

**CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES**

P.O. Box 419064, Rancho Cordova, CA 95741-9064



August 30, 2010

LCSA LETTER: 10-08

ALL IV-D DIRECTORS

SUBJECT: CLARIFICATION OF PREPAID EXPENSES

Reason for this Transmittal

- State Law or Regulation Change
- Federal Law or Regulation Change
- Court Order or Settlement Change
- Clarification requested by One or More Counties
- Initiated by DCSS

The purpose of this letter is to provide clarification of prepaid expenses on the Administrative Expenditure Claim (AEC) CS 356. The Department of Child Support Services has recently received inquiries pertaining to prepayments for leases and other prepaid expenses. The Office of Management and Budget Circular A-87 specifically allows for prepayment of insurance and licenses. Local child support agencies (LCSAs) are encouraged to take a prudent and conservative approach to prepaying other items.

LCSAs are reminded that the AEC CS 356 operates on a cash basis as mandated by the Code of Federal Regulations 45, Section 304.25. The cash basis claiming process has been further clarified in CSS Letter 04-20. These instructions require that LCSAs claim costs in the quarter payment was made and recorded in the LCSA's official accounting records.

If you have any questions concerning prepayment, please contact your LCSA Budget Section analyst.

Sincerely,

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Mark Beckley  
Deputy Director  
Administrative Services Division