitalized renovation and repair expenditures, including improvement of sites, leasehold improvements to sites, construction or purchase of new buildings when prior approval have been obtained, and lease payments for relocatable buildings. Non-capitalized renovations and repairs, and lease payments other than repayments of Child Care Facilities Revolving Fund and California Renovation and Repair Loan funds, are to be reported on object code line item 5000, Services and Other Operating Expenses.

6400/6500 Equipment – Capitalized equipment expenditures. The CT&C defines capitalized equipment as tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the contractor for financial statement purposes, or \$5,000. Contractors must obtain preapproval from their Child Development Consultant to expense equipment meeting this definition to a CSPP contract. Non-capitalized equipment expenditures are to be reported in object code line item 4000, Books and Supplies.

Depreciation or Use Allowance – Report depreciation or use allowance claimed on eligible, appropriate capital assets. Depreciation may not be claimed on land, donated assets, assets purchased with public funds, fully depreciated assets or idle/excess facilities. Use allowance may not be claimed on land, assets purchased with contract funds, or on assets for which depreciation has been claimed. See the CT&C for information on calculations.

Start-Up Expenses (service level exemption) – Any approved start-up/service level exemption allowance would be specified on the face sheet of the contract.

Start-Up expenses may be reimbursed without the required enrollment to earn it. Start-Up expenses should not be reported in any other object code line item categories (1000-6500).

Indirect Costs – Indirect costs may be claimed only if the contractor has an approved documented cost allocation plan on file. Reimbursable indirect costs are limited to the lesser of ten percent or the agency's approved indirect cost rate of the total expenses reported in object code line-item categories 1000-5000, including categories 1000-5000 of Start-Up Expenses and Direct Payments to Providers, if claimed. Report any non-reimbursable indirect costs as supplemental expenses. Complete the appropriate AUD fields to report whether the agency received an approved indirect cost rate and, if applicable, the approved indirect cost rate.

Total Administrative Costs – Report all costs included in the Reimbursable Expenses section that were incurred for administrative activities in which the family, child, or FCCH service provider (if applicable) did not directly benefit from the activities. For example, administrative costs include the cost of the position responsible for personnel management, budgeting, and accounting. Administrative costs also include any indirect costs and audit fees.

Total Staff Training Costs – Report the costs included in the Reimbursable Expenses section that were associated with up to two days of staff training per employee. Reimbursable costs associated with staff training days should be reported in expense categories 1000 - 5000.

Section 5 - Supplemental Revenues & Expenses

(Applies to AUD 8501 and 9529)

Report income used to pay for program expenses that are beyond the basic state preschool services for certified and non-certified children. This includes funds from Head Start, First 5 or other enhancement funds, donations, foundation or corporate grants, or other revenue intended to fund program activities beyond basic early education or state preschool program services. Supplemental revenue must not be reported in Section 3.

Since supplemental revenue consists of either restricted income (only considered earned once expended for its intended purpose) or unrestricted income used to pay for supplemental expenses, supplemental revenue should always be less than or equal to supplemental expenses.

Report expenditures related to the supplemental revenue. Also, report any disallowed program expenditures. Supplemental expenses are not reimbursed by an early education contract and must not also be reported as reimbursable expenses.

Note that supplemental revenues and expenses are not included in the final earnings calculation that determines a contractor's earnings.

Non-Reimbursable Supplemental Expenses – Report all non-reimbursable expenses for the contract (see the CT&C).

Section 6 - Summary

The Summary page auto-populates from information entered in the previous pages.

Section 7 - Auditor's Assurances

Independent Auditor's Assurances – Check **YES** or **NO** to indicate whether the contractor complied with the CT&C and program requirements. If **NO** is selected, an explanation of the contractor's non-compliance should be included in the audit report.

AUD 9530A Specific Instructions

The AUD 9530A is used to report preschool reserve account activity.

Reserve Account Background

Reserve account funds are CSPP contract funds that contractors have received approval to *hold in reserve* until the funds are either spent by the contractor according to applicable CT&Cs or returned. CSPP agencies may retain a reserve fund balance equal to 15 percent of the sum of the maximum reimbursable amounts of all CSPP contracts, or two thousand dollars (\$2,000), whichever is greater.

Note that California *Education Code* (EC), Section 8336(d), states that reserve funds shall be maintained in an interest-bearing account and any interest earned on reserve funds shall be included in the fund balance of the reserve account.

Reserve Account Information Required in an Audit

The *EC*, Section 8336(h), states that expenditures from, additions to, and balances in, the reserve fund shall be included in the contractor's annual financial statements and audit report. The reserve account must be reported on the statement of financial position as an asset under cash and as an offsetting liability (deferred revenue), such as "State Preschool Reserves."

All agencies with a reserve account must submit with the audit report an *Audited Preschool Reserve Account Activity Report*, AUD 9530A, that reports the activity of the reserve account. Note that an AUD 9530A must be included even if the account has a zero balance. Also, if interest was not reported because the interest earned was less than \$1 (e.g., due to a low reserve account balance), report that information in the Comments box on the AUD 9530A.

Reserve Activity Amounts to Enter in the AUD 9530A Form

Enter the applicable reserve activity amounts from the prior year's post-audit EENFS 9530 (Reserve Account Status Report).

Section 1 - Prior Year Reserve Account Activity:

1. Beginning Balance (2022–23 AUD 9530A Ending Balance)

Obtain this balance from last year's latest revised audit report. If the balance reported was zero, then enter zero.

2. Plus Transfers to Reserve Account (per 2022–23 Post-Audit EENFS 9530)

- a. Identify the contract number(s) and dollar amount of funds transferred into the reserve account per Section IV of the post-audit EENFS 9530 (*Reserve Account Status Report*).
- b. If the post-audit EENFS 9530 is not available by the time the audit is due, leave this section blank and explain the circumstances in the Comments box at the bottom of the form.

3. Less Excess Reserve to be Billed

If last year's (FY 2022-23) post-audit EENFS 9530 indicated an excess reserve amount was to be billed in Section V, enter it here as a positive amount.

4. Ending Balance per FY 2022-23 Post-Audit EENFS 9530

Line 4 will automatically calculate and should agree with the ending balance from last year's post-audit EENFS 9530, Section V.

Section 2 - Current Year Reserve Account Activity

If the audited amount to report in column C differs from the amount reported in column A, enter an appropriate adjustment in column B.

5. Plus Interest Earned This Year on Reserve Funds

- a. Enter in Column A the amount of interest reported on this year's *Preschool Reserve Account Activity Report*. The *Preschool Reserve Account Activity Report* can be found in the online California Preschool Accounting Reporting Information System (CPARIS).
- b. Verify that Column C contains the correct amount of interest received for the reserve account during the fiscal year; if not correct, enter an appropriate adjustment in Column B.
- c. If there is a reserve account balance and no interest is shown, explain why in the Comments box.

6. Less Transfers to Contracts from Reserve Account

- a. Enter the contract number(s) in the space provided and enter in Column A the respective funds transferred out of the reserve account during the current fiscal year to pay for this year's reimbursable expenses, as reported on this year's *Preschool Reserve Account Activity Report*. This amount must also be reported on the Transfer from Preschool Reserve row in the Revenue section of the AUD 8501.

- b. Verify that Column C contains the correct amount transferred to each affected contract; if not correct, enter an appropriate adjustment in Column B.
- c. Note that *EC*, Section 8336(e), states that funds in a contractor's reserve account may be used only for expenses that are reasonable and necessary.

7. Ending Balance. The ending balance for the current fiscal year is calculated automatically.

For additional information on reserve accounts, see the Reserve Account section of the *Enrollment, Attendance and Fiscal Reporting, and Reimbursement Procedures for Early Education Contractors* (EENFS Fiscal Handbook 2023–24) on the CDE website at [EENFS Fiscal Handbook 2023-24](#).