

**KENTUCKY
DEPARTMENT FOR COMMUNITY BASED SERVICES
DEPARTMENT OF JUVENILE JUSTICE**

**INSTRUCTIONS FOR COMPLETING THE
ANNUAL COST REPORT AND TIME STUDY
For Child Caring and Child Placing Programs and Facilities**

Send completed cost reports to:

**PCC REPORTS MANAGER
Division of Protection & Permanency
Cabinet for Families and Children
275 E. Main Street, MS 3- W-C
Frankfort, KY 40621**

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**INSTRUCTIONS FOR
THE COST REPORT & TIME STUDY**

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COST REPORTING FOR CHILD CARING/CHILD PLACING AGENCIES, RESIDENTIAL FACILITIES AND OTHER CHILDREN'S SERVICE PROGRAMS

I. SUMMARY OF CHANGES

The excel workbook and worksheets have been locked to preserve the integrity of formulas. Data entry can be made only into the yellow shaded cells. All other cells are protected. A macro has been included to allow additional rows to Schedule 2. If you do not require the rows, you will not need to enable the macro upon opening the workbook. Please rename and save the workbook as a new file using your agency name and a program identifier upon opening so that the original remains available unchanged. A brief description of changes to each tab for the reports of 2017 forward is described below:

- Cover Page – Program Type, Hardware Secure and Program Category all have drop down menus from which to select answer
- Schedule 1 – Average Operational Capacity will be provided by calculation after the data are entered for the child count, all entries for child count and days **MUST BE WHOLE NUMBERS**.
- Schedule 2 – If additional rows are required to report time studied personnel and personnel with same job responsibilities not included in time study, click on the add rows button in the "Identification Name" column B. Ten rows will be added which cannot be removed so add only as much as necessary to report your data.
- Schedule 3 – Rows may be added in the usual way if required and the formulas copied to blank rows.
- Schedule 4 – an error message will appear if the audited cost information is not entered or if when entered audited costs are less than reported costs.
- An additional tab labeled Audit Reconciliation has been added to the workbook to allow easier reporting of differences, if any, between audited and reported costs. This tab aligns with unallowable costs described in Attachment A.

II. INTRODUCTION

There are three sets of information that will be used to develop a Medicaid and Title IV-E claiming factor for child caring, child placing, other children's residential programs and family preservation/family reunification services. They are:

- Program Cost Report: This report will be used by the Cabinet for Families and Children and the Department of Juvenile Justice to determine the federally reimbursable costs incurred in the provision of services to committed children.
- Description of Treatment Program: This narrative should describe the services and activities provided for children in care and/or services to the child and family. This narrative must also include a description of the treatment milieu and should provide a detailed narrative accounting of any supplemental treatment services

provided by community resources. This description should be submitted with the annual cost report.

- Provider Time Study: Provider staff participation in the Time Study is critical to establishing federal claiming factors and/or rate setting. Time studies will be conducted annually as instructed by DCBS and/or DJJ.

These components should be consistent in their representations of the program. In other words, if the Program Description portrays a highly therapeutic program, there is an expectation that the cost report will reflect appropriate levels of therapeutic staff. The information will be used by the state to calculate the percentage of the facility costs that are claimable to the federal Title XIX and Title IV-E programs.

III. AGENCIES / FACILITIES REQUIRED TO REPORT

All private and public providers from whom DCBS/DJJ secure(s) child caring and child placing – therapeutic foster care services, or family preservation/reunification services must submit the Cost Report, Program Description and a copy of the most recently completed audit. These programs include:

- A. Group Home
- B. Licensed Treatment Facility
- C. Child Caring Facility
- D. Day Treatment
- E. Family Treatment Home/Therapeutic Foster Care
- F. Foster Care Program
- G. Emergency Shelter with Treatment License
- H. Emergency Shelter without Treatment License
- J. Independent Living Program
- K. Other (Specify) _____

IV. PROVIDERS WITH MULTIPLE PROGRAMS

Some providers may be operating more than one program. A cost report, program description and participation in the time study are required for each program. For example, if an agency operates both a residential child caring program and a therapeutic foster care program, separate reports must be filed for each program. If an agency operates two residential programs that serve different types of clients or offer different intensity of services, separate cost reports should be prepared for each.

For purposes of this report, a provider must allocate common costs using a method that is reasonable. For example, rent for one building that houses two or more programs could be allocated based on the proportion of the square footage occupied by the different

programs or by the number of beds. Administrative overhead may be allocated based on proportional program cost or staff cost.

Records specifying the allocation method used shall be maintained by the provider for audit purposes.

V. AGENCIES THAT OPERATE AN ON CAMPUS SCHOOL PROGRAM

Some providers may be operating an on-campus school. Costs for this program shall be treated separately and reported in the special section for Education on the cost report form.

The campus school cost shall include those costs that are directly attributable to the school. In addition, the program costs must also include the proportional share of the general operating costs for such things as utilities, supplies, room, administrative support costs, etc.

For purposes of this report, an agency must allocate common costs using a method that is reasonable. For example, rent for one building that houses two or more programs could be allocated based on the proportion of the square footage occupied by the different programs. Administrative support costs could be allocated based on the proportion of staff time spent or the proportion of cost in each program. Records specifying the allocation method used shall be maintained by the facility for audit purposes.

Example: A provider operates a one-room on-campus school that occupies 10% of the agency's space. The cost of the teacher's salaries, textbooks, desks, etc. would be a direct program cost related to Education. In addition, 10% of the agency's Occupancy cost would be entered in the Education section of the cost report. The remaining 90% of the Occupancy cost would be included in the Occupancy section of the cost report. The same concept would be used for administration salaries and other expenses that were common to the residential and the school program.

VI. REPORTING PERIOD

The cost data in the report should reflect the program's most recently completed and **audited 12-month period**. The report must reflect the actual incurred cost during the time period reported. Do not include anticipated costs that are outside of the reporting period. Please complete the report as soon as possible to avoid unnecessary delays.

If a program was operational for less than six months during the reporting period but has since been in operation six or more months, a cost report should be submitted without the supporting audit material. In this case, supporting documentation to be provided should display cost by quarter to enable a reviewer to distinguish ongoing cost from startup costs. The period being covered should be noted for each program cost report.

VII. GENERAL GUIDELINES FOR COMPLETING THE COST REPORT

NOTE the Guidelines for Allowable Costs and Unallowable Costs are provided in Attachment A of this instruction.

The instructions for allowable and unallowable costs and expenditures for federal claiming are based on federal criteria. These are identified in the Office of Management and Budget Circulars A-122, A-133 and A-87, "Cost Principles for Nonprofit Organizations and Cost Principles for State and Local Governments." These instructions for completing the Cost Report are meant to explain and apply these federal criteria, not to displace or contradict these criteria. In any area of dispute, the force of the federal guidelines will prevail.

Take special care to be accurate and consistent in completing this report. The cost report is subject to federal audit, and any inaccuracies could lead to the State's being required to repay to the federal government for any unallowed or inaccurately reported costs.

Do not use terms such as "miscellaneous", "various", "etc.", or "other", without specifying the items. State staff must be able to determine that costs are allocated to the appropriate cost categories, and the use of such terms makes it impossible to do that.

The chart of accounts used in this report is designed to capture federally allowable costs. If your agency's Chart of Accounts is not as detailed or somewhat different, then consolidated amounts for the major non-personnel costs are acceptable. Maintain records of consolidated costs for audit purposes.

Round entries to the nearest whole dollar.

VIII. DATA REQUIRED TO BE SUBMITTED

1. Cost Report,
2. Most recently completed annual audit,
3. Work papers which reconcile the cost report to the audit,
4. Program description, and,
5. Time study day logs and summary.

DETAILED INSTRUCTIONS FOR COMPLETING THE COST REPORT

GENERAL INSTRUCTIONS

Cost reports must be submitted in electronic spreadsheet form, using the Microsoft Excel format provided to respondents by the State. The worksheet provided is locked to preserve formulas; data can be entered only in the highlighted cells. DO NOT submit the form with data linked to external sources. For the staff lists required in Schedules 2, in the event that more lines are needed to accommodate the agency's work force, clicking on the add rows button will add 10 rows. NOTE once clicked, the rows cannot be removed so be sure only to add the amount required. If additional rows are needed for schedule 3, the respondent should use the "edit-insert-line" feature of the software to add the necessary number of lines above the applicable total line, and should check to assure that the total line reflects all lines as appropriate. Formulas provided in the spreadsheet may not be altered by the respondent.

COST REPORT FACE SHEET

Reporting Period:

The Cost Report must reflect the most recently completed and audited 12-month period. The audit and working papers, which reconcile any differences between the audit and cost report, must be sent in with the completed cost report.

Identifying Information on the Operating/Parent Agency

Enter the legal name, mailing address and telephone number of the parent organization that administers the program represented in this report.

Identifying Information of this Program

Enter the name for this specific program.

Enter the license number for this program, e.g. 500000. The license number is valuable for systemwide reporting.

Enter the address, FAX number, phone number, and e-mail address for this program.

If accredited by a national body, list the name of the accrediting organization.

Select from the drop-down list the letter that indicates the Program Type of the program represented in this cost report. The program type refers to one of the following categories

of programs listed below: Programs representing more than one type should submit separate cost reports for each type. If a program is not one of the listed types, then select the "Other" letter and specify the type of program.

- A. Group Home
- B. Licensed Treatment Facility
- C. Child Caring Facility
- D. Day Treatment
- E. Family Treatment Home/Therapeutic Foster Care
- F. Foster Care Program
- G. Emergency Shelter with Treatment License
- H. Emergency Shelter without Treatment License
- J. Independent Living Program
- K. Other (Specify) _____

Enter "YES", from the drop-down list if this is a hardware secure program or "NO" if it is not. "Hardware Secure" means that the doors are always locked and the children cannot exit without a staff person unlocking the door. Hardware secure does not include a program that periodically locks the doors to keep intruders out.

Enter one of the following letters from the drop-down list indicating the category of the program:

- a) Private Non-Profit - Privately owned and operated program with IRS status as a non-profit agency.
- b) Private For-Profit - Privately owned and operated program that is for profit and does not have an IRS non-profit exemption.
- c) DJJ Operated - Publicly owned program operated by DJJ.
- d) Other Public - Publicly operated by State, county or city government.

CERTIFICATIONS

Enter the name, phone, FAX, e-mail, and signature of the person completing the cost report.

Enter the name, phone, FAX, e-mail, and signature of the authorized agency representative certifying that the cost report is accurate.

Enter the name, phone, FAX, e-mail, and signature of the auditor certifying that the cost report is consistent with the required annual audit for the same period. A program reported in the cost report may represent only a portion of the agency audited. In such a case the auditor's certification indicates his/her ability to account for the items

reported in the program cost report as non-duplicated parts of the whole agency audit, consistent with reasonable auditing standards.

SCHEDULE 1: CAPACITY AND UTILIZATION

This section is very important in computing the "per day" cost of the program. The entries in these columns must have available upon request supporting documentation such as invoices or accounts receivable.

Calculation of the number of actual bed days that were paid in comparison to the program capacity multiplied by the reporting period will allow the State to determine the utilization rate for this program. Therefore, all items in this section must be completed as accurately as possible for federal reimbursement and program planning.

Enter the number of calendar months during the reporting period (shown on the cover page) that this program was operating. Count a partial month as one whole month. Enter the licensed bed capacity for this program. (This would be the actual number of beds that could be filled based on the license.)

Enter the maximum bed capacity, or number of beds that could be filled based on the program's actual facility and staffing capacity, if different from the licensed capacity. This number should reflect the average capacity over the reporting period and must be supported in the agency's records. An explanation of the difference from licensed bed capacity, if any, must be submitted as an attachment to the cost report. For Family Treatment and Foster Care Homes, the average daily operational capacity of this program will be calculated as the average of the twelve months of child count data provided below.

CHILD COUNT

Enter the names of each month during the reporting period in calendar order in the first column. (If the reporting period is longer than 12 months, use the Excel "edit-insert-line" feature to add more lines, and assure that the totals capture the new lines.) For each month, enter the total number of unduplicated children served during all or part of that month. Enter the number of unduplicated children whose care was paid by DCBS for each month by their Level of Care. Similarly, enter the unduplicated number whose care was paid by DJJ, another public agency, or a private source. In the event that a child's level of care changed during the month, use the level which applied at the beginning of the month.

INVOICED DAYS

Enter the names of each month during the reporting period in calendar order in the first column. For each month, enter the total number of invoiced (paid) days of care for that month. Enter the number of days of care paid by DCBS for each month by the Level of

Care. Similarly, enter the number of days of care paid by DJJ, another public agency, or a private source in the appropriate column.

SCHEDULE 2: TIME STUDIED PERSONNEL (Page 1)

NOTE: Detailed instructions for completing the annual Time Study are provided in Attachment B of this document.

NAME

In the "Name" column list every staff person who participated (or would have participated if present) in the annual time study as required for this program during the reporting period of this report, regardless whether that individual is still employed. Since this list should total to the actual costs of all such personnel, it is critical that all such personnel during the report period be listed.

The preferred format is Last name, First name. (Note: the entire name can be entered in the Excel cell, even though it may not all appear in the printed version due to column width limitations. ***If the list of names is longer than the number of lines provided, enable macros and use the "Add Rows" button at the top of the column to add 10 more rows for each time clicked. Rows cannot be removed once added.***)

CLASS

In the "Class" column, list each employee's job title. Use full words or abbreviations and acronyms that are universally understood. For example, use "Ch. Care Wrkr." not "C.C.W." or "Exec. Dir." not "E.D."

DEGREE

Enter the degree or certification held by the employee in the position listed above. Pay particular attention to professional job requirements, for example a therapist with MSW, LCSW or LPC credential.

FTE

Enter the number of "Full Time Equivalent" (FTE's) for each position. One FTE means a full-time staff who works 40 hours per week for 12 months. For example, the following FTE values are shown for a cook who worked 40 hours per week for 12 months, a typist who worked 20 hours per week for 12 months, and a child care worker who worked 40 hours per week for 9 months:

<u>Position Staff</u>	<u>Staff FTE</u>
Cook	1
Therapist	.5

SALARY AND BENEFITS

In the salary and benefits columns enter only the portion of the employee's salary and benefits that is attributable to the agency/program for which this report is submitted.

For example, an executive director manages a residential treatment program and an emergency shelter program spending 25% of his time on the residential treatment program and 75% of his time on the emergency shelter. A separate cost report is required for each of the two programs.

On the cost report for the residential treatment program, 25% of the director's annual salary and benefits would be entered in the Salary and Benefits columns. On the cost report for the emergency shelter, 75% of the director's annual salary would be entered in the Salary and Benefits columns.

Note: The FTE should also reflect the approximate percentage of the salary distribution (i.e., for the residential treatment program, the director's FTE should be 0.25 and for the emergency shelter program, the director's FTE should be 0.75.

TIME STUDY CODE COUNTS

NOTE: Instructions for completing the annual Time Study are contained in Attachment B.

On the same line as each worker's name, enter the totals of time study code counts applicable to each of the following categories:

Administration	(Codes A+B)
Board and Care	(Code C)
Treatment	(Codes D + E + F + G + H)
Other	(Codes I+J).

Each code count represents one code entered into one half-hour block on the time log. The code count totals must equal the totals shown at the bottom of that worker's completed Activity Log for this program for this report period's time study. Do not enter data unless it is documented on the worker's individual time study form and the form contains the required signatures of participant worker and supervisor. *The code and child counts submitted on the original signed time study logs and summary must match the data submitted on schedule 2 and should in no way be adjusted or altered by the agency.*

NOTE: it is the responsibility of the persons completing and signing the cost report to assure that the time study code counts are accurately compiled and transferred to the cost report Schedule 2 (Page 1).

SCHEDULE 2: TIME STUDIED PERSONNEL (Page 2)

TIME STUDY CHILDREN SERVED

On the same line as each worker's name on Schedule 2 (Page 1), enter the unduplicated number of children served by that worker during the time study period for each Level of Care, including Levels 1 through 5 and "No level." These numbers are the totals located at the bottom right of each worker's Time Study Activity Log.

Do not enter data unless it is documented on the worker's individual time study form and the form contains the required signatures of participant worker and supervisor.

NOTE: it is the responsibility of the persons completing and signing the cost report to assure that the time study "children served" counts are accurately compiled and transferred to the cost report Schedule 2 (Page 2).

TREATMENT HOURS BY LEVEL (***AUTOMATIC FORMULAS***):

The spreadsheet has been designed to automatically calculate the treatment hours allocated to each Level for each worker, and these formulas are included on the spreadsheet for convenience of the compilers. It is **NOT** the responsibility of the completing staff or signer of the cost report to verify the accuracy of these computations. **The pre-entered formulas are in locked cells on the worksheet and are not alterable.**

The formulas will be automatically copied to added lines. The formulas will not produce an error for employees who were not employed during the period of the time study and for whom there is salary and benefits but not time study data.

SCHEDULE 3: OTHER PERSONNEL

Schedule 3 is used for listing all non-time-studied personnel (other than contractors), including administration staff, board and care staff, medical and dental treatment staff, and other staff.

Administrative staff include employees who are exclusively management or administrative support and have infrequent contact with the residential children. Examples of such staff are the director, secretary, clerk, bookkeeper, and staff trainer.

Board and Care staff are those who provide children with housing, food, and clothing and who were not in the time study or whose work is not directly comparable to time studied personnel. Examples of board and care staff are cook, housekeeper, laundress, maintenance staff, and security staff.

Medical and dental treatment staff are staff licensed under state law as medical professionals administering medical procedures or treatment. This would typically be the physician who performs the physical exams, physical diagnosis, medication reviews, writes prescriptions and other medically related activities, or the nurse who performs only medical (non-counseling) procedures, or the dentist or dental hygienist performing only dental procedures.

Other staff who were not time studied might include persons performing activities unallowable for federal claiming, such as fund raising and/or research activities. This also includes staff who perform religious services and functions.

An individual who performs more than one of the above functions may be listed under more than one of the above categories in Schedule 3. For example:

A full-time director who performs administrative functions 90% of the time and fund-raising 10% of the time might be listed under both "Administration" and "Other." In that case, .9 FTE would be shown on his line under "Administration" and .1 FTE would be shown under "Other." Likewise, proportionate shares of his salary and benefit costs would be shown under the two subsections.

Note that Schedule 3 is meant to reflect the total costs of these types of personnel for the entire cost report period. Therefore, it is important that all such personnel for the period, including staff no longer employed at the end of the period, must be listed. For persons who have not been employed the entire report period, appropriate adjustments to the FTE and COST columns should be reflected.

For the Class, Degree, FTE, Salary, and Benefits entries, follow the same definitions and instructions provided for Schedule 2. Obviously, there is no "time study" or "child served" data to be entered for the staff included on Schedule 3.

SCHEDULE 4: COST & REVENUE SUMMARY

COST SUMMARY

Brings forward the cost totals from the bottom of Schedule 2 (Page 1) and Schedule 3 for each of the columns: Administration, Board & Care, Treatment, Other, and Total.

PAYMENTS TO FOSTER AND THERAPEUTIC HOMES

For child placing agencies, enter in the Board and Care column and the Total column the total amount of payments made to foster homes and/or therapeutic family treatment homes during the reporting period.

OTHER CONTRACTED COSTS

Enter contracted costs other than payments to foster and therapeutic homes in the appropriate columns to which they pertain: Administration, Board & Care, Treatment, and/or Other, and enter the total of all of these in the Total column. This section is for the cost of fees that were paid for services of outside agencies or persons not on the regular payroll of the agency and for whom no fringe benefits were paid. For example, fees for audit of the financial statements should be listed in the Administration column. Program-related charges, such as clinical consultation shall be entered in the Treatment column.

SUPPLIES & MISCELLANEOUS EXPENSE

Enter the costs of supplies and miscellaneous expense in the appropriate columns to which they pertain: Administration, Board & Care, Treatment, and/or Other, and enter the total of all of these in the Total column. Consumable supplies are generally those items that are used up within one year. The cost of food, household supplies, medical supplies are most appropriate for the Room and Board column.

Miscellaneous expenses such as printing, postage, telephone costs, liability insurance, licensing fees, and professional memberships are generally Administrative costs. Records specifying miscellaneous expenses should be maintained by the facility for audit purposes.

Note: Conference fees and costs related to training shall be entered on the Training line.

OCCUPANCY COSTS

Enter the Occupancy costs of the program for the reporting period in the Administration column and the Total column. Generally, the occupancy costs were paid as rent, or as depreciation if the building is owned by the provider. If the occupancy costs are based on a mortgage, it is important to separate the principle portion of the mortgage, which is unallowable, from the interest portion of the mortgage which is allowable for federal claiming. Occupancy costs include the interest paid and the depreciation taken on the

mortgage. However, you must EXCLUDE the cost of the mortgage principle from occupancy costs.

If the building is depreciated, then the depreciation schedules must meet the standards of the Internal Revenue Service, and records of the depreciation calculation shall be maintained by the facility for audit purposes.

The cost of insurance, utilities, property taxes, maintenance, and repair (subject to the limitation defined below) is also allowed as part of the occupancy cost.

Note: If there is an on-campus school, then the occupancy costs for the school must be allocated to the Education section (see below). The square footage used for the different functions, or some other reasonable allocation method must be used to allocate the costs.

EQUIPMENT COSTS

Enter equipment costs for the reporting period in the Administration and Total columns. Equipment costs (items \$5,000 or under) are an allowable expense if used in support of the program included in this cost report. Equipment includes: copy machines, computers, washing machines, etc., which are purchased for use by residents and/or staff. Agency vehicle purchases also are included in this category.

If the loan payment for the purchase of equipment or vehicles includes principal and interest, then the principal portion is unallowable and must be excluded from the reported equipment cost.

The cost of rental or maintenance of equipment is an allowable expense. Items with a cost over \$5,000 must be depreciated. If the equipment is depreciated, then the depreciation cost must meet the Internal Revenue Code, and adequate records must be available for audits.

TRAVEL COSTS

Enter travel costs for the period in the Administration and Total columns. Travel costs include both the cost of operating and maintaining agency-owned vehicles, the cost of purchased transportation (e.g., bus tickets and taxi fares) and reimbursement to staff for use of their vehicle. Staff mileage reimbursement is to be listed at the actual rate paid/reimbursed.

Allowable Travel Costs do not include the cost of operating a vehicle for the exclusive use of any employee of the program. This should be treated as staff income and be entered as a Personnel Cost.

The cost of buying or leasing a vehicle should be listed as an Equipment Cost (see above).

Expenses for travel to, and fees for conferences and training which pertain to the program shall be listed as a Training Cost (see below).

INDIRECT COSTS

Enter the indirect costs for the reporting period into the Administration column and the Total column. Indirect costs are for common or joint purposes benefiting programs or services of the agency that are in addition to the costs included in this report. Indirect costs, if any, should be computed according to the accounting procedures used by the operating agency. Indirect costs are typically costs that are assessed to the specific program by the parent agency for providing administrative services such as payroll and accounting, advertising or training. All included indirect costs must comply with allowable cost classifications and supporting documentation retained for audit purposes.

TRAINING COSTS

Enter the total training costs for the period in the Administration and Total columns. Report all training costs here. This includes the registration and conference fees as well as the travel and per diem paid to attend the training. This also includes tuition or fees paid for university or college courses that are attended by the agency employees. Also, any expenditures for consultants and non-agency staff trainers would be entered in this section. If the agency staff is providing the training, only the cost of supplies, equipment, and rental of space necessary for the training is included in this section.

Note: Do not include in the Training Cost section, the salary and fringe benefit cost of the agency staff attending the training or agency staff providing the training. The salaries and benefits would be entered on Schedules 2 and 3 of the cost report.

EDUCATION COSTS

Enter the total education costs of the reporting period into the Other and Total columns. Report all education costs in this section. This would be for those agencies that operate an on campus school. This includes the salaries and benefits of the teachers and aides. Also enter the pro-rated salaries of the administrator or other staff as it relates to the operation of the school. Also enter the pro rated cost of the classroom, class room supplies such as books, desks and equipment.

If you do not have an on campus school, but must pay tuition for the clients to attend school, enter the cost of tuition here. This section is only to report the cost of education other than the cost of the public school system.

Note: Report the cost of the child's personal school supplies such as paper, pencil, book bag or general public school fees under Supplies and Miscellaneous expenses.

AUDITED TOTAL COSTS & DIFFERENCE

Enter in the Total column the total cost of the reported program for the report period as it appears in the required annual audit. If there is a difference between the Total Costs reported and the Audited Total Costs, it will be on the "Difference" line, and provide an explanation of this difference on the audit reconciliation tab of the worksheet.

OFFSETTING SUBSIDIES

Certain revenue sources and the amounts received for the program are important in order to offset any costs that have already been subsidized by federal payments made directly to the program. Without clarification of these funds, the federal reimbursement calculations based on these cost reports would result in "double dipping," which is illegal.

Enter in this section the total funds received from the United States Department of Agriculture (USDA), including those delivered under the School Lunch Program, Food Stamps, or other food subsidy and commodity programs. These are listed in the Board and Care and the Total columns.

Similarly, enter all Supplemental Security Income (SSI) payments received from, for, or on behalf of children served. These are entered in the Board & Care and Total columns.

Enter the amounts of federal and state education subsidies received during the reporting period into the Other and Total columns.

Enter the amounts of other federal grants onto this line in the column to which they pertain. For example, federal Runaway Youth Shelter dollars would be reported on this line in the Board & Care column.

COSTS & REVENUE BY FUNDING SOURCE

This section is a combination of data entries and automatic calculations. Enter only the data required in columns 1 and 4, and do not change the formulas provided in columns 2, 3, and 5.

In column 1, enter the total number of invoiced (paid) days of child care provided during the reporting period by each of the agencies listed: DCBS, DJJ, the Impact Plus program, and all other public agencies. On the "Private" line, enter the days paid by private (non-government) sources. Include in the Private total any days of care which were provided by your program during the report period and were not recompensed from any source (other than the agency itself). NOTE: these days should equal the corresponding totals reported on Schedule 1.

Column 2 "Cost" automatically distributes the "total final cost" shown in the previous section by the invoiced days entered into column 1, and column 3 "Cost per Day" automatically divides each cost subtotal by the number of care days to arrive at the cost per day for each funding source.

In column 4 "Revenue by Source" enter the total revenues received from each of the payment sources: DCBS, DJJ, Impact Plus, Other Public programs, and Private sources. Include all revenues received from external sources for the reporting period, except that any amounts reported above as "Offsetting Subsidies" should not be included (again) as "Revenue."

Column 5 "Profit" subtracts the Cost from the Revenue received to yield the "Profit" total by funding source.

PLEASE DOUBLE CHECK YOUR FIGURES AND CALCULATIONS TO VERIFY THE ACCURACY OF THE REPORT

ATTACHMENT A

ALLOWABLE & UNALLOWABLE COST GUIDELINES

ALLOWABLE COST GUIDELINES

SALARIES - Include all remuneration, paid currently or accrued, for services rendered during the period of the cost report. The costs for such compensations are allowable to the extent that the compensation is: (1) reasonable for the services rendered, and (2) it is supported by documented payroll vouchers or a generally accepted documentation method. Payroll must be further supported by time and attendance or equivalent records for individual employees. Salaries of employees chargeable to more than one program or cost center must be supported by appropriate time distribution records. The method used should produce an equitable distribution of time and effort.

EMPLOYEE BENEFITS - Employee benefits in the form of employer contributions to social security, state and municipal retirement systems, life and health insurance plans, unemployment insurance coverage, workers' compensation insurance, and pension plans are allowable.

- Incentive Compensation -- Such payments to employees based on cost reduction, or efficient performance, or suggestion awards are allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the operating agency and the employees before the services were rendered, or pursuant to an established plan followed by the operating agency so consistently as to imply, in effect, an agreement to make such payment.
- Deferred Compensation -- Such cost is available to the extent that (1) except for past service pension and retirements costs, it is for services rendered during the period of the cost report; (2) it is, reasonable in amount; (3) it is paid pursuant to an agreement entered into in good faith between the operating agency and its employees before the services are rendered, or pursuant to an established plan followed by the operating agency so consistently as to be, in effect, an agreement to make such payments; (4) the benefits of the plan are vested in the employees or their designated beneficiaries and no part of the deferred compensation reverts to the employer; (5) in

the case of past service pension costs, it is amortized over a period of ten years or more; and (6) for a plan which is subject to approval by the Internal Revenue Service, it falls within the criteria and standards of the Internal Revenue Code and regulations of the Internal Revenue Service.

- Severance Pay -- also commonly referred to as dismissal wages, is a payment in addition to regular salaries and wages, by operating agencies to employed workers being terminated. Costs of severance pay are allowable only to the extent that, in each case, it is required by (1) law, (2) employer-employee agreement, or (3) established policy that constitutes, in effect, an implied agreement on the operating agency's part.

CONSULTATION FEES - The cost of consultation fees, charges for the use of personal services of outside agencies or persons not on the payroll of the contracting agency, are allowable to the extent that they are necessary for the management of functions relating to the provision of services, (i.e., audit service, legal counsel, and specialized consultation).

TRAVEL - Reimbursement is allowable on the costs of operation, maintenance, and repair of agency vehicles when relevant to the delivery of services. Expenses for transportation, lodging subsistence, and related items incurred by employees who are in a travel status on official business, incident to delivery of services, are allowable either on an actual basis or a per diem and mileage basis. Expenses for meetings and conferences are allowable if the primary purpose is the dissemination of technical information relating to services. Purchased transportation is allowable if incident to delivery of services.

CONSUMABLE SUPPLIES AND MISCELLANEOUS EXPENSES - The cost of materials and supplies as well as the costs of maintaining a central store room are allowable to the extent that they are necessary to provide services. Direct charges to services should be based upon the actual price less cash discounts, trade discounts, rebates and allowances. Consumable supplies are those items which will be used upon, or consumed within, the reporting period of the cost report.

Miscellaneous expenses could include printing and postage, telephone costs, licensing fees, professional organization memberships, conference fees, employee medical expenses, advertising costs, children's allowances, school supplies, admission fees, and other program costs.

OCCUPANCY COSTS - Rental or Privately Owned Building -- The interest portion of the cost for space is allowable if the charge does not exceed the cost of comparable space and facilities in the same locality. The lease agreement must stipulate the extent of the lessor's responsibility for renovations. Major renovations which add to the permanent

value of the property or appreciably prolong its life, the cost of which is borne by the provider, must be depreciated.

- Rental of Publicly-Owned Building -- The rental cost of publicly-owned buildings is allowable if the charge does not exceed the cost of ownership. The rental charge should include the cost of service, maintenance, depreciation on the building, and depreciation of major renovation.
- Depreciation of Provider-Owned Buildings -- The computation of depreciation should be based on the criteria and standards of the Internal Revenue Code and regulations of the Internal Revenue Service. Note: It is important to maintain records of depreciation schedules for audit purposes.

UTILITIES - Utility costs for related facilities are allowable when equitably distributed among programs and cost centers.

INSURANCE COSTS - Cost of insurance in connection with the general conduct of activities is allowable to the extent that the cost will be in accordance with sound business practices. Building insurance and agency vehicle insurance are examples of allowable costs. The deductible portion of the insurance coverage in the event of loss or minor uninsurable losses are also allowable.

Unallowable insurance costs would be the cost of insuring the life of any officer or employee, for which the agency is a beneficiary.

LEASED EQUIPMENT - The cost of leased equipment is allowable if it is for the program and is reasonable as sound business policy.

MAINTENANCE AND REPAIR - Costs incurred for necessary maintenance repair, and upkeep of equipment is allowable.

PURCHASED EQUIPMENT - Small equipment necessary in providing services may be expensed during the period in which it is purchased. For larger purchased equipment, the payment of the interest is allowable.

DEPRECIATED EQUIPMENT - Items costing over \$5,000 must be depreciated. Computation of depreciation should be based on the criteria and standards of the Internal Revenue Code and regulations of the Internal Revenue Service. Records of depreciation schedules must be maintained for audit purposes.

LEASE PURCHASE - The cost of equipment or facilities obtained under a lease purchase arrangement is allowable to the extent applicable to the cost of ownership (e.g., depreciation, utilities, maintenance, and repair).

UNALLOWABLE COSTS

BAD DEBT - Losses arising from uncollectible accounts and other claims and related costs are unallowable.

CONTINGENCIES - Contributions to a contingency reserve or any similar provision for unforeseen events are unallowable.

CONTRIBUTIONS AND DONATIONS - Outlays of cash with no prospective benefit to the facility or program are unallowable.

DEPRECIATION - Cost of depreciation on idle facilities, except when necessary to meet fluctuations in caseloads, are unallowable.

ENTERTAINMENT - Costs of amusements, social activities, and related costs of staff and board members including the cost of alcoholic beverages are unallowable.

OTHER FINANCIAL COSTS - Bond discounts or any costs of financing or refinancing operations are unallowable.

FINES AND PENALTIES - Cost of fines and penalties resulting from failure to comply with federal, State and local laws or imposed by a court are unallowable.

FUND RAISING - Costs of organized fund raising are unallowable.

INVESTMENTS - Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments are unallowable.

ORGANIZATIONAL COSTS - Organizational costs such as incorporation, fees to accounts, brokers, etc. in connection with establishment or reorganization are unallowable.

PROHIBITED ACTIVITIES - Costs of prohibited activities for Internal Revenue Code Section 501 (c) (3) Organizations are unallowable.

SECTARIAN COSTS - Salaries of clergy or religious representatives for the purposes of teaching religion, or payment for participation in religious activities are unallowable costs.

ATTACHMENT B **ANNUAL TIME STUDY INSTRUCTIONS**

Time Study Required:

All programs receiving funding from the Department for Community Based Services (DCBS) or the Department of Juvenile Justice (DJJ) are required to conduct the prescribed time study annually, in conjunction with the completion of the contract agency's required annual cost report and audit. The time study is to be conducted for the seven days designated by DCBS/DJJ for the contract agency each year. No exceptions or alternative schedules will be allowed. Delivery of required documentation to the DCBS is a matter of contract compliance for all providers. Programs funded 100% from sources other than DCBS, or DJJ, need not participate.

PLEASE NOTE THAT THE INFORMATION COLLECTED IN THIS TIME STUDY IS CRITICAL TO THE DCBS AND DJJ RATE-SETTING PROCESS AND IS THEREFORE MANDATORY FOR ALL PROVIDERS. THIS INFORMATION IS ALSO USED TO ESTABLISH FACTORS FOR CLAIMING OF FEDERAL FUNDS WHICH ARE USED IN SUPPORT OF PAYMENTS TO PROVIDERS. FAIRNESS REQUIRES STANDARDIZED PROCEDURES, FORMATS, AND DEADLINES APPLICABLE TO ALL PROVIDERS.

Each program shall appoint a Time Study Coordinator whose responsibility it is to arrange for the time study, distribute forms, issue instructions, assure that the forms are completed correctly and timely, verify the completeness and accuracy of completed forms, photocopy the completed forms for the agency's records, and forward the originals in timely fashion as directed below. Original documentation will not be returned to the Provider.

For each program, the Time Study Coordinator will assure that the time study forms for all participating workers are completed and submitted in timely fashion to the program's manager for entry into the annual cost report.

Information on the accuracy, completeness, and timeliness of these time study returns will be retained by the DCBS and DJJ, and will be one factor considered in award of future contracts.

Due Date and Quality Control:

Completed originals of all forms are used to complete Schedule 2 of the annual Cost Report. The original time study logs are to be protected and retained unchanged by the agency. The original forms must be submitted with the time study summary form, and a copy should be retained by the agency for a period of five years from completion. Coordinators are urged to organize materials, distribution, routing, and photocopying so as to avoid last-minute assembly, particularly for large organizations with many

programs and/or workers. All forms from one program should be packaged together with the annual program cost report to which they pertain.

The Provider is responsible for assuring participation of all required staff. The Provider's Coordinator(s) is responsible for assuring the clear legibility and completeness of all documentation per instructions. Incomplete, illegible, or incorrect materials will not be corrected or processed by DCBS or DJJ, but rather will be sent back to the Coordinator for correction and ruled incomplete and tardy.

Participants and Time Covered:

All program staff who have contact with one or more children in care during the period of the time study or any part thereof are required to participate in the time study during their work time occurring within the designated time study week.

Normally, participants will include all child care staff, caseworkers, child supervision personnel, educational staff, medical staff, recreational supervisors, counselors, social workers, nurses, clinical staff working with children, and others having direct child contact or child care/service responsibility. Instructions will be provided annually as to whether foster parents are to be included in this time study.

Generally, administrative and clerical staff are not required or expected to participate in the time study. However, if such staff, in addition to administration or clerical functions, perform regular casework or child supervision or service functions for at least one-fourth of their work time, they should participate in the time study for their entire work time during the 7 time study days.

All workers meeting the above descriptions must be required to participate as a condition of their employment, and the Provider is not empowered to grant exemptions from such participation. Level of worker participation by program will be monitored within the Provider's Cost Report to ascertain compliance.

Staff are expected to participate in the time study only during paid time. Paid time includes paid leave time and/or compensatory leave time, paid sick leave or maternity leave, as well as the customary lunch and/or break periods during their work day (whether or not such breaks are technically "paid" time). However, staff on paid leave for the entire workday need not complete or submit a log form for that day. Staff who perform child care or services on their own (unpaid) time during the time study period should not report such time on the time study log, unless they are accruing compensatory time which they may later substitute for paid leave.

Persons who serve or care for children as contractors rather than salaried staff of the Provider should not participate in the time study. Volunteers whose time is not salaried by the Provider should not participate in the time study. (Reimbursement for expenses, meals, or other incidental recompense for volunteers does not constitute salary.) Persons who work partly as salaried staff and partly as a contractor or volunteer should participate in the time study for the salaried time only.

Provider Name: Enter the name of the provider organization as contracted by DCBS or DJJ.

Program Name/Site: Some providers operate multiple programs. Enter the name of the specific program in which the Worker provides services or care to children, and the Site at which the worker performs his/her functions if the program serves multiple sites.

Participant: The worker enters his/her name in the format: Last name, First name. At the end of the time study period, the worker should sign the form and date the signature.

Supervisor: The worker's supervisor enters his/her name in the format: Last name, First name. At the end of the time study period, the Supervisor should sign the form and date the signature.

Hour: In the Hour column, enter the hours of the workday (and half-hours) to cover the periods of the worker's work days for the time study week. E.g., if the worker begins work on some days at 7:00 am and other days at 8:00, enter 7:00 and 7:30 for the first two blocks, to cover those days on which the worker will begin work at 7:00 am. If the worker's workday spans more hours than the form provides space for, use a second form. In that case, assure that the second form is completely filled out at the top, just like the first form.

Date: The form provides seven DATE columns, and allows the recording of the entire time study period's onto this one page. Enter into each column immediately under the word DATE the date to which that column refers. Enter only the month and day numbers, using the format 3/15 (for March 15).

Activity Codes: Each block represents one-half-hour of the worker's time. From the Code List provided, enter one and only one activity code for each half-hour of each workday. The activity code selected should be the one which best represents the activity on which the worker spent the largest part of that half-hour period. If multiple activities required equal time, code the earliest one.

Example 1: The worker spent the first 10 minutes on activity A, the next 14 minutes on activity B, and the next 6 minutes on activity. Enter activity code B.

Example 2: The worker spent the first 15 minutes on Activity E and the next 15 minutes on activity D. Enter activity code E.

DO NOT enter more than one activity code per half-hour block.

DO NOT leave blanks for periods during the work day. There are activity codes to cover all possible activities during the work day, including leave and break time. A blank block indicates that this half-hour was not part of the worker's paid work time. The lunch and break periods occurring during the work day should be coded, even

though (technically) these may not be considered paid work time.

Code Count Totals: At the end of the time study period, before giving the form to the supervisor for signature, the worker should count each code for all days reported, and should enter the code count totals in the boxes provided at the bottom of the form.

Example: The worker recorded 5 D codes in each of 5 workdays. He would enter 25 as the code count total for Code D.

The code count totals should sum to the total number of half-hour blocks reported (i.e., twice the number of work hours during the time study period).

List of Children: During the course of the time study period, the worker should enter into the List of Children column the names of each of the children with whom he/she works during the time study period. Each individual child's name should be entered only once. Names may be entered in any order and format, provided that the person who is completing the Provider's cost report will be able to identify those children from the agency's roster. The purpose of this child identification is to allow the association of Levels of Care with each child, so that the child count totals by level of care can be completed on the form.

Child Count Totals (by Level of Care): This section at the bottom right of each form may be completed by the worker, or supervisor, or clerical assistant, or person completing the cost report, as determined by each Provider. It is necessary to know the Level of Care (LOC) assigned to each child served during the time study period. Use the LOC assigned to the child as of the beginning of the time study period.

In the Level column enter each child's LOC next to his/her name. In the Child Count Totals section, enter the total number of individual children with each LOC, as well as the number who have no assigned LOC.

TIME STUDY CODES & DEFINITIONS

CODE A. LEAVE, MEAL BREAK, AND RELIEF BREAK

Code A is used when the caretaker or staff member is on leave during the log day, or whenever the caretaker or staff member is taking personal time or a meal break.

CODE B. GENERAL ADMINISTRATION

Code B is used when caretaker or staff member is performing activities which are necessary managerial functions of the program under study. Examples of such activities include:

- Executive direction and supervision.
- Secretarial and clerical support.

- Bookkeeping and fiscal management.
- Caretaker or staff member training as trainer or trainee.
- Foster/adoptive parent recruitment, licensing & training.
- Management of provider contracts.

CODE C. ROOM AND BOARD

Code C is used when caretaker or staff member is performing any activity which contributes to providing the children in care with housing, food, clothing, school supplies or personal incidentals that would be considered room and board items. Other examples include:

- Night caretaker or staff member who is providing awake supervision while children are sleeping and who is not performing treatment, development of daily living skills, or administrative functions.
- Cooking, shopping, cleaning, housekeeping, laundry, janitorial activities.
- Maintenance activities related to the grounds, vehicles or equipment.
- Homework help and tutorial support provided before or after the regular school program; and
- Any travel or paper work related to these activities.

NOTE: Do not record caretaker or staff sleeping time or “on-call” time.

CODE D. TREATMENT PLANNING AND SUPPORT

Code D is used when caretaker or staff member is assisting an individual child to gain access to necessary care and services as outlined in the child’s treatment plan. This category is an integral and inseparable part of rehabilitation treatment service. Examples of this type of activity include:

- Intake and (initial) Assessment: Identifying the child’s medical, social, educational and other needs through face-to-face contact with the child, the child’s family, and through consultation with other providers.
- Development of the Plan of Care: Determining what services and resources are necessary to meet the child’s identified needs with the child, family, guardians or other providers, and how they can be best provided.
- Coordination and Advocacy: Facilitating the child’s access to the services and resources identified in the care plan. This includes preparation or participation in any judicial proceedings, referral and follow up services, arranging and attending case conferences, arranging home visits, discharge and aftercare services.
- Any travel or paperwork related to these activities.

CODE E. FAMILY / FOSTER FAMILY IN-HOME CASEWORK

Code E is used for case management, coordination, and planning with the child and family or foster family either before a child's placement, during placement, or after the return of a child to the home. Examples include:

- Planning with the parents/foster parents for the continued health and safety of the child.
- Planning with the family to prevent the need for removal of the child into placement.
- Planning with the family/foster family to prevent the need for disruption or removal from placement.
- Case management with the family on behalf of a child after the child's return from placement.
- Any travel or paperwork related to these activities.

CODE F. LIVING SKILLS DEVELOPMENT

Code F is used when caretaker or staff member is performing client-centered activities directed at reducing mental disabilities of the children in care and restoring them to their best possible functioning level, or assisting them toward independent living. Children are helped to become responsible for their own actions and to be sensitive and considerate of other program participants. This category of activities is an integral and inseparable component of rehabilitative services. Examples of activities in this category include:

- **Ensuring the health, safety, and well-being of the child or group of children.**
- Ensuring that the child's behavior is consistent with the overall treatment plan.
- Providing guidance and direction to children in coping with the problems of day-to-day living.
- Supervising the child or children in productive work, play, recreational activities.
- Monitoring the child's interaction with peers and caretaker or staff member.
- Teaching restorative independent living skills to facilitate the child's transition from therapeutic residential care to more independent living, such as job applications, applications for apartment rental.
- Establishing limits and ensuring that children follow the "house rules."
- Any travel or paperwork related to these activities.

CODE G. COUNSELING, THERAPY, CONSULTATION, & ASSESSMENTS

Code G is used when the professional counselor is providing individual, group or family counseling or therapy, including individual assessments or consultations, that is not being direct billed to Medicaid. The purpose of the activity is to ameliorate or remedy personal problems or behaviors and to restore the child to their best possible functioning level. This code also includes psychiatric/psychological evaluations and assessments of the child. Examples of activities in this category include:

- Counseling or therapy to help with a child's adjustment in the program.
- Counseling or therapy with the child to change specific behaviors.
- Counseling or therapy with the child and his or her family to resolve the difficulties that led to the need for placement.

- Any consultation related to the treatment or counseling issues.
- Any travel or other paperwork related to any of the activities in this code.

CODE H. MEDICAL TREATMENT & DENTAL CARE

Code H is used when the activity is performed by a licensed medical professional, administering medical procedures or treatment and is not billed to Medicaid. Typical activities would be:

- **Medical treatment for routine or emergency physical injuries or illness.**
- Physical exams and physical diagnosis, medication reviews, writing of prescriptions and other medically related activities.
- Providing medications or shots.
- Dental exams and any dental procedures.

CODE I. EDUCATION

Code I should be used for activities which involve operating an on-campus educational program. This activity would include classroom instruction. This activity code would not include homework help and tutorial support provided before or after the regular school program.

CODE J. FUND RAISING, RESEARCH, RELIGIOUS ACTIVITIES, & OTHER PROGRAM ACTIVITIES

Code J is used when the caretaker or staff member is engaged in fund raising activities, research, or religious services, and for any activities that are billed directly to Medicaid, other insurance, or other funding sources. Use this code for any other activity not covered by the previous codes.

ATTACHMENT C

COST REPORT & TIME STUDY FORMS

Annual Audited Cost Report & Time Study Cover Page

Schedule 1: Capacity & Utilization

Schedule 2: Time Studied Personnel (Page 1)

Schedule 2: Time Studied Personnel (Page 2)

Schedule 3: Other Personnel

Schedule 4: Cost & Revenue Summary

Audit Reconciliation

Annual Time Study Worker's Activity Log

Time Study Summary