

**LETTER OF INTENT TO ESTABLISH AND MAINTAIN A CHILD DEVELOPMENT RESERVE ACCOUNT
CDNFS 9530-LTR**

California Department of Education, Child Development and Nutrition Fiscal Services. Revised October 2019

Pursuant to *Education Code* 8450, the following contractor hereby declares the intent to establish and maintain a Reserve Account within the Child Development Fund.

Contractor Name

County Number Vendor Code

Reserve Account Type(s) for which this letter applies:

- Center-Based Alternative Payment (AP) Resource & Referral (R&R)

The above-named contractor hereby agrees to all of the following:

- There shall be a separate Reserve Account for each reserve account type.
- A Reserve Account shall be kept in an interest-bearing account. Interest earned shall be included in the Reserve Account balance.
- Contractors shall file a "Reserve Account Activity Report" (CDNFS 9530-A) for each Reserve Account type (a copy of the general ledger page must be included as account documentation). These reports indicate expenditures, income, and balances and are due annually with the June year-end Attendance and Fiscal Reports. This information shall also be included in a contractor's audit. If a contractor's audit shows a beginning reserve account balance that is different from the prior year's final ending balance, the contractor will be given 30 days to correct the discrepancy. Failure to comply within 30 days will result in immediate closure of the reserve account and an invoice for the entire amount will be issued to the contractor.
- Transfers from a Reserve Account shall be to the contractor's own programs of the same type as the Reserve Account and shall be for reimbursable expenses for certified children for programs funded under contract with the California Department of Education (CDE). Expenditures shall be reported on the Reserve Account Activity Report and also as "TRANSFER FROM RESERVE FUND" on the program's Attendance and Fiscal Report and in the contractor's audit.
- Funding amounts to be reserved are derived from earned but unexpended contract funds and will be calculated by the CDE during the year-end closure of each year's contract. Multiple contracts of the same type contribute to one reserve. Support contract funds are not eligible to be reserved.
- Reserve account balances in excess of reserve limits shall be invoiced by and returned to the CDE.
- Upon termination of the child development contracts, all monies in a Reserve Account shall be returned to the CDE.
- Reserve Account funds cannot be used in the same fiscal year in which they are earned.

Signature of Authorized Designee Date

Print Name

DEADLINE: Reserve Accounts may be established at any time, but must be established by July 20th for the prior fiscal year (ending June 30th) to be included in the reserve.

Mail completed form to:
California Department of Education
1430 N Street, Suite 2213
Sacramento, CA 95814-5901